

*TOWNSHIP OF
PARSIPPANY-TROY HILLS*

COUNTY OF MORRIS

REPORT OF AUDIT

2016

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF PARSIPPANY-TROY HILLS

COUNTY OF MORRIS

REPORT OF AUDIT

2016

TOWNSHIP OF PARSIPPANY-TROY HILLS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016

| <u>PART I – Financial Statements and Supplementary Data</u> | <u>Page</u> |
|---|---------------------|
| Independent Auditors' Report | 1-3 |
| <u>Financial Statements</u> | <u>Exhibit</u> |
| <u>Current Fund</u> | |
| Comparative Balance Sheet – Regulatory Basis | A |
| Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis | A-1 |
| Statement of Revenue – Regulatory Basis | A-2 |
| Statement of Expenditures – Regulatory Basis | A-3 |
| <u>Trust Funds</u> | |
| Comparative Balance Sheet – Regulatory Basis | B |
| Statement of Fund Balance – Regulatory Basis - Assessment Trust Fund (Not Applicable) | B-1 |
| Statement of Revenue – Regulatory Basis - Assessment Trust Fund (Not Applicable) | B-2 |
| Statement of Expenditures – Regulatory Basis - Assessment Trust Fund (Not Applicable) | B-3 |
| <u>General Capital Fund</u> | |
| Comparative Balance Sheet – Regulatory Basis | C |
| Statement of Fund Balance – Regulatory Basis | C-1 |
| <u>Water Utility Fund</u> | |
| Comparative Balance Sheet – Regulatory Basis | D |
| Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis - Water Utility Operating Fund | D-1 |
| Statement of Fund Balance – Regulatory Basis - Water Utility Capital Fund | D-1A |
| Statement of Revenue – Regulatory Basis - Water Utility Operating Fund | D-2 |
| Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund | D-3 |
| <u>Sewer Utility Fund</u> | |
| Comparative Balance Sheet – Regulatory Basis | E |
| Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis – Sewer Utility Operating Fund | E-1 |
| Statement of Fund Balance - Sewer Utility Capital Fund | E-1A |
| Statement of Revenue - Sewer Utility Operating Fund | E-2 |
| Statement of Expenditures - Sewer Utility Operating Fund | E-3 |
| <u>Golf and Recreation Utility Fund</u> | |
| Comparative Balance Sheet – Regulatory Basis | F |
| Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis – Golf and Recreation Utility Operating Fund | F-1 |
| Statement of Fund Balance – Golf and Recreation Utility Capital Fund | F-1A |
| Statement of Revenue – Golf and Recreation Utility Operating Fund | F-2 |
| Statement of Expenditures – Golf and Recreation Utility Operating Fund | F-3 |
| <u>Public Assistance Fund</u> | |
| Comparative Balance Sheet – Regulatory Basis | G |
| <u>General Fixed Assets Account Group</u> | |
| Comparative Balance Sheet – Regulatory Basis | H |
| <u>Notes to Financial Statements</u> | <u>Page</u> 1-37 |
| <u>Supplementary Data</u> | <u>Schedule</u> |
| Roster of Officials | 1 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

PART I – Financial Statements and Supplementary Data (Cont’d)

| <u>Current Fund</u> | <u>Schedule</u> |
|---|-----------------|
| Schedule of Cash | A-4 |
| Schedule of Cash - Collector | A-5 |
| Schedule of Cash - Grant Funds (Not Applicable) | A-6 |
| Schedule of Taxes Receivable and Analysis of Property Tax Levy | A-7 |
| Schedule of Tax Title Liens | A-8 |
| Schedule of Revenue Accounts Receivable | A-9 |
| Schedule of Other Liens Receivable | A-10 |
| Schedule of 2015 Appropriation Reserves | A-11 |
| Schedule of Local School District Taxes Payable | A-12 |
| Schedule of Special Emergency Notes Payable | A-13 |
| Schedule of Federal and State Grants Receivable – Federal and State Grant Fund | A-14 |
| Schedule of Unappropriated Reserves – Federal and State Grant Fund | A-15 |
| Schedule of Appropriated Reserves – Federal and State Grant Fund | A-16 |
| <u>Trust Funds</u> | |
| Schedule of Cash - Treasurer | B-4 |
| Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund | B-5 |
| <u>General Capital Fund</u> | |
| Schedule of Cash | C-2 |
| Analysis of Cash | C-3 |
| Schedule of Deferred Charges to Future Taxation - Unfunded | C-4 |
| Schedule of Improvement Authorizations | C-5 |
| Schedule of Capital Improvement Fund | C-6 |
| Schedule of Bond Anticipation Notes Payable | C-7 |
| Schedule of Serial Bonds Payable | C-8 |
| Schedule of Refunding Bonds Payable | C-8A |
| Schedule of Green Acres Trust Acquisition Loan Payable | C-9 |
| Schedule of Bonds and Notes Authorized But Not Issued | C-10 |
| <u>Water Utility Fund</u> | |
| Schedule of Cash - Treasurer - Water Utility Fund | D-4 |
| Analysis of Cash - Water Utility Capital Fund | D-5 |
| Schedule of Consumer Accounts Receivable - Water Utility Operating Fund | D-6 |
| Schedule of Water Utility Liens Receivable - Water Utility Operating Fund | D-6A |
| Schedule of Inventory- Water Utility Operating Fund | D-6B |
| Schedule of Fixed Capital - Water Utility Capital Fund | D-7 |
| Schedule of Fixed Capital Authorized and Uncompleted - Water Utility Capital Fund | D-8 |
| Schedule of 2015 Appropriation Reserves - Water Utility Operating Fund | D-9 |
| Schedule of Improvement Authorizations - Water Utility Capital Fund | D-10 |
| Schedule of Capital Improvement Fund - Water Utility Capital Fund | D-11 |
| Schedule of Reserve for Amortization - Water Utility Capital Fund | D-12 |
| Schedule of Deferred Reserve for Amortization - Water Utility Capital Fund | D-12A |
| Schedule of Bond Anticipation Notes Payable - Water Utility Capital Fund | D-13 |
| Schedule of Serial Bonds Payable - Water Utility Capital Fund | D-14 |
| Schedule of Refunding Bonds Payable | D-14A |
| Schedule of NJ Environmental Infrastructure Loans Payable- Water Utility Capital Fund | D-15 |
| Schedule of Bonds and Notes Authorized but not Issued - Water Utility Capital Fund | D-16 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

PART I – Financial Statements and Supplementary Data (Cont’d)

| <u>Supplementary Data (Cont’d)</u> | <u>Schedule</u> |
|--|-----------------|
| <u>Sewer Utility Fund</u> | |
| Schedule of Cash - Treasurer - Sewer Utility Fund | E-4 |
| Analysis of Sewer Capital Cash - Sewer Utility Capital Fund | E-5 |
| Schedule of Consumer Accounts Receivable - Sewer Utility Operating Fund | E-6 |
| Schedule of Sewer Utility Liens Receivable - Sewer Utility Operating Fund | E-6A |
| Schedule of Inventory - Sewer Utility Operating Fund | E-6B |
| Schedule of Fixed Capital - Sewer Utility Capital Fund | E-7 |
| Schedule of Fixed Capital Authorized and Uncompleted - Sewer Utility Capital Fund | E-8 |
| Schedule of 2015 Appropriation Reserves - Sewer Utility Operating Fund | E-9 |
| Schedule of Improvement Authorizations - Sewer Utility Capital Fund | E-10 |
| Schedule of Capital Improvement Fund - Sewer Utility Capital Fund | E-11 |
| Schedule of Deferred Reserve for Amortization - Sewer Utility Capital Fund | E-12 |
| Schedule of Reserve for Amortization – Sewer Utility Capital Fund | E-12A |
| Schedule of Bond Anticipation Notes Payable- Sewer Utility Capital Fund | E-13 |
| Schedule of Serial Bonds Payable - Sewer Utility Capital Fund | E-14 |
| Schedule of Refunding Bonds Payable | E-14A |
| Schedule of NJ Environmental Infrastructure Trust Loans Payable #1 | E-15 |
| Schedule of NJ Environmental Infrastructure Trust Loans Payable #2 | E-15A |
| Schedule of Bonds and Notes Authorized but not Issued - Sewer Utility Capital Fund | E-16 |
| <u>Golf and Recreation Utility Fund</u> | |
| Schedule of Cash and Investments - Treasurer – Golf and Recreation Utility Fund | F-4 |
| Analysis of Capital Cash - Golf and Recreation Utility Capital Fund | F-5 |
| Schedule of Consumer Accounts Receivable – Golf and Recreation Utility Operating Fund | F-6 |
| Schedule of Inventory – Golf and Recreation Operating Fund | F-6A |
| Schedule of Fixed Capital – Golf and Recreation Utility Capital Fund | F-7 |
| Schedule of Fixed Capital Authorized and Uncompleted – Golf and Recreation Utility Capital Fund | F-8 |
| Schedule of 2015 Appropriation Reserves – Golf and Recreation Utility Operating Fund | F-9 |
| Schedule of Improvement Authorizations – Golf and Recreation Utility Capital Fund | F-10 |
| Schedule of Capital Improvement Fund – Golf and Recreation Utility Capital Fund | F-11 |
| Schedule of Reserve for Amortization - Golf and Recreation Utility Capital Fund | F-12 |
| Schedule of Deferred Reserve for Amortization – Golf and Recreation Utility Capital Fund | F-12A |
| Schedule of Bond Anticipation Notes Payable- Golf and Recreation Utility Capital Fund | F-13 |
| Schedule of Serial Bonds Payable – Golf and Recreation Utility Capital Fund | F-14 |
| Schedule of Bonds and Notes Authorized but not Issued – Golf and Recreation Utility Capital Fund | F-15 |
| <u>Public Assistance Fund</u> | |
| Schedule of Cash - Treasurer | G-1 |

PART II – Single Audit

| | <u>Page</u> |
|---|-------------|
| Schedule of Expenditures of Federal Awards | 1 |
| Schedule of Expenditures of State Awards | 2 |
| Notes to Schedules of Expenditures of Federal and State Awards | 3 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 4-5 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Page</u> |
|---|-------------|
| <u>PART II – Single Audit (Cont’d)</u> | |
| Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance | 6-7 |
| Schedule of Findings and Questioned Costs | 8-9 |
| Summary Schedule of Prior Audit Findings | 10 |
| <u>PART III – Comments and Recommendations</u> | |
| Comments and Recommendations | 11-16 |
| Summary of Recommendations | 17 |

TOWNSHIP OF PARSIPPANY-TROY HILLS

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
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Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
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Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Council
 Township of Parsippany-Troy Hills
 Parsippany, New Jersey

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Parsippany-Troy Hills, in the County of Morris (the "Township") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, as listed in the foregoing 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 Parsippany-Troy Hills
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, 2016 and 2015, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Township of Parsippany-Troy Hills as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

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.

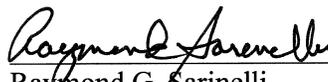
Honorable Mayor and Members
of the Township Council
Township of Parsippany-Troy Hills
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017 on our consideration of the Township of Parsippany-Troy Hills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Parsippany-Troy Hills' internal control over financial reporting and compliance.

Mt Arlington, NJ
June 5, 2017

NISIVOCCIA LLP



Raymond G. Sarinelli
Registered Municipal Accountant No. 383
Certified Public Accountant

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
CURRENT FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|--|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash and Cash Equivalents | | \$ 5,991,881.02 | \$ 7,151,419.17 |
| Investments | | 7,035,222.87 | 5,000,000.00 |
| | A-4 | <u>13,027,103.89</u> | <u>12,151,419.17</u> |
| Change Funds | | 815.00 | 815.00 |
| Due from State of N.J. for Veterans' and Senior Citizens' Deductions | | 34,346.30 | 57,648.35 |
| | | <u>13,062,265.19</u> | <u>12,209,882.52</u> |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 1,271,355.14 | 1,216,094.09 |
| Tax Title Liens Receivable | A-8 | 137,240.46 | 119,775.78 |
| Property Acquired for Taxes at Assessed Valuation | | 1,428,800.00 | 1,428,800.00 |
| Revenue Accounts Receivable | A-9 | 176,123.95 | 278,744.11 |
| Other Liens Receivable | A-10 | 189,373.06 | 191,926.95 |
| Due from: | | | |
| Federal and State Grant Fund | A | | 41,177.46 |
| Other Trust Fund | B | | 258,302.78 |
| Water Utility Operating Fund | D | 66.52 | 387,783.17 |
| Sewer Utility Operating Fund | E | 107.22 | 587,777.01 |
| Golf and Recreation Utility Operating Fund | F | | 14,075.34 |
| Payroll | | | 58,092.39 |
| Total Receivables and Other Assets With Full Reserves | | <u>3,203,066.35</u> | <u>4,582,549.08</u> |
| Deferred Charges: | | | |
| Special Emergency Authorization | | 2,463,342.04 | 3,132,859.00 |
| Total Deferred Charges | | <u>2,463,342.04</u> | <u>3,132,859.00</u> |
| Total Regular Fund | | <u>18,728,673.58</u> | <u>19,925,290.60</u> |
| Federal and State Grant Fund: | | | |
| Due from Current Fund | A | 549,053.98 | |
| Due from General Capital Fund | C | | 290,325.55 |
| Federal and State Grants Receivable | A-14 | 64,884.56 | 56,584.56 |
| Total Federal and State Grant Fund | | <u>613,938.54</u> | <u>346,910.11</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 19,342,612.12</u> | <u>\$ 20,272,200.71</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31 | |
|---|----------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Regular Fund: | | | |
| Current Appropriations | | | |
| Appropriation Reserves: | | | |
| Encumbered | A-3;A-11 | \$ 970,655.59 | \$ 1,041,410.71 |
| Unencumbered | A-3;A-11 | 3,924,063.03 | 4,621,367.01 |
| | | <u>4,894,718.62</u> | <u>5,662,777.72</u> |
| Accounts Payable - Vendors | | 44,551.39 | 31,190.35 |
| County Taxes Payable | | 89,190.17 | 101,907.22 |
| Special Emergency Notes Payable | A-13 | 764,518.00 | 1,769,275.00 |
| Prepaid Taxes | | 1,370,907.00 | 1,130,582.27 |
| Tax Overpayments | | 51,520.85 | 44,639.87 |
| Reserve for Tax Appeals | | 1,586,141.70 | 1,155,761.18 |
| Prepaid Revenue | | 75,090.14 | 55,839.81 |
| Due to State of New Jersey: | | | |
| Construction Code Fees | | 22,486.00 | 35,134.00 |
| Marriage License Fees | | 3,100.00 | 1,575.00 |
| Burial Fees | | 25.00 | 30.00 |
| Due to: | | | |
| Animal Control Fund | B | 2.43 | 58,489.81 |
| Other Trust Fund | B | 8,379.41 | |
| General Capital Fund | C | | 446,289.97 |
| Golf and Recreation Utility Capital Fund | F | | 26,943.36 |
| Federal and State Grant Fund | A | 549,053.98 | |
| Payroll | | 24,409.86 | |
| Reserve for: | | | |
| Accumulated Revenue Unappropriated | | 55,178.00 | 80,178.00 |
| | | <u>9,539,272.55</u> | <u>10,600,613.56</u> |
| Reserve for Receivables and Other Assets | A | 3,203,066.35 | 4,582,549.08 |
| Fund Balance | A-1 | 5,986,334.68 | 4,742,127.96 |
| | | <u>18,728,673.58</u> | <u>19,925,290.60</u> |
| Total Regular Fund | | | |
| Federal and State Grant Fund: | | | |
| Due to Current Fund | A | | 41,177.46 |
| Unappropriated Reserves | A-15 | 314,260.07 | 8,098.96 |
| Appropriated Reserves | A-16 | 299,678.47 | 297,633.69 |
| | | <u>613,938.54</u> | <u>346,910.11</u> |
| Total Federal and State Grant Fund | | | |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 19,342,612.12</u> | <u>\$ 20,272,200.71</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

| | Ref. | Year Ended December 31, | |
|---|------|-------------------------|------------------------|
| | | 2016 | 2015 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 3,700,000.00 | \$ 3,234,126.27 |
| Fund Balance Anticipated with Prior Written Consent of Director of Local Government Services | | | 483,321.88 |
| | | <u>3,700,000.00</u> | <u>3,717,448.15</u> |
| Miscellaneous Revenue Anticipated | | 18,735,707.17 | 16,924,473.68 |
| Receipts from: | | | |
| Delinquent Taxes | | 1,232,504.48 | 1,286,405.14 |
| Current Taxes | | 201,086,010.11 | 196,138,496.80 |
| Nonbudget Revenue | | 797,030.64 | 892,363.56 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 1,299,007.07 | 1,092,537.63 |
| Other Liens Receivable Realized | | 2,553.89 | |
| Tax Overpayments Cancelled | | 32,577.93 | 41,052.93 |
| Special District Taxes Cancelled | | 25,396.92 | 9,183.50 |
| Federal and State Grants Appropriated Reserves Canceled | | | 6,704.86 |
| Interfunds Returned | | 1,347,208.15 | 210,915.74 |
| | | <u>228,257,996.36</u> | <u>220,319,581.99</u> |
| <u>Expenditures</u> | | | |
| Budget and Emergency Appropriations: | | | |
| Municipal Purposes | | 66,921,002.28 | 64,472,432.25 |
| County Taxes | | 21,787,023.90 | 21,430,683.55 |
| Local School District Taxes | | 129,643,891.00 | 126,663,553.00 |
| Open Space Taxes | | 1,432,366.00 | 1,438,970.28 |
| Special District Taxes | | 3,305,254.92 | 3,197,824.50 |
| Reserve for Pending Tax Appeals | | 800,000.00 | 500,000.00 |
| Prior Year Senior Citizens Deductions Disallowed | | 22,341.80 | 24,354.11 |
| Interfunds and Other Receivables Advanced | | 173.74 | 1,347,208.15 |
| Refund of Prior Year Revenue | | 9,692.04 | 8,567.48 |
| | | <u>223,921,745.68</u> | <u>219,083,593.32</u> |
| Excess in Revenue | | 4,336,250.68 | 1,235,988.67 |
| Adjustments to Excess Before Fund Balance: | | | |
| Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year | | 607,956.04 | 1,363,585.00 |
| Statutory Excess to Fund Balance | | 4,944,206.72 | 2,599,573.67 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | 4,742,127.96 | 5,860,002.44 |
| | | <u>9,686,334.68</u> | <u>8,459,576.11</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | 3,700,000.00 | 3,717,448.15 |
| Balance December 31 | A | <u>\$ 5,986,334.68</u> | <u>\$ 4,742,127.96</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Budget</u> | <u>Added by NJSA 40A:4-87</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|---|-----------------|-----------------------------------|-----------------|--------------------------------|
| Fund Balance Anticipated | \$ 3,700,000.00 | | \$ 3,700,000.00 | |
| Miscellaneous Revenue: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 88,000.00 | | 88,620.00 | \$ 620.00 |
| Other | 200,000.00 | | 218,224.00 | 18,224.00 |
| Fees and Permits | 1,000,000.00 | | 1,098,667.45 | 98,667.45 |
| Fines and Costs: | | | | |
| Municipal Court | 540,000.00 | | 548,097.23 | 8,097.23 |
| Interest and Costs on Taxes | 340,000.00 | | 348,674.47 | 8,674.47 |
| Interest of Investments and Deposits | 60,000.00 | | 136,371.04 | 76,371.04 |
| Garbage and Trash Removal | 1,560,000.00 | | 1,474,190.65 | 85,809.35 * |
| Community Center Revenue - Concession Rents | 200,000.00 | | 197,069.00 | 2,931.00 * |
| Hotel Tax | 2,200,000.00 | | 2,537,626.87 | 337,626.87 |
| Ambulance Service Billing | 810,000.00 | | 799,959.49 | 10,040.51 * |
| Consolidated Municipal Property Tax Relief Aid | 404,651.00 | | 404,651.00 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | 4,090,372.00 | | 4,090,372.00 | |
| Watershed Moratorium | 55,178.00 | | 55,178.00 | |
| Uniform Construction Code Fees | 2,200,000.00 | | 2,650,070.00 | 450,070.00 |
| Uniform Fire Safety Act - Ch. 383, P.L. 1985 | 153,477.00 | | 177,415.83 | 23,938.83 |
| General Capital Fund Balance | 780,000.00 | | 780,000.00 | |
| Sewer Utility Operating Surplus of Prior Year | 2,500,000.00 | | 2,500,000.00 | |
| Cablevision Franchise Fees | 314,362.00 | | 314,362.63 | 0.63 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Budget</u> | <u>Added by NJSA 40A:4-87</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|--|-------------------------|-----------------------------------|-------------------------|--------------------------------|
| Miscellaneous Revenue (Cont'd): | | | | |
| State of New Jersey: | | | | |
| Recycling Tonnage Grant | \$ 50,378.24 | | \$ 50,378.24 | |
| ROID Grant | 20,000.00 | | 20,000.00 | |
| Municipal Alliance Grant 2013 Extended | 2,000.00 | | 2,000.00 | |
| Municipal Alliance Grant 2014-2015 | 28,143.00 | | 28,143.00 | |
| Drive Sober Get Pulled Over | 4,700.00 | \$ 5,000.00 | 9,700.00 | |
| NJ Body Armor Grant | | 8,600.06 | 8,600.06 | |
| Clean Communities Grant | 127,591.48 | | 127,591.48 | |
| Highway Safety - Safe Corridors | 6,645.77 | | 6,645.77 | |
| State of NJ DMV Drunk Driving Grant | 8,098.96 | | 8,098.96 | |
| Rutgers Watershed | | 55,000.00 | 55,000.00 | |
| Total Miscellaneous Revenue | <u>17,743,597.45</u> | <u>68,600.06</u> | <u>18,735,707.17</u> | <u>\$ 923,509.66</u> |
| Receipts from Delinquent Taxes | <u>1,224,885.00</u> | | <u>1,232,504.48</u> | <u>7,619.48</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | 42,649,736.00 | | 43,989,470.29 | 1,339,734.29 |
| Minimum Library Tax | 2,828,004.00 | | 2,828,004.00 | |
| | <u>45,477,740.00</u> | | <u>46,817,474.29</u> | <u>1,339,734.29</u> |
| Budget Totals | 68,146,222.45 | 68,600.06 | 70,485,685.94 | <u>\$ 2,270,863.43</u> |
| Nonbudget Revenue | | | 797,030.64 | |
| | <u>\$ 68,146,222.45</u> | <u>\$ 68,600.06</u> | <u>\$ 71,282,716.58</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | | |
|--|----------------|-------------------|
| Allocation of Current Tax Collections: | | |
| Collection of Current Taxes | | \$ 201,086,010.11 |
| Allocated to: | | |
| School, Open Space, Special District and County Taxes | 156,168,535.82 | |
| | 44,917,474.29 | |
| Add: Appropriation "Reserve for Uncollected Taxes" | | 1,900,000.00 |
| Realized for Support of Municipal Budget | | \$ 46,817,474.29 |
| <u>Receipts from Delinquent Taxes:</u> | | |
| Delinquent Tax Collections | | \$ 1,232,027.11 |
| Tax Title Lien Collections | | 477.37 |
| | | \$ 1,232,504.48 |
| <u>Miscellaneous Revenue Not Anticipated:</u> | | |
| Miscellaneous Fees | \$ 25,395.00 | |
| False Alarms | 21,850.00 | |
| Sale of Township Assets | 71,861.20 | |
| Miscellaneous Receipts | 33,256.93 | |
| Restitution | 2,000.00 | |
| Administrative Fee - Senior Citizens and Veterans Deductions | 6,685.66 | |
| Administrative Fee - Homestead Rebate | 2,075.40 | |
| Lease of Township Assets | 599,667.33 | |
| | | \$ 762,791.52 |
| Prepaid Revenue Applied: | | |
| Lease of Township Assets | | 10,899.81 |
| Prior Year Revenue Accounts Receivable Realized: | | |
| Shared Services - Animal Control | | 8,612.00 |
| Lease Rentals | | 14,727.31 |
| | | \$ 797,030.64 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Analysis of Other Fees and Permits:

| | |
|----------------------------|------------------------|
| Registrar | \$ 9,650.00 |
| Board of Adjustment | 13,710.50 |
| Zoning | 57,143.16 |
| Engineering | 31,990.04 |
| Fire Prevention | 252,449.00 |
| Police | 9,302.05 |
| Planning Board | 18,358.75 |
| Off Duty Police | 100,775.00 |
| Recreation | 314,112.00 |
| Board of Housing | 201,150.00 |
| Department of Public Works | 68,506.95 |
| Mayor | 10,140.00 |
| Purchasing | 10,950.00 |
| Tax Collector | 430.00 |
| | <u>\$ 1,098,667.45</u> |

Analysis of Other Licenses:

| | |
|--------------------------|----------------------|
| Clerk | \$ 27,244.00 |
| Health | 146,040.00 |
| Prepaid Licenses Applied | 44,940.00 |
| | <u>\$ 218,224.00</u> |

Analysis of Interest on Investments and Deposits:

| | |
|---------------------------------------|----------------------|
| Deposited into Current Fund | \$ 120,355.93 |
| Deposited into General Capital Fund | 15,905.49 |
| Deposited into Public Assistance Fund | 109.62 |
| | <u>\$ 136,371.04</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---------------------------------|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS": | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 651,137.00 | \$ 601,137.00 | \$ 533,884.22 | \$ 67,252.78 | |
| Other Expenses | 75,100.00 | 75,100.00 | 51,709.77 | 23,390.23 | |
| Township Council: | | | | | |
| Salaries and Wages | 46,775.00 | 50,380.00 | 50,379.11 | 0.89 | |
| Other Expenses | 3,000.00 | 3,000.00 | | 3,000.00 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 154,116.00 | 154,116.00 | 142,447.83 | 11,668.17 | |
| Other Expenses | 111,400.00 | 111,400.00 | 80,202.23 | 31,197.77 | |
| Treasury: | | | | | |
| Salaries and Wages | 213,016.00 | 213,016.00 | 195,013.91 | 18,002.09 | |
| Other Expenses | 35,880.00 | 35,880.00 | 32,763.61 | 3,116.39 | |
| Audit | 76,000.00 | 76,000.00 | 76,000.00 | | |
| Tax Collection: | | | | | |
| Salaries and Wages | 91,792.00 | 91,792.00 | 80,475.44 | 11,316.56 | |
| Other Expenses | 30,300.00 | 30,300.00 | 26,941.27 | 3,358.73 | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | 267,525.00 | 267,525.00 | 263,921.31 | 3,603.69 | |
| Other Expenses | 56,200.00 | 56,200.00 | 45,278.37 | 10,921.63 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 808,900.00 | 808,900.00 | 556,475.64 | 252,424.36 | |
| Engineering Services and Costs: | | | | | |
| Salaries and Wages | 538,426.00 | 470,821.00 | 423,680.02 | 47,140.98 | |
| Other Expenses | 59,800.00 | 59,800.00 | 33,729.29 | 26,070.71 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---------------------------------------|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Continued): | | | | | |
| GENERAL GOVERNMENT (continued): | | | | | |
| Department of Planning: | | | | | |
| Salaries and Wages | \$ 46,843.00 | \$ 46,843.00 | \$ 46,119.69 | \$ 723.31 | |
| Other Expenses | 103,150.00 | 103,150.00 | 74,455.37 | 28,694.63 | |
| Board of Adjustment: | | | | | |
| Salaries and Wages | 63,524.00 | 63,524.00 | 62,327.11 | 1,196.89 | |
| Other Expenses | 26,675.00 | 26,675.00 | 15,742.35 | 10,932.65 | |
| Housing and Zoning Code Enforcement: | | | | | |
| Salaries and Wages | 469,416.00 | 429,416.00 | 408,140.37 | 21,275.63 | |
| Other Expenses | 32,550.00 | 32,550.00 | 20,614.53 | 11,935.47 | |
| Insurance: | | | | | |
| Unemployment Insurance | 144,000.00 | 144,000.00 | 144,000.00 | | |
| Liability Insurance | 570,396.00 | 570,396.00 | 552,440.20 | 17,955.80 | |
| Worker Compensation | 918,062.00 | 918,062.00 | 490,140.60 | 427,921.40 | |
| Employee Group Health | 9,545,692.00 | 9,545,692.00 | 8,999,838.27 | 545,853.73 | |
| Library Medical | 206,492.00 | 206,492.00 | 206,492.00 | | |
| Police Department: | | | | | |
| Salaries and Wages | 13,879,158.00 | 14,229,158.00 | 14,225,201.52 | 3,956.48 | |
| Other Expenses | 801,791.00 | 801,791.00 | 773,978.15 | 27,812.85 | |
| Office of Emergency Management: | | | | | |
| Salaries and Wages | 30,255.00 | 30,255.00 | 25,010.00 | 5,245.00 | |
| Other Expenses | 34,250.00 | 34,250.00 | 33,767.95 | 482.05 | |
| Aid to First Aid Organization | 210,000.00 | 210,000.00 | 210,000.00 | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---------------------------------------|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Continued): | | | | | |
| PUBLIC SAFETY (Cont'd): | | | | | |
| Fire Prevention Bureau: | | | | | |
| Salaries and Wages | \$ 318,561.00 | \$ 322,561.00 | \$ 320,661.86 | \$ 1,899.14 | |
| Other Expenses | 60,848.00 | 60,848.00 | 36,630.27 | 24,217.73 | |
| Municipal Court: | | | | | |
| Salary and Wages | 421,040.00 | 421,040.00 | 360,567.51 | 60,472.49 | |
| Other Expenses | 25,000.00 | 25,000.00 | 16,258.45 | 8,741.55 | |
| Prosecutor: | | | | | |
| Other Expenses | 45,500.00 | 45,500.00 | 42,612.00 | 2,888.00 | |
| Streets and Road Maintenance: | | | | | |
| Salaries and Wages | 1,987,351.00 | 1,987,351.00 | 1,704,911.85 | 282,439.15 | |
| Other Expenses | 780,994.00 | 780,994.00 | 537,859.22 | 243,134.78 | |
| Garbage and Trash Removal: | | | | | |
| Salary and Wages | 1,986,969.00 | 1,986,969.00 | 1,819,122.30 | 167,846.70 | |
| Other Expenses | 377,072.00 | 377,072.00 | 368,891.76 | 8,180.24 | |
| Buildings and Grounds: | | | | | |
| Salary and Wages | 350,911.00 | 350,911.00 | 298,555.30 | 52,355.70 | |
| Other Expenses | 243,100.00 | 243,100.00 | 213,718.20 | 29,381.80 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---------------------------------------|-----------------------|--------------------------------------|----------------------------|-----------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Continued): | | | | | |
| Vehicle Maintenance: | | | | | |
| Other Expenses | \$ 752,750.00 | \$ 752,750.00 | \$ 743,819.70 | \$ 8,930.30 | |
| Condominium Costs | 250,000.00 | 250,000.00 | 40,197.04 | 209,802.96 | |
| Public Health Services: | | | | | |
| Salaries and Wages | 1,107,146.00 | 1,107,146.00 | 1,022,811.51 | 84,334.49 | |
| Other Expenses | 208,300.00 | 208,300.00 | 173,720.51 | 34,579.49 | |
| Senior Citizen Center: | | | | | |
| Salaries and Wages | 182,986.00 | 182,986.00 | 178,726.80 | 4,259.20 | |
| Other Expenses | 48,400.00 | 48,400.00 | 44,502.88 | 3,897.12 | |
| Animal Control: | | | | | |
| Other Expenses | 170,000.00 | 170,000.00 | 170,000.00 | | |
| Contribution to Day Care Center | 50,000.00 | 50,000.00 | 50,000.00 | | |
| Recreation Services: | | | | | |
| Salaries and Wages | 517,135.00 | 517,135.00 | 504,241.05 | 12,893.95 | |
| Other Expenses | 187,158.00 | 187,158.00 | 174,641.18 | 12,516.82 | |
| Maintenance of Parks: | | | | | |
| Salaries and Wages | 1,740,500.00 | 1,740,500.00 | 1,573,829.54 | 166,670.46 | |
| Other Expenses | 239,800.00 | 239,800.00 | 234,611.73 | 5,188.27 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|---------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Within "CAPS" (Continued): | | | | | |
| Utilities and Gasoline | \$ 1,924,400.00 | \$ 1,924,400.00 | \$ 1,488,059.23 | \$ 436,340.77 | |
| Solid Waste Disposal Costs | 1,750,000.00 | 1,750,000.00 | 1,720,000.00 | 30,000.00 | |
| Department of Buildings and Inspections: | | | | | |
| Salaries and Wages | 1,265,211.00 | 1,265,211.00 | 1,157,911.01 | 107,299.99 | |
| Other Expenses | 224,500.00 | 224,500.00 | 195,221.41 | 29,278.59 | |
| Salary Adjustment | 200,000.00 | | | | |
| Retirement Payout (Special Emergency + \$607,956.04) | | 607,956.04 | 607,956.04 | | |
| Total Operations Within "CAPS" | <u>47,717,253.00</u> | <u>48,325,209.04</u> | <u>44,681,208.48</u> | <u>3,644,000.56</u> | |
| Contingent | 15,000.00 | 15,000.00 | | 15,000.00 | |
| Total Operations Including Contingent Within "CAPS" | <u>47,732,253.00</u> | <u>48,340,209.04</u> | <u>44,681,208.48</u> | <u>3,659,000.56</u> | |
| Detail: | | | | | |
| Salaries and Wages | 26,529,793.00 | 26,529,793.00 | 25,397,939.26 | 1,131,853.74 | |
| Other Expenses (Including Contingent) | <u>21,202,460.00</u> | <u>21,810,416.04</u> | <u>19,283,269.22</u> | <u>2,527,146.82</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|---|-----------------------|--------------------------------------|----------------------------|---------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Deferred Charges and Statutory Expenditures- | | | | | |
| Municipal within "CAPS": | | | | | |
| Statutory Expenditures: | | | | | |
| Contributions to: | | | | | |
| Social Security System (O.A.S.I.) | 1,259,186.00 | 1,259,186.00 | 1,169,372.02 | \$ 89,813.98 | |
| Public Employees' Retirement System | 1,508,303.00 | 1,508,303.00 | 1,425,873.69 | 82,429.31 | |
| Police and Firemen's Retirement System of N.J. | 2,541,757.00 | 2,541,757.00 | 2,517,718.28 | 24,038.72 | |
| Defined Contribution Retirement Program | 10,000.00 | 10,000.00 | 6,722.18 | 3,277.82 | |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | <u>5,319,246.00</u> | <u>5,319,246.00</u> | <u>5,119,686.17</u> | <u>199,559.83</u> | |
| Total General Appropriations for Municipal Purposes Within "CAPS" | <u>53,051,499.00</u> | <u>53,659,455.04</u> | <u>49,800,894.65</u> | <u>3,858,560.39</u> | |
| Operations Excluded from "CAPS": | | | | | |
| Maintenance of Free Public Library | 2,867,784.00 | 2,867,784.00 | 2,828,331.80 | 39,452.20 | |
| LOSAP: | | | | | |
| Other Expenses | 75,000.00 | 75,000.00 | 48,950.00 | 26,050.00 | |
| Shared Service Agreements: | | | | | |
| Shared Services Agreement - Health Office | 69,006.00 | 69,006.00 | 69,005.56 | 0.44 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|---------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Excluded from "CAPS" (Continued): | | | | | |
| Public and Private Programs Offset by Revenues: | | | | | |
| Recycling Tonnage Grant | \$ 50,378.24 | \$ 50,378.24 | \$ 50,378.24 | | |
| Drive Sober or Get Pulled Over Grant | 4,700.00 | 4,700.00 | 4,700.00 | | |
| Drive Sober or Get Pulled Over Grant (N.J.S.A. 40A:4-87 + \$5,000.00) | | 5,000.00 | 5,000.00 | | |
| Clean Communities Grant | 127,591.48 | 127,591.48 | 127,591.48 | | |
| Body Armor Replacement Fund (N.J.S.A. 40A:4-87 + \$8,600.06) | | 8,600.06 | 8,600.06 | | |
| Municipal Alliance Grant -2016-2017 | 28,143.00 | 28,143.00 | 28,143.00 | | |
| Municipal Alliance Grant | 2,000.00 | 2,000.00 | 2,000.00 | | |
| Municipal Alliance Grant - Match | 13,036.00 | 13,036.00 | 13,036.00 | | |
| Rutgers Watershed Grant (N.J.S.A. 40A:4-87 + \$55,000.00) | | 55,000.00 | 55,000.00 | | |
| State of NJ DMV Drunk Driving Grant | 8,098.96 | 8,098.96 | 8,098.96 | | |
| Highway Safety - Aggressive Driving Grant | 6,645.77 | 6,645.77 | 6,645.77 | | |
| ROID Grant | 24,000.00 | 24,000.00 | 24,000.00 | | |
| Total Operations Excluded from "CAPS" | <u>3,276,383.45</u> | <u>3,344,983.51</u> | <u>\$ 3,279,480.87</u> | <u>\$ 65,502.64</u> | |
| Detail: | | | | | |
| Other Expenses | <u>3,276,383.45</u> | <u>3,344,983.51</u> | <u>3,279,480.87</u> | <u>65,502.64</u> | |
| Capital Improvements Excluded from "CAPS": | | | | | |
| Capital Improvement Fund | <u>476,430.00</u> | <u>476,430.00</u> | <u>476,430.00</u> | | |
| Total Capital Improvements Excluded from "CAPS" | <u>476,430.00</u> | <u>476,430.00</u> | <u>476,430.00</u> | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|---|-------------------------|------------------------------|-------------------------|------------------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Municipal Debt Service Excluded from "CAPS": | | | | | |
| Payment of Bond Principal | \$ 5,690,000.00 | \$ 5,690,000.00 | \$ 5,690,000.00 | | |
| Payment of Bond Anticipation Notes and Capital Notes | 604,000.00 | 604,000.00 | 604,000.00 | | |
| Interest on Bonds | 1,251,450.00 | 1,251,450.00 | 1,251,450.00 | | |
| Interest on Notes | 618,987.00 | 618,987.00 | 617,210.73 | | \$ 1,776.27 |
| Total Municipal Debt Service Excluded from "CAPS" | <u>8,164,437.00</u> | <u>8,164,437.00</u> | <u>8,162,660.73</u> | | <u>1,776.27</u> |
| Deferred Charges - Municipal - Excluded from "CAPS" | | | | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55) - Retirement Payout 2012 | 177,610.00 | 177,610.00 | 177,610.00 | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55) - Retirement Payout 2013 | 236,300.00 | 236,300.00 | 236,300.00 | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55) - Retirement Payout 2014 | 373,056.00 | 373,056.00 | 373,056.00 | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55) - Retirement Payout 2015 | 272,717.00 | 272,717.00 | 272,717.00 | | |
| Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55) - Retirement Payout 2016 | 217,790.00 | 217,790.00 | 217,790.00 | | |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | <u>1,277,473.00</u> | <u>1,277,473.00</u> | <u>1,277,473.00</u> | | |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>13,194,723.45</u> | <u>13,263,323.51</u> | <u>13,196,044.60</u> | \$ 65,502.64 | <u>1,776.27</u> |
| Subtotal General Appropriations | 66,246,222.45 | 66,922,778.55 | 62,996,939.25 | 3,924,063.03 | 1,776.27 |
| Reserve for Uncollected Taxes | <u>1,900,000.00</u> | <u>1,900,000.00</u> | <u>1,900,000.00</u> | | |
| Total General Appropriations | <u>\$ 68,146,222.45</u> | <u>\$ 68,822,778.55</u> | <u>\$ 64,896,939.25</u> | <u>\$ 3,924,063.03</u> | <u>\$ 1,776.27</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | | Analysis of | |
|-------------------------------------|------|------------------------------|--------------------|
| | Ref. | Budget After Modification | Paid or Charged |
| Adopted Budget | | \$ 68,146,222.45 | |
| Special Emergency | | 607,956.04 | |
| Added by NJSA 40A:4-87 | | 68,600.06 | |
| | | \$ 68,822,778.55 | |
| Cash Disbursed | | | \$ 60,415,617.15 |
| Due to Federal and State Grant Fund | | | 333,193.51 |
| Deferred Charges | | | 1,277,473.00 |
| Encumbrances | A | | 970,655.59 |
| Reserve for Uncollected Taxes | | | 1,900,000.00 |
| | | | \$ 64,896,939.25 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
TRUST FUNDS

TOWNSHIP OF PARSIPPANY-TROY HILLS
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents | B-4 | \$ 68,433.41 | |
| Change Fund | | 50.00 | \$ 50.00 |
| Due from Current Fund | A | 2.43 | 58,489.81 |
| | | <u>68,485.84</u> | <u>58,539.81</u> |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents | B-4 | 17,259,270.34 | 15,049,450.99 |
| Assets in the Hands of Plan Administrator: | | | |
| Workers' Compensation Plan | | 105,899.32 | 105,899.32 |
| Due from Municipal Court | | 2,280.50 | 1,849.00 |
| Due from Current Fund | A | 8,379.41 | |
| Due Payroll | | 2,178.12 | 2,178.12 |
| Off Duty Police Receivable | | 58,319.00 | 69,324.00 |
| Federal Grants Receivable | | 241,308.45 | 435,611.38 |
| | | <u>17,677,635.14</u> | <u>15,664,312.81</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 17,746,120.98</u> | <u>\$ 15,722,852.62</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund: | | | |
| Reserve for Animal Control Expenditures | B-5 | \$ 48,931.76 | \$ 35,359.33 |
| Reserve for Donations | | 19,541.48 | 18,431.48 |
| Due to State of NJ | | 12.60 | 498.60 |
| Prepaid Licenses | | | 4,250.40 |
| | | <u>68,485.84</u> | <u>58,539.81</u> |
| General Trust Funds: | | | |
| Due to Current Fund | A | | 258,302.78 |
| Due to General Capital Fund | C | | 80,000.00 |
| Reserve for: | | | |
| Special Deposits | | 6,641,316.03 | 6,119,405.84 |
| Premiums on Tax Sale | | 729,364.90 | 685,364.90 |
| Security Deposits | | 17,043.87 | 17,026.76 |
| Off Duty Police | | 27,627.50 | 30,792.50 |
| Municipal Open Space Preservation Trust Fund | | 7,899,862.36 | 7,051,221.02 |
| Workers' Compensation | | 102,996.40 | 105,899.32 |
| Police Explorer Program | | 15,569.50 | |
| Employee Health Benefit Fund -Municipal | | 942,440.25 | |
| Employee Health Benefit Fund - Contractor | | 253,840.28 | 1,413.84 |
| State Unemployment Insurance Fund | | 94,265.60 | 167,274.47 |
| Storm Recovery | | 400,000.00 | 400,000.00 |
| Accumulated Sick and Vacation Compensation | | 312,000.00 | 312,000.00 |
| Grant Trust Fund Expenditures | | 241,308.45 | 435,611.38 |
| | | <u>17,677,635.14</u> | <u>15,664,312.81</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 17,746,120.98</u> | <u>\$ 15,722,852.62</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|--|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | C-2 | \$ 4,629,601.39 | \$ 6,531,906.34 |
| Due from Current Fund | A | | 446,289.97 |
| Due from Open Space Trust Fund | B | | 80,000.00 |
| Federal Emergency Management Agency Grant Receivable | | 4,123,208.90 | 4,520,990.19 |
| New Jersey Department of Transportation Grant Receivable | | 247,176.35 | 225,000.00 |
| County of Morris Open Space Grant Receivable | | 1,356,062.25 | 1,593,415.50 |
| Deferred Charges to Future Taxation: | | | |
| Funded | | 27,550,455.26 | 33,326,935.83 |
| Unfunded | C-4 | 52,438,261.01 | 44,639,439.69 |
| <u>TOTAL ASSETS</u> | | <u>\$ 90,344,765.16</u> | <u>\$ 91,363,977.52</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds Payable | C-8 | \$ 13,750,000.00 | \$ 16,500,000.00 |
| Refunding Bonds | C-8A | 13,780,000.00 | 16,720,000.00 |
| Green Acres Trust Acquisition Loan Payable | C-9 | 20,455.26 | 106,935.83 |
| Bond Anticipation Notes Payable | C-7 | 38,663,000.00 | 29,932,000.00 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 3,205,586.11 | 4,647,572.57 |
| Unfunded | C-5 | 19,097,924.10 | 21,995,839.02 |
| Reserve for: | | | |
| Deposit for Regional Contribution Agreement | | 261,420.19 | 261,420.19 |
| Developer Contributions | | 79,652.68 | 79,652.68 |
| Payment of Debt Service | | 25,730.00 | 15,000.00 |
| Forge Pond Dam | | 600,000.00 | |
| Emergency Preparedness | | 122,442.50 | |
| Due to Federal and State Grant Fund | A | | 290,325.55 |
| Capital Improvement Fund | C-6 | 31,008.00 | 33,757.00 |
| Fund Balance | C-1 | 707,546.32 | 781,474.68 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 90,344,765.16</u> | <u>\$ 91,363,977.52</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|--|-------------|---------------|
| Balance December 31, 2015 | C | \$ 781,474.68 |
| Increased by: | | |
| Premium on Note Sale | | 604,071.64 |
| Reimbursement of Prior Year Expense | | 69,880.00 |
| Improvement Authorizations Canceled | | 32,120.00 |
| | | 706,071.64 |
| | | 1,487,546.32 |
| Decreased by: | | |
| Utilized as Anticipated Revenue in the Current Fund | | 780,000.00 |
| Balance December 31, 2016 | C | \$ 707,546.32 |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
WATER UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | <u>Ref.</u> | <u>December 31,</u> | |
|---|-------------|-------------------------|-------------------------|
| <u>ASSETS</u> | | <u>2016</u> | <u>2015</u> |
| Operating Fund: | | | |
| Cash and Cash Equivalents | D-4 | \$ 7,239,684.34 | \$ 7,393,805.08 |
| Due from Water Utility Capital Fund | D | | 2,944.67 |
| Receivables and Inventory with Full Reserves: | | | |
| Consumer Accounts Receivable | D-6 | 184,367.89 | 232,590.72 |
| Water Utility Liens Receivable | D-6A | 252.57 | 252.57 |
| Inventory | D-6B | 146,962.00 | 98,400.00 |
| Total Receivables and Inventory with Full Reserves | | <u>331,582.46</u> | <u>331,243.29</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | D-4 | 3,085,723.74 | 1,730,953.12 |
| Fixed Capital | D-7 | 35,983,448.10 | 35,983,448.10 |
| Fixed Capital Authorized and Uncompleted | D-8 | 6,090,000.00 | 5,920,000.00 |
| Total Capital Fund | | <u>45,159,171.84</u> | <u>43,634,401.22</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 52,730,438.64</u> | <u>\$ 51,362,394.26</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

(Continued)

| | Ref. | December 31, | |
|---|---------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves: | | | |
| Encumbered | D-3;D-9 | \$ 161,041.33 | \$ 136,912.74 |
| Unencumbered | D-3;D-9 | 364,502.57 | 623,309.95 |
| | | <u>525,543.90</u> | <u>760,222.69</u> |
| Reserve for Water Master Plan | | 24,250.03 | 24,250.03 |
| Accrued Interest on Bonds | | 23,607.29 | 31,591.67 |
| Accrued Interest on Loans | | 1,729.17 | 2,041.67 |
| Accrued Interest on Notes | | 20,245.00 | 11,994.67 |
| Water Rent Overpayments | | 29,156.56 | 36,096.18 |
| Due to Current Fund | A | 66.52 | 387,783.17 |
| Due to Sewer Utility Operating Fund | E | 21.75 | |
| | | <u>624,620.22</u> | <u>1,253,980.08</u> |
| Reserve for Receivables and Inventory | D | 331,582.46 | 331,243.29 |
| Fund Balance | D-1 | 6,615,064.12 | 6,142,769.67 |
| | | <u>624,620.22</u> | <u>1,253,980.08</u> |
| Total Operating Fund | | <u>7,571,266.80</u> | <u>7,727,993.04</u> |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | D-13 | 4,049,000.00 | 2,249,000.00 |
| Serial Bonds Payable | D-14 | 1,825,000.00 | 2,190,000.00 |
| Refunding Bonds Payable | D-14A | 570,000.00 | 1,030,000.00 |
| N.J. Environmental Infrastructure Loans Payable | D-15 | 148,163.66 | 175,983.18 |
| Improvement Authorizations: | | | |
| Funded | D-10 | 945,775.50 | 958,121.83 |
| Unfunded | D-10 | 1,638,480.04 | 2,168,418.42 |
| Capital Improvement Fund | D-11 | 314,498.22 | 314,498.22 |
| Due to Water Utility Operating Fund | D | | 2,944.67 |
| Reserve for: | | | |
| Debt Service | | 192,749.21 | 192,749.21 |
| Amortization | D-12 | 33,350,234.44 | 32,491,714.92 |
| Deferred Amortization | D-12A | 2,035,989.00 | 1,771,689.00 |
| Fund Balance | D-1a | 89,281.77 | 89,281.77 |
| | | <u>89,281.77</u> | <u>89,281.77</u> |
| Total Capital Fund | | <u>45,159,171.84</u> | <u>43,634,401.22</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 52,730,438.64</u> | <u>\$ 51,362,394.26</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND

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

| | Ref. | Year Ended December 31, | |
|---|------|-------------------------|------------------------|
| | | 2016 | 2015 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 700,000.00 | \$ 700,000.00 |
| Rents | | 8,043,164.66 | 8,343,669.36 |
| Interest on Investments | | 55,225.84 | 33,155.92 |
| Miscellaneous Revenue | | 53,377.02 | 21,683.35 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 205,288.14 | 173,183.95 |
| Total Income | | <u>9,057,055.66</u> | <u>9,271,692.58</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 6,248,312.00 | 5,699,870.00 |
| Capital Improvements | | 170,000.00 | 425,000.00 |
| Debt Service | | 1,111,369.71 | 1,048,506.20 |
| Deferred Charges | | | 25,900.00 |
| Statutory Expenditures | | 353,000.00 | 358,418.00 |
| Prior Year Revenue Refunds | | 2,079.50 | 10,275.20 |
| Total Expenditures | | <u>7,884,761.21</u> | <u>7,567,969.40</u> |
| Excess in Revenue | | 1,172,294.45 | 1,703,723.18 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | D | 6,142,769.67 | 5,339,046.49 |
| | | <u>7,315,064.12</u> | <u>7,042,769.67</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | 700,000.00 | 700,000.00 |
| Prior Year Fund Balance Appropriated as Revenue - Current Fund | | | 200,000.00 |
| Balance December 31 | D | <u>\$ 6,615,064.12</u> | <u>\$ 6,142,769.67</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | | |
|---------------------------|------------------|----------------------------|
| Balance December 31, 2015 | <u>Ref.</u> D | <u>\$ 89,281.77</u> |
| Balance December 31, 2016 | D | <u><u>\$ 89,281.77</u></u> |

D-2

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|------------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Operating Fund Balance Anticipated | \$ 700,000.00 | \$ 700,000.00 | |
| Water Rents | 7,200,000.00 | 8,043,164.66 | \$ 843,164.66 |
| Interest on Investments | 25,000.00 | 55,225.84 | 30,225.84 |
| | <u>7,925,000.00</u> | <u>8,798,390.50</u> | <u>873,390.50</u> |
| Nonbudget Revenue | | 53,377.02 | 53,377.02 |
| | <u><u>\$ 7,925,000.00</u></u> | <u><u>\$ 8,851,767.52</u></u> | <u><u>\$ 926,767.52</u></u> |

Analysis of Water Rents

| | |
|----------------------|-------------------------------|
| Cash Received | \$ 8,054,872.21 |
| Less: Refunds | 47,803.73 |
| | <u>8,007,068.48</u> |
| Overpayments Applied | 36,096.18 |
| | <u><u>\$ 8,043,164.66</u></u> |

Analysis of Miscellaneous Revenue

| | |
|-------------------------|----------------------------|
| Interest on Water Rents | <u><u>\$ 53,377.02</u></u> |
|-------------------------|----------------------------|

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Appropriations</u> | | <u>Expended by</u> | | <u>Unexpended Balance Cancelled</u> |
|---|------------------------|--|----------------------------|----------------------|---|
| | <u>Budget</u> | <u>Budget After Modi- fication</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operating: | | | | | |
| Salaries and Wages | \$ 2,372,128.00 | \$ 2,372,128.00 | \$ 2,310,533.53 | \$ 61,594.47 | |
| Other Expenses | 3,876,184.00 | 3,876,184.00 | 3,577,067.36 | 299,116.64 | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | 170,000.00 | 170,000.00 | 170,000.00 | | |
| Debt Service: | | | | | |
| Payment of Bond Principal | 825,000.00 | 825,000.00 | 825,000.00 | | |
| Payment of Bond Anticipation Notes and Capital Notes | 100,000.00 | 100,000.00 | 100,000.00 | | |
| Interest on Bonds | 107,610.00 | 107,610.00 | 102,890.62 | | \$ 4,719.38 |
| Interest on Notes | 88,668.00 | 88,668.00 | 53,105.38 | | 35,562.62 |
| Environmental Infrastructure Loan | 32,410.00 | 32,410.00 | 30,373.71 | | 2,036.29 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 173,000.00 | 173,000.00 | 172,376.84 | 623.16 | |
| Social Security (O.A.S.I.) | 180,000.00 | 180,000.00 | 176,831.70 | 3,168.30 | |
| | <u>\$ 7,925,000.00</u> | <u>\$ 7,925,000.00</u> | <u>\$ 7,518,179.14</u> | <u>\$ 364,502.57</u> | <u>\$ 42,318.29</u> |
| | | | | D | |
| <u>Analysis of Paid or Charged</u> | | | | | |
| Cash Disbursed | | | \$ 7,205,827.09 | | |
| Encumbrances Payable | D | | 161,041.33 | | |
| Accrued Interest on Bonds | | | 102,890.62 | | |
| Accrued Interest on Loans | | | 4,587.50 | | |
| Accrued Interest on Notes | | | 53,105.38 | | |
| | | | <u>7,527,451.92</u> | | |
| Refunds | | | (9,272.78) | | |
| | | | <u>\$ 7,518,179.14</u> | | |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
SEWER UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|--------------------------|--------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents | E-4 | \$ 11,629,124.25 | \$ 14,632,620.23 |
| Due from Sewer Utility Capital Fund | E | | 26,652.72 |
| Due from Water Utility Operating Fund | D | 21.75 | |
| | | <u>11,629,146.00</u> | <u>14,659,272.95</u> |
| Receivables and Inventory With Full Reserves: | | | |
| Consumer Accounts Receivable | E-6 | 1,241,793.45 | 1,602,708.94 |
| Sewer Utility Liens Receivable | E-6A | 721.81 | 721.81 |
| Inventory | E-6B | 64,068.00 | 45,225.00 |
| Total Receivables and Inventory with Full Reserves | | <u>1,306,583.26</u> | <u>1,648,655.75</u> |
| Deferred Charges: | | | |
| Emergency Authorization (40A:4-46) | E-3 | 376,250.00 | |
| Total Deferred Charges | | <u>376,250.00</u> | |
| Total Operating Fund | | <u>13,311,979.26</u> | <u>16,307,928.70</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | E-4 | 11,767,110.06 | 16,278,918.54 |
| NJ Environmental Infrastructure Trust Loan Receivable | | 469,699.00 | 989,375.00 |
| Fixed Capital | E-7 | 140,290,056.25 | 138,559,724.44 |
| Fixed Capital Authorized and Uncompleted | E-8 | 49,787,790.00 | 55,122,653.00 |
| Total Capital Fund | | <u>202,314,655.31</u> | <u>210,950,670.98</u> |
| TOTAL ASSETS | | <u>\$ 215,626,634.57</u> | <u>\$ 227,258,599.68</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31 | |
|--|---------|--------------------------|--------------------------|
| | | 2016 | 2015 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves: | | | |
| Encumbered | E-3;E-9 | \$ 144,891.60 | \$ 258,238.28 |
| Unencumbered | E-3;E-9 | 1,726,930.09 | 2,182,533.15 |
| | | <u>1,871,821.69</u> | <u>2,440,771.43</u> |
| Accrued Interest on Loans | | 81,114.94 | 86,759.41 |
| Accrued Interest on Bonds | | 28,319.79 | 35,606.25 |
| Accrued Interest on Notes | | 37,051.66 | 73,386.67 |
| Sewer Rent Overpayments | | 45,941.52 | 94,144.56 |
| Prpeaid Sewer Rents | | 141,330.79 | |
| Due to Current Fund | A | 107.22 | 587,777.01 |
| | | <u>2,205,687.61</u> | <u>3,318,445.33</u> |
| Reserve for Receivables and Inventory | E | 1,306,583.26 | 1,648,655.75 |
| Fund Balance | E-1 | 9,799,708.39 | 11,340,827.62 |
| | | <u>13,311,979.26</u> | <u>16,307,928.70</u> |
| Total Operating Fund | | | |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | E-13 | 7,410,332.00 | 13,760,000.00 |
| Serial Bonds Payable | E-14 | 2,725,000.00 | 3,115,000.00 |
| Refunding Bonds Payable | E-14A | 960,000.00 | 1,590,000.00 |
| NJ Environmental Infrastructure Trust Loans Payable #1 | E-15 | 119,006.32 | 127,659.95 |
| NJ Environmental Infrastructure Trust Loans Payable #2 | E-15A | 14,009,664.33 | 14,991,946.18 |
| Improvement Authorizations: | | | |
| Funded | E-10 | 8,355,617.64 | 6,314,054.99 |
| Unfunded | E-10 | 12,659,650.34 | 18,815,157.94 |
| Due to Sewer Utility Operating Fund | E | | 26,652.72 |
| Capital Improvement Fund | E-11 | 166,000.00 | 1,123,750.00 |
| Reserve for: | | | |
| Amortization | E-12a | 136,749,654.94 | 135,479,404.94 |
| Deferred Amortization | E-12 | 18,797,493.85 | 15,314,808.37 |
| Fund Balance | E-1a | 362,235.89 | 292,235.89 |
| | | <u>202,314,655.31</u> | <u>210,950,670.98</u> |
| | | <u>\$ 215,626,634.57</u> | <u>\$ 227,258,599.68</u> |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | | |

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

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

| | Ref. | Year Ended December 31 | |
|---|------|------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 1,000,000.00 | \$ 1,000,000.00 |
| Sewer and Other Rents | | 14,636,082.11 | 14,926,606.58 |
| Septage Removal | | 682,480.72 | 625,879.34 |
| Interest on Investments | | 159,679.85 | 103,391.73 |
| Nonbudget Revenue | | 144,752.05 | 45,777.10 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 1,093,204.34 | 919,139.77 |
| Total Income | | <u>17,716,199.07</u> | <u>17,620,794.52</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 11,316,315.00 | 10,612,307.00 |
| Capital Improvements | | 1,463,250.00 | 680,000.00 |
| Debt Service | | 2,764,704.89 | 2,839,790.31 |
| Deferred Charges and Statutory Expenditures | | 584,673.00 | 546,050.00 |
| Refund of Prior Year Revenue | | 4,625.41 | 6,960.53 |
| Total Expenditures | | <u>16,133,568.30</u> | <u>14,685,107.84</u> |
| Excess in Revenue | | 1,582,630.77 | 2,935,686.68 |
| Adjustments to Excess Before Fund Balance: | | | |
| Expenditures included above which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | | 376,250.00 | |
| Statutory Excess to Fund Balance | | 1,958,880.77 | 2,935,686.68 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | E | <u>11,340,827.62</u> | <u>10,955,140.94</u> |
| | | 13,299,708.39 | 13,890,827.62 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | 1,000,000.00 | 1,000,000.00 |
| Prior Year Fund Balance Appropriated as Revenue - | | | |
| Current Fund | | <u>2,500,000.00</u> | <u>1,550,000.00</u> |
| Balance December 31 | E | <u>\$ 9,799,708.39</u> | <u>\$ 11,340,827.62</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | | |
|--------------------------------------|------------------|---------------|
| Balance December 31, 2015 | <u>Ref.</u> E | \$ 292,235.89 |
| Increased by: | | |
| Improvement Authorizations Cancelled | | 70,000.00 |
| Balance December 31, 2016 | E | \$ 362,235.89 |

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|------------------------------------|--------------------|------------------|--------------------------------|
| Operating Fund Balance Anticipated | \$ 1,000,000.00 | \$ 1,000,000.00 | |
| Sewer Rents | 14,330,000.00 | 14,474,199.11 | \$ 144,199.11 |
| Interest on Investments | 37,000.00 | 159,679.85 | 122,679.85 |
| Septage Removal | 500,000.00 | 682,480.72 | 182,480.72 |
| Other Rents | 148,000.00 | 161,883.00 | 13,883.00 |
| | 16,015,000.00 | 16,478,242.68 | 463,242.68 |
| Nonbudget Revenue | | 144,752.05 | 144,752.05 |
| | \$ 16,015,000.00 | \$ 16,622,994.73 | \$ 607,994.73 |

Analysis of Revenue - Rents

| | |
|------------------------------|------------------|
| Collections | \$ 14,474,199.11 |
| Miscellaneous Revenue: | |
| Capacity/Connection Fees | 105,801.42 |
| Miscellaneous Reimbursements | 38,950.63 |
| | \$ 144,752.05 |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | Appropriations | | Expended by | | Unexpended Balance Cancelled |
|--|-------------------------|-----------------------------------|-------------------------|------------------------|------------------------------------|
| | Budget | Budget After Modi- fication | Paid or Charged | Reserved | |
| Operating: | | | | | |
| Salaries and Wages | \$ 3,716,078.00 | \$ 3,716,078.00 | \$ 3,312,566.44 | \$ 403,511.56 | |
| Other Expenses | 7,600,237.00 | 7,600,237.00 | 6,315,893.24 | 1,284,343.76 | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund (Special Emergency + \$376,250.00) | 1,087,000.00 | 1,463,250.00 | 1,463,250.00 | | |
| Debt Service: | | | | | |
| Payment of Bond Principal | 1,020,000.00 | 1,020,000.00 | 1,020,000.00 | | |
| Payment of Bond Anticipation Notes and Capital Notes | 391,000.00 | 391,000.00 | 391,000.00 | | |
| Interest on Bonds | 144,740.00 | 144,740.00 | 144,738.54 | | \$ 1.46 |
| Interest on Notes | 277,757.00 | 277,757.00 | 238,100.54 | | 39,656.46 |
| Environmental Infrastructure Loan | 1,193,515.00 | 1,193,515.00 | 970,865.81 | | 222,649.19 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 288,000.00 | 288,000.00 | 287,294.74 | 705.26 | |
| Social Security System (O.A.S.I.) | 296,673.00 | 296,673.00 | 258,303.49 | 38,369.51 | |
| | <u>\$ 16,015,000.00</u> | <u>\$ 16,391,250.00</u> | <u>\$ 14,402,012.80</u> | <u>\$ 1,726,930.09</u> | <u>\$ 262,307.11</u> |

Ref.

E

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

| | | Analysis of | |
|---|------|------------------------------|--------------------|
| | Ref. | Budget After Modification | Paid or Charged |
| Adopted Budget | | \$ 16,015,000.00 | |
| Emergency Authorization (N.J.S.A. 40A:4-46) | | 376,250.00 | |
| | | \$ 16,391,250.00 | |
| | | | |
| Cash Disbursed | | | \$ 13,876,866.91 |
| Encumbered | E | | 144,891.60 |
| Accrued Interest on Loans | | | 202,578.11 |
| Accrued Interest on Bonds | | | 144,738.54 |
| Accrued Interest on Notes | | | 238,100.54 |
| | | | 14,607,175.70 |
| Less: Refunds | | | (205,162.90) |
| | | | \$ 14,402,012.80 |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
GOLF AND RECREATION UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|-------------------------|-------------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents | F-4 | \$ 1,720,969.69 | \$ 1,046,887.73 |
| Change Funds | | 1,800.00 | |
| | | <u>1,722,769.69</u> | <u>1,046,887.73</u> |
| Due from Golf and Recreation Utility Capital Fund | F | | 29,069.04 |
| Receivables with Full Reserves: | | | |
| Revenue Accounts Receivable | F-6 | 53,281.49 | 81,678.47 |
| Inventory | F-6a | 51,159.00 | |
| Total Receivables with Full Receivables | | <u>104,440.49</u> | <u>81,678.47</u> |
| Total Operating Fund | | <u>1,827,210.18</u> | <u>1,157,635.24</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | F-4 | 1,825,506.16 | 847,827.65 |
| Due from Current Fund | A | | 26,943.36 |
| Fixed Capital | F-7 | 25,413,276.61 | 24,253,276.61 |
| Fixed Capital Authorized and Uncompleted | F-8 | 4,013,257.00 | 5,054,080.00 |
| Total Capital Fund | | <u>31,252,039.77</u> | <u>30,182,127.62</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 33,079,249.95</u> | <u>\$ 31,339,762.86</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31, | |
|---|---------|-----------------------------|-----------------------------|
| | | 2016 | 2015 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves: | | | |
| Encumbered | F-3;F-9 | \$ 56,102.98 | \$ 54,414.32 |
| Unencumbered | F-3;F-9 | 173,092.26 | 136,262.79 |
| | | <u>229,195.24</u> | <u>190,677.11</u> |
| Sales Tax Payable | | 244.00 | |
| Accrued Interest on Bonds | | 12,293.75 | 15,477.08 |
| Accrued Interest on Notes | | 10,665.00 | 4,852.12 |
| Membership Overpayments | | 1,101.78 | 2,596.95 |
| Prepaid Revenue | | | 1,500.00 |
| Due to Current Fund | A | | 14,075.34 |
| Security Deposit | | <u>220,000.00</u> | <u>220,000.00</u> |
| | | 473,499.77 | 449,178.60 |
| Reserve for Receivables | F | 104,440.49 | 81,678.47 |
| Fund Balance | F-1 | <u>1,249,269.92</u> | <u>626,778.17</u> |
| Total Operating Fund | | <u>1,827,210.18</u> | <u>1,157,635.24</u> |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | F-13 | 2,133,000.00 | 910,000.00 |
| Serial Bonds Payable | F-14 | 1,000,000.00 | 1,215,000.00 |
| Improvement Authorizations: | | | |
| Funded | F-10 | 61,166.38 | 160,836.29 |
| Unfunded | F-10 | 3,259,270.03 | 3,314,577.93 |
| Capital Improvement Fund | F-11 | 161,593.05 | 181,593.05 |
| Due to Golf and Recreation Utility Operating Fund | F | | 29,069.04 |
| Reserve for: | | | |
| Preliminary Expenses - Miniature Golf Recreation Facility | | 20,000.00 | |
| Amortization | F-12 | 24,336,276.61 | 23,858,776.61 |
| Deferred Amortization | F-12a | 235,663.00 | 467,204.00 |
| Fund Balance | F-1a | <u>45,070.70</u> | <u>45,070.70</u> |
| Total Capital Fund | | <u>31,252,039.77</u> | <u>30,182,127.62</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 33,079,249.95</u> | <u>\$ 31,339,762.86</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

| | Ref. | Year Ended December 31, | |
|--|------|-------------------------|----------------------|
| | | 2016 | 2015 |
| <u>Revenue and Other Income Realized</u> | | | |
| Golf Fees | | \$ 3,057,868.40 | \$ 3,098,236.48 |
| Concession Fees | | 660,000.00 | 662,750.00 |
| Interest on Investments | | 18,183.01 | 8,159.11 |
| Utilities - Concessions | | 33,657.85 | 22,733.43 |
| Room Rentals | | | 7,172.00 |
| Miscellaneous Revenue | | 1,184.01 | 11,210.20 |
| Other Credits to Income: | | | |
| Overpayments Cancelled | | 2,333.57 | |
| Unexpended Balance of Appropriation Reserves | | 101,865.40 | 187,728.64 |
| Total Income | | <u>3,875,092.24</u> | <u>3,997,989.86</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 2,976,254.00 | 2,963,624.00 |
| Capital Improvements | | 5,959.00 | 300,320.00 |
| Debt Service | | 86,691.49 | 79,804.33 |
| Deferred Charges and Statutory Expenditures | | 182,133.00 | 198,090.00 |
| Prior Year Revenue Refunds | | 1,563.00 | 80.00 |
| Total Expenditures | | <u>3,252,600.49</u> | <u>3,541,918.33</u> |
| Excess in Revenue | | 622,491.75 | 456,071.53 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | <u>626,778.17</u> | <u>170,706.64</u> |
| Balance December 31 | F | <u>\$ 1,249,269.92</u> | <u>\$ 626,778.17</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | | |
|---------------------------|------------------|--------------|
| Balance December 31, 2015 | <u>Ref.</u> F | \$ 45,070.70 |
| Balance December 31, 2016 | F | \$ 45,070.70 |

GOLF AND RECREATION UTILITY CAPITAL FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|-------------------------|------------------------|------------------------|--------------------------------|
| Golf Fees | \$ 2,600,000.00 | \$ 3,057,868.40 | \$ 457,868.40 |
| Concession Fees | 660,000.00 | 660,000.00 | |
| Interest on Investments | 8,000.00 | 18,183.01 | 10,183.01 |
| Utilities - Concessions | 10,000.00 | 33,657.85 | 23,657.85 |
| | <u>3,278,000.00</u> | <u>3,769,709.26</u> | <u>491,709.26</u> |
| Nonbudget Revenue | | 1,184.01 | 1,184.01 |
| | <u>\$ 3,278,000.00</u> | <u>\$ 3,770,893.27</u> | <u>\$ 492,893.27</u> |

Analysis of Golf Fees

| | |
|---------------------------------|------------------------|
| Collections - Golf Fees | \$ 3,056,105.02 |
| Prepaid Revenue Applied | 1,500.00 |
| Membership Overpayments Applied | 263.38 |
| | <u>\$ 3,057,868.40</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

| | Appropriations | | Expended by | | Unexpended Balance Cancelled |
|-------------------------------------|------------------------|-----------------------------------|------------------------|----------------------|------------------------------------|
| | Budget | Budget After Modi- fication | Paid or Charged | Reserved | |
| Operating: | | | | | |
| Salaries and Wages | \$ 1,532,666.00 | \$ 1,532,666.00 | \$ 1,440,922.01 | \$ 91,743.99 | |
| Other Expenses | 1,443,588.00 | 1,443,588.00 | 1,383,048.17 | 60,539.83 | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | 5,959.00 | 5,959.00 | 5,959.00 | | |
| Debt Service: | | | | | |
| Payment of Bond Anticipation Notes | 25,000.00 | 25,000.00 | 25,000.00 | | |
| Interest on Bonds | 40,436.00 | 40,436.00 | 37,729.17 | | \$ 2,706.83 |
| Interest on Notes | 48,218.00 | 48,218.00 | 23,962.32 | | 24,255.68 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 57,500.00 | 57,500.00 | 57,458.94 | 41.06 | |
| Social Security (O.A.S.I.) | 124,633.00 | 124,633.00 | 103,865.62 | 20,767.38 | |
| | <u>\$ 3,278,000.00</u> | <u>\$ 3,278,000.00</u> | <u>\$ 3,077,945.23</u> | <u>\$ 173,092.26</u> | <u>\$ 26,962.51</u> |
| | | <u>Ref.</u> | | F | |
| <u>Analysis of Paid or Charged</u> | | | | | |
| Cash Disbursed | | | \$ 2,960,150.76 | | |
| Encumbrances Payable | | F | 56,102.98 | | |
| Accrued Interest on Bonds | | | 37,729.17 | | |
| Accrued Interest on Notes | | | 23,962.32 | | |
| | | | <u>\$ 3,077,945.23</u> | | |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | | December 31, | |
|---|-------------|---------------------|---------------------|
| <u>ASSETS</u> | <u>Ref.</u> | 2016 | 2015 |
| Cash and Cash Equivalents | G-1 | \$ 81,180.44 | \$ 75,064.17 |
| <u>TOTAL ASSETS</u> | | <u>\$ 81,180.44</u> | <u>\$ 75,064.17</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Reserve for Public Assistance | | 81,180.44 | 75,064.17 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 81,180.44</u> | <u>\$ 75,064.17</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | December 31, | |
|-----------------------------|--------------------------|--------------------------|
| | 2016 | 2015 |
| <u>ASSETS</u> | | |
| Land | \$ 107,841,072.00 | \$ 104,259,502.00 |
| Buildings | 33,555,366.00 | 33,042,260.00 |
| Furniture and Equipment | 36,353.00 | 36,353.00 |
| Vehicles and Road Equipment | 19,239,931.00 | 18,700,897.00 |
| Other Equipment | 2,481,171.00 | 2,701,055.00 |
| <u>TOTAL ASSETS</u> | <u>\$ 163,153,893.00</u> | <u>\$ 158,740,067.00</u> |
| <u>RESERVE</u> | | |
| Reserve for Fixed Assets | \$ 163,153,893.00 | \$ 158,740,067.00 |
| <u>TOTAL RESERVE</u> | <u>\$ 163,153,893.00</u> | <u>\$ 158,740,067.00</u> |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Parsippany-Troy Hills include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Parsippany-Troy Hills, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Parsippany-Troy Hills do not include the operations of the Municipal Library.

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 of Parsippany-Troy Hills 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 Parsippany-Troy Hills accounts for its financial transactions through the following separate funds:

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

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

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

B. Description of Funds (Cont'd)

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

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

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

Golf and Recreation Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned Golf and Recreation Utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The operations of the State funded General Assistance Program were transferred to the County of Morris.

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

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. Other 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 generally 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.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

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

C. Basis of Accounting (Cont'd)

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.

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, investments would generally be stated at fair value and fixed assets purchased by the Utility Capital Funds would be depreciated and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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

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

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

Investments – Investments are stated at cost, which approximates market.

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

E. Other significant accounting policies include: (Cont'd)

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

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds, except the Water, Sewer and Golf and Recreation Utility, is recorded as expenditures at the time individual items are purchased. The cost of the Water, Sewer, and Golf and Recreation Utility Operating Fund inventory is included on its balance sheet and is offset by a reserve.

General Fixed Assets Account Group – In accordance with N.J.A.C. accounting requirements, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost except for land, which is recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; 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 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, the General Capital Fund and the Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water, Sewer and Golf and Recreation Utility Funds are recorded in their respective capital accounts at cost. 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 acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current, Open Space, Water, Sewer and Golf and Recreation Utility Operating 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.

Summary of Municipal Debt

| | December 31, | | |
|---|--------------------|--------------------|--------------------|
| | 2016 | 2015 | 2014 |
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | \$ 66,213,455 | \$ 63,258,936 | \$ 59,455,431 |
| Water Utility: | | | |
| Bonds, Loans and Notes | 6,592,163 | 5,644,983 | 6,484,286 |
| Sewer Utility: | | | |
| Bonds, Loans and Notes | 25,224,003 | 33,584,606 | 35,542,503 |
| Golf and Recreation Utility: | | | |
| Bonds and Notes | 3,133,000 | 2,125,000 | 2,200,000 |
| Total Issued | <u>101,162,621</u> | <u>104,613,525</u> | <u>103,682,220</u> |
| Less: | | | |
| Funds Temporarily Held to Pay Bonds and Notes: | | | |
| General | 105,383 | 94,653 | 86,870 |
| Water Utility | 192,749 | 192,749 | 204,438 |
| Total Deductions | <u>298,132</u> | <u>287,402</u> | <u>291,308</u> |
| Net Debt Issued | <u>100,864,489</u> | <u>104,326,123</u> | <u>103,390,912</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Summary of Municipal Debt (Cont'd)

| | December 31, | | |
|---|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2014 |
| <u>Authorized but not Issued:</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | \$ 13,775,261 | \$ 14,707,440 | \$ 15,797,229 |
| Water Utility: | | | |
| Bonds, Loans and Notes | 95,061 | 1,995,061 | 55,750 |
| Sewer Utility: | | | |
| Bonds, Loans and Notes | 9,306,695 | 9,303,558 | 9,606,558 |
| Golf and Recreation Utility: | | | |
| Bonds and Notes | 1,721,594 | 2,856,376 | 153,293 |
| Total Authorized but not Issued | <u>24,898,611</u> | <u>28,862,435</u> | <u>25,612,830</u> |
| | | | |
| Net Bonds and Notes Issued and Authorized but not Issued | <u>\$ 125,763,100</u> | <u>\$ 133,188,558</u> | <u>\$ 129,003,742</u> |

Summary of Municipal Debt Issued and Outstanding – Prior Year

| | Balance | | | Balance |
|--|-----------------------|----------------------|---------------------|-----------------------|
| | 12/31/14 | Additions | Retirements | 12/31/15 |
| Serial Bonds: | | | | |
| General Capital Fund | \$ 39,020,000 | | \$ 5,800,000 | \$ 33,220,000 |
| Water Utility Capital Fund | 4,030,000 | | 810,000 | 3,220,000 |
| Sewer Utility Capital Fund | 5,695,000 | | 990,000 | 4,705,000 |
| Golf and Recreation Utility Capital Fund | 1,418,000 | | 203,000 | 1,215,000 |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | 20,198,000 | \$ 29,932,000 | 20,198,000 | 29,932,000 |
| Water Utility Capital Fund | 2,250,000 | 2,249,000 | 2,250,000 | 2,249,000 |
| Sewer Utility Capital Fund | 13,752,000 | 13,760,000 | 13,752,000 | 13,760,000 |
| Golf and Recreation Utility Capital Fund | 782,000 | 910,000 | 782,000 | 910,000 |
| Loans Payable: | | | | |
| General Capital Fund: | | | | |
| Green Trust Loans | 237,431 | | 130,495 | 106,936 |
| Water Utility Capital Fund: | | | | |
| NJ Environmental Infrastructure Loan | 204,286 | | 28,303 | 175,983 |
| Sewer Utility Capital Fund: | | | | |
| NJ Environmental Infrastructure Loan | 16,095,503 | | 975,897 | 15,119,606 |
| Total | <u>\$ 103,682,220</u> | <u>\$ 46,851,000</u> | <u>\$45,919,695</u> | <u>\$ 104,613,525</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

| | Balance 12/31/15 | Additions | Retirements | Balance 12/31/16 |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Serial Bonds: | | | | |
| General Capital Fund | \$ 33,220,000 | | \$ 5,690,000 | \$ 27,530,000 |
| Water Utility Capital Fund | 3,220,000 | | 825,000 | 2,395,000 |
| Sewer Utility Capital Fund | 4,705,000 | | 1,020,000 | 3,685,000 |
| Golf and Recreation Utility Capital Fund | 1,215,000 | | 215,000 | 1,000,000 |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | 29,932,000 | \$ 38,663,000 | 29,932,000 | 38,663,000 |
| Water Utility Capital Fund | 2,249,000 | 4,049,000 | 2,249,000 | 4,049,000 |
| Sewer Utility Capital Fund | 13,760,000 | 7,410,332 | 13,760,000 | 7,410,332 |
| Golf and Recreation Utility Capital Fund | 910,000 | 2,133,000 | 910,000 | 2,133,000 |
| Loans Payable: | | | | |
| General Capital Fund: | | | | |
| Green Trust Loans | 106,936 | | 86,481 | 20,455 |
| Water Utility Capital Fund: | | | | |
| NJ Environmental Infrastructure Loan | 175,983 | | 27,819 | 148,164 |
| Sewer Utility Capital Fund: | | | | |
| NJ Environmental Infrastructure Loan | 15,119,606 | | 990,936 | 14,128,670 |
| Total | <u>\$ 104,613,525</u> | <u>\$ 52,255,332</u> | <u>\$55,706,236</u> | <u>\$ 101,162,621</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .937%.

| | Gross Debt | Deductions | Net Debt |
|----------------------------------|-----------------------|----------------------|----------------------|
| Local School District Debt | \$ 31,570,000 | \$ 33,470,000 | |
| Water Utility Debt | 6,687,225 | 7,640,044 | |
| Sewer Utility Debt | 34,530,697 | 42,888,164 | |
| Golf and Recreation Utility Debt | 4,854,594 | 4,981,376 | |
| General Debt | 79,988,716 | 105,383 | \$ 79,883,333 |
| | <u>\$ 157,631,232</u> | <u>\$ 89,084,967</u> | <u>\$ 79,883,333</u> |

Net Debt: \$79,883,333 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$8,528,647,472.33 = .937%.

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

| | |
|---|-----------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 296,868,777 |
| Net Debt | <u>79,883,333</u> |
| Remaining Borrowing Power | <u>\$ 216,985,444</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2: Long-Term Debt (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 | \$ | 8,851,768 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ | 6,601,312 |
| Debt Service | | 1,111,370 |
| | | 7,712,682 |
| Excess in Revenue | \$ | 1,139,086 |

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

| | | |
|--|----|------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$ | 16,764,326 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ | 11,900,988 |
| Debt Service | | 2,764,705 |
| | | 14,665,693 |
| Excess in Revenue | \$ | 2,098,633 |

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

| | | |
|--|----|-----------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$ | 3,770,893 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ | 3,158,387 |
| Debt Service | | 86,891 |
| | | 3,245,278 |
| Excess in Revenue | \$ | 525,615 |

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

Schedule of Annual Debt Service for the Next Five Years and Thereafter for
Bonded Debt and Loans Issued and Outstanding

| Year Ended | General | | Water Utility | | Sewer Utility | | Golf and Recreation Utility | | Total | |
|--------------|---------------|--------------|---------------|------------|---------------|--------------|-----------------------------|------------|---------------|--------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| December 31, | | | | | | | | | | |
| 2017 | \$ 5,945,455 | \$ 1,043,700 | \$ 867,336 | \$ 87,013 | \$ 2,035,982 | \$ 315,164 | \$ 225,000 | \$ 33,813 | \$ 7,037,791 | \$ 1,164,526 |
| 2018 | 4,335,000 | 813,075 | 436,853 | 53,786 | 1,541,036 | 262,822 | 230,000 | 26,200 | 5,001,853 | 893,061 |
| 2019 | 4,365,000 | 668,775 | 436,370 | 39,613 | 1,586,095 | 232,889 | 230,000 | 17,900 | 5,031,370 | 726,288 |
| 2020 | 2,420,000 | 498,200 | 244,108 | 24,300 | 1,501,160 | 201,548 | 75,000 | 9,450 | 2,739,108 | 531,950 |
| 2021 | 2,450,000 | 412,900 | 208,497 | 21,000 | 1,431,232 | 170,576 | 80,000 | 7,250 | 2,738,497 | 441,150 |
| 2022-2026 | 8,035,000 | 727,300 | 350,000 | 11,450 | 6,237,443 | 521,998 | 160,000 | 7,200 | 8,545,000 | 745,950 |
| 2027-2029 | | | | | 3,480,722 | 107,352 | | | 3,480,722 | 107,352 |
| | \$ 27,550,455 | \$ 4,163,950 | \$ 2,543,164 | \$ 237,162 | \$ 17,813,670 | \$ 1,812,349 | \$ 1,000,000 | \$ 101,813 | \$ 34,574,341 | \$ 4,610,277 |

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2016

General Capital Fund

Serial Bonds

| <u>Purpose</u> | <u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2016</u> | | <u>Interest</u> <u>Rate</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|----------------------|--|---------------|--------------------------------|--|
| | <u>Date</u> | <u>Amount</u> | | |
| Refunding Bonds | 10/1/2017 | \$ 70,000 | 3.00% | |
| | 10/1/2017 | 1,870,000 | 5.00% | \$ 1,940,000 |
| Refunding Bonds | 7/15/2017 | 1,135,000 | 4.00% | |
| | 7/15/2018 | 1,185,000 | 3.00% | |
| | 7/15/2019 | 180,000 | 4.00% | |
| | 7/15/2019 | 1,035,000 | 5.00% | |
| | 7/15/2020 | 1,270,000 | 4.00% | |
| | 7/15/2021 | 1,300,000 | 4.00% | |
| | 7/15/2022 | 1,340,000 | 5.00% | |
| | 7/15/2023 | 1,460,000 | 5.00% | |
| | 7/15/2024 | 1,470,000 | 4.00% | |
| | 7/15/2025 | 1,465,000 | 4.00% | 11,840,000 |
| General Improvements | 7/1/2017 | 1,700,000 | 3.75% | |
| | 7/1/18-19 | 2,000,000 | 4.00% | 5,700,000 |
| General Improvements | 11/1/2017 | 1,150,000 | 2.25% | |
| | 11/1/2018 | 1,150,000 | 2.50% | |
| | 11/1/2019 | 1,150,000 | 2.75% | |
| | 11/1/20-23 | 1,150,000 | 3.00% | 8,050,000 |
| | | | | <u>\$ 27,530,000</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

General Capital New Jersey Green Acres Trust Loans

The Township entered into two loan agreements with the State of New Jersey, Department of Environmental Protection and Energy under the Green Acres Trust Loan program. A loan for the acquisition of land in the amount of \$1,500,000 principal and interest payments commencing effective 1996 and continuing on a semiannual basis through April 2016. A loan for the acquisition of land in the amount of \$664,482, which represents the loan proceeds drawn down and bearing 2% interest, was effective 1997 with principal and interest payments commencing and continuing on a semiannual basis through May 2017.

The balances of the loans at December 31, 2016 were as follows:

| <u>Purpose</u> | <u>Final Maturity Date of Green Trust Loan Payable</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2016</u> |
|--------------------------------|--|--------------------------|----------------------------------|
| Acquisition of Land | 5/19/2017 | 2.00% | \$ 20,455 |
| | | | <u>\$ 20,455</u> |
| | | | |
| <u>Bond Anticipation Notes</u> | <u>Maturities of Notes Outstanding Dec. 31, 2016</u> | | <u>Balance Dec. 31, 2016</u> |
| <u>Purpose</u> | <u>Date</u> | <u>Amount</u> | <u>Interest Rate</u> |
| Various Capital Improvements | 9/21/2017 | \$ 38,663,000 | 2.00% |
| | | | <u>\$ 38,663,000</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Water Utility Capital Fund

| <u>Serial Bonds</u> | <u>Maturities of Bonds</u> | | | <u>Balance</u> |
|---------------------|----------------------------------|---------------|----------------------|----------------------|
| | <u>Outstanding Dec. 31, 2016</u> | | | |
| <u>Purpose</u> | <u>Date</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Dec. 31, 2016</u> |
| Water Improvements | 7/1/2017 | \$ 200,000 | 3.75% | \$ 600,000 |
| | 7/1/2018 | 200,000 | 4.00% | |
| | 7/1/2019 | 200,000 | 4.00% | |
| Water Improvements | 11/1/2017 | 175,000 | 2.25% | 1,225,000 |
| | 11/1/2018 | 175,000 | 2.50% | |
| | 11/1/2019 | 175,000 | 2.75% | |
| | 11/1/2020 | 175,000 | 3.00% | |
| | 11/1/2021 | 175,000 | 3.00% | |
| | 11/1/2022 | 175,000 | 3.00% | |
| | 11/1/2023 | 175,000 | 3.00% | |
| Refunding Bonds | 12/1/2017 | 190,000 | 4.13% | 190,000 |
| Refunding Bonds | 10/1/2017 | 10,000 | 3.00% | 240,000 |
| | 10/1/2017 | 230,000 | 5.00% | |
| Refunding Bonds | 7/15/2017 | 35,000 | 4.00% | 140,000 |
| | 7/15/2018 | 35,000 | 3.00% | |
| | 7/15/2019 | 35,000 | 5.00% | |
| | 7/15/2020 | 35,000 | 4.00% | |
| | | | | <u>\$ 2,395,000</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Water Utility Capital Fund

| <u>Loan Payable</u> | Final Maturity Date of NJ Environmental Infrastructure Loan Payable | Interest Rate | Balance Dec. 31, 2016 |
|--|---|-------------------|--------------------------|
| <u>Purpose</u> | | | |
| Improvement of Water Supply and Distribution System | 8/1/2021 | 4.75% to 5.00% | <u>\$ 148,164</u> |

Bond Anticipation Notes

| <u>Purpose</u> | Maturities of Notes Outstanding Dec. 31, 2016 | | Interest Rate | Balance Dec. 31, 2016 |
|-----------------------------|--|---------------|------------------|--------------------------|
| | <u>Date</u> | <u>Amount</u> | | |
| Improvement of Water System | 9/21/2017 | \$ 2,249,000 | 2.00% | <u>\$ 4,049,000</u> |

Sewer Utility Capital Fund

Serial Bonds

| <u>Purpose</u> | Maturities of Bonds Outstanding Dec. 31, 2016 | | Interest Rate | Balance Dec. 31, 2016 |
|--------------------|--|---------------|------------------|--------------------------|
| | <u>Date</u> | <u>Amount</u> | | |
| Sewer Improvements | 7/1/2017 | \$ 80,000 | 3.75% | |
| | 7/1/2018 | 100,000 | 4.00% | |
| | 7/1/2019 | 100,000 | 4.00% | \$ 280,000 |
| Sewer Improvements | 11/1/2017 | 310,000 | 2.25% | |
| | 11/1/2018 | 325,000 | 2.50% | |
| | 11/1/2019 | 350,000 | 2.75% | |
| | 11/1/2020 | 350,000 | 3.00% | |
| | 11/1/2021 | 370,000 | 3.00% | |
| | 11/1/2022 | 370,000 | 3.00% | |
| | 11/1/2023 | 370,000 | 3.00% | 2,445,000 |
| Refunding Bonds | 12/1/2017 | 330,000 | 4.125% | 330,000 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Sewer Utility Capital Fund

Serial Bonds

| <u>Purpose</u> | <u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2016</u> | | <u>Interest</u> <u>Rate</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|-----------------|--|---------------|--------------------------------|--|
| | <u>Date</u> | <u>Amount</u> | | |
| Refunding Bonds | 10/1/2017 | \$ 5,000 | 3.00% | |
| | 10/1/2017 | 215,000 | 5.00% | \$ 220,000 |
| Refunding Bonds | 7/15/2017 | 95,000 | 4.00% | |
| | 7/15/2018 | 100,000 | 3.00% | |
| | 7/15/2019 | 105,000 | 5.00% | |
| | 7/15/2020 | 110,000 | 4.00% | 410,000 |
| | | | | <u>\$ 3,685,000</u> |

Loan Payable

| <u>Purpose</u> | <u>Final Maturity Date of NJ</u> <u>Environmental Infrastructure</u> <u>Loan Payable</u> | <u>Interest</u> <u>Rate</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|--------------------|--|--------------------------------|--|
| Sewer Improvements | 8/1/2029 | 3.50% to 5.00% | <u>\$ 14,128,670</u> |

Bond Anticipation Notes

| <u>Purpose</u> | <u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2016</u> | | <u>Interest</u> <u>Rate</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|------------------------------------|--|---------------|--------------------------------|--|
| | <u>Date</u> | <u>Amount</u> | | |
| Various Sewer Utility Improvements | 9/21/2017 | \$ 13,760,000 | 2.00% | <u>\$ 7,410,332</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Golf and Recreation Utility Capital Fund

Serial Bonds

| <u>Purpose</u> | <u>Maturities of Bonds</u> | | <u>Interest Rate</u> | <u>Balance Dec. 31, 2016</u> |
|----------------------|----------------------------------|----------------------------------|----------------------|------------------------------|
| | <u>Outstanding Dec. 31, 2016</u> | <u>Outstanding Dec. 31, 2016</u> | | |
| | <u>Date</u> | <u>Amount</u> | | |
| General Improvements | 7/1/2017 | \$ 170,000 | 3.75% | |
| | 7/1/2018 | 170,000 | 4.00% | |
| | 7/1/2019 | 170,000 | 4.00% | \$ 510,000 |
| General Improvements | 11/1/2017 | 55,000 | 2.25% | |
| | 11/1/2018 | 60,000 | 2.50% | |
| | 11/1/2019 | 60,000 | 2.75% | |
| | 11/1/2020 | 75,000 | 3.00% | |
| | 11/1/2021 | 80,000 | 3.00% | |
| | 11/1/2022 | 80,000 | 3.00% | |
| | 11/1/2023 | 80,000 | 3.00% | 490,000 |
| | | | | <u>\$ 1,000,000</u> |

Bond Anticipation Notes

| <u>Purpose</u> | <u>Maturities of Notes</u> | | <u>Interest Rate</u> | <u>Balance Dec. 31, 2016</u> |
|------------------------------------|----------------------------------|----------------------------------|----------------------|------------------------------|
| | <u>Outstanding Dec. 31, 2016</u> | <u>Outstanding Dec. 31, 2016</u> | | |
| | <u>Date</u> | <u>Amount</u> | | |
| Various Improvements and Equipment | 9/21/2017 | \$ 2,133,000 | 2.00% | <u>\$ 2,133,000</u> |

Total Debt Issued and Outstanding

\$ 101,162,621

N.J. Environmental Infrastructure Loan

Loan agreements were entered into by the Township of Parsippany-Troy Hills with the New Jersey Department of Environmental Protection for the purpose of improvements to the water system in 2001 at an interest rate of 4.75% to 5.50% and for the purpose of improvements to the waste water treatment plant in 2010 at an interest rate of 1.15% to 5.00%. Loans payable at December 31, 2016 for the Water Utility Capital Fund and Sewer Utility Capital Fund were \$148,163 and \$14,128,670, respectively.

Refunding Bonds:

On July 15, 2012, the Township issued \$16,115,000 refunding bonds with interest rates ranging from 1.50% to 4.00% to refund \$17,135,000 dated June 1, 2005 with an interest rates ranging from 1.50% to 4.00%. The refunding bonds will mature on July 15, 2012 through July 15, 2025 and constitute an advanced refunding. The refunding met the requirements of an in-substance debt defeasance.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

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

Refunding Bonds (Cont'd)

As a result of the advance refunding, the Township reduced its total debt service requirement by \$2,320,284 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt).

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$70,270,709 at June 30, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$58,271,124 at June 30, 2016. See Note 4 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

Fund Balances at December 31, 2016 which was included in the introduced budget as appropriated and as anticipated revenue for the year ending December 31, 2017 budget were as follows:

| | |
|---|-------------|
| Current Fund: | |
| Current Fund Balance | \$3,700,000 |
| Water Utility Operating Fund Balance | \$700,000 |
| Sewer Utility Operating Fund Balance | \$2,500,000 |
| Water Utility Operating Fund | \$700,000 |
| Sewer Utility Operating Fund | \$1,000,000 |
| Golf and Recreation Utility Operating Fund | \$200,000 |

Note 4: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$2,053,004 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$70,270,709 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the Township's proportion was 0.237%, which was an increase of 0.003% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$6,709,439.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation Rate | 3.08% |
| Salary Increases: | |
| Through 2026 | 1.65 – 4.15% based on age |
| Thereafter | 2.65 – 5.15% based on age |
| Investment Rate of Return | 7.65% |

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 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.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2016) 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 65 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, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad U.S. Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex. U.S. | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.95% as of June 30, 2016 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.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 4: Pension Plans (Cont'd)

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

Discount Rate (Cont'd)

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2016 | | |
|---|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (2.98%) | Current Discount Rate (3.98%) | 1% Increase (4.98%) |
| Township's proportionate share of the Net Pension Liability | \$ 86,108,551 | \$ 70,270,709 | \$ 57,195,196 |

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/annrptrs.shtml.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, 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.

Contributions

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 4: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

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, 2016 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, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$2,487,144 for the year ended December 31, 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$187,498 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$624,994.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability for its proportionate share of the net pension liability was \$58,271,124. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the Township's proportion was 0.305%, which was an increase of 0.001% from its proportion measured as of June 30, 2015.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$4,893,329 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2016, the State's proportion was 0.305%, which was an increase of 0.001% from its proportion measured as of June 30, 2015 which is the same proportion as the Township's.

| | |
|---|---------------|
| Township's Proportionate Share of the Net Pension Liability | \$ 58,271,124 |
| State's Proportionate Share of the Net Pension Liability Associated with the Township | 4,893,329 |
| Total Net Pension Liability | \$ 63,164,453 |

For the year ended December 31, 2016, the Town recognized total pension expense of \$2,487,144.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation Rate | 3.08% |
| Salary Increases: | |
| Through 2026 | 2.10 - 8.98% based on age |
| Thereafter | 3.10 - 9.98% based on age |
| Investment Rate of Return | 7.65% |

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad U.S. Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex. U.S. | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

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

Discount Rate – PFRS (Cont'd)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, 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, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2016 | | |
|---|------------------------------|--|------------------------------|
| | At 1% Decrease (4.55%) | At Current Discount Rate (5.55%) | At 1% Increase (6.55%) |
| Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township | \$ 81,445,930 | \$ 63,164,453 | \$ 48,257,007 |

Plan Fiduciary Net Position – PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 4: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

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

For DCRP, the Township recognized pension expense of \$6,722 for the year ended December 31, 2016. Employee contributions to DCRP amounted to \$16,858 for the year ended December 31, 2016.

Note 5: 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 Parsippany-Troy Hills has elected not to defer school taxes.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$6,641,314 at December 31, 2016. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

The reserves for accumulated sick and vacation time of \$312,000 reflected on the Other Trust Funds' balance sheet as of December 31, 2016 represent partial funding of the total estimated amount.

Note 7: Selected Tax Information

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| <u>Tax Rate</u> | <u>\$ 2.769</u> | <u>\$ 2.699</u> | <u>\$ 2.663</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | 0.654 | 0.632 | 0.628 |
| County | 0.304 | 0.298 | 0.301 |
| Local School | 1.811 | 1.769 | 1.734 |
| <u>Assessed Valuations</u> | | | |
| 2016 | <u>\$ 7,161,830,200</u> | | |
| 2015 | | <u>\$ 7,160,580,050</u> | |
| 2014 | | | <u>\$ 7,166,584,900</u> |

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|-------------------------|----------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collections</u> |
| 2016 | \$ 202,441,385 | \$ 201,086,010 | 99.33% |
| 2015 | 197,396,005 | 196,138,497 | 99.36% |
| 2014 | 194,423,879 | 193,110,200 | 99.32% |

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

Note 8: Cash and Cash Equivalents and Investments

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed 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 collected public funds that exceed insurance limits as follows:

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

In addition to the above collateral requirement, if 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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

Investments (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of 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) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

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

As of December 31, 2016, cash and cash equivalents of the Township of Parsippany-Troy Hills consisted of the following:

| <u>Fund</u> | <u>Cash on Hand</u> | <u>Checking Accounts</u> | <u>Investments</u> | <u>Total</u> |
|--|-------------------------|------------------------------|---------------------|----------------------|
| Current Fund | \$ 815 | \$ 5,991,876 | \$ 7,035,223 | \$ 13,027,914 |
| Animal Control Trust Fund | 50 | 68,433 | | 68,483 |
| Other Trust Fund | | 17,259,270 | | 17,259,270 |
| General Capital Fund | | 4,629,601 | | 4,629,601 |
| Water Utility Operating Fund | | 7,239,684 | | 7,239,684 |
| Water Utility Capital Fund | | 3,085,723 | | 3,085,723 |
| Sewer Utility Operating Fund | | 11,629,124 | | 11,629,124 |
| Sewer Utility Capital Fund | | 11,767,110 | | 11,767,110 |
| Golf and Recreation Utility Operating Fund | | 1,720,970 | | 1,720,970 |
| Golf and Recreation Utility Capital Fund | | 1,825,506 | | 1,825,506 |
| Public Assistance Fund | | 81,180 | | 81,180 |
| | <u>\$ 865</u> | <u>\$ 65,298,477</u> | <u>\$ 7,035,223</u> | <u>\$ 72,334,565</u> |

The carrying amount of the Township's cash and cash equivalents and investments at December 31, 2016, was \$72,334,565 and the bank balance was \$75,850,311.

Note 9: Risk Management

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

The Township of Parsippany-Troy Hills is a member of the Garden State Municipal Joint Insurance Fund. This Fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

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

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Risk Management (Cont'd)

The Fund 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. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

Selected financial information for the Fund as of December 31, 2016 is as follows:

| | |
|------------------------|---------------|
| Total Assets | \$ 45,429,384 |
| Net Position | \$ 5,036,520 |
| Total Revenue | \$ 33,717,875 |
| Total Expenses | \$ 28,914,237 |
| Change in Net Position | \$ 4,803,638 |
| Members Dividends | \$ -0- |

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

Garden State Municipal Joint Insurance Fund
900 Route 9 North, Suite 503
Woodbridge, NJ 07095-1003
800-446-7647

The Township is self-insured to the extent of the amounts “deductible” from umbrella insurance coverage for Workers’ Compensation and Health Benefits.

Health Benefits Insurance

Coverage is provided by an excess risk insurance policy, issued by the American National Insurance Company with coverages detailed as follows:

A. Specific Loss:

The Township will pay the Specific Deductible amount of \$125,000 per policy period per covered person.

B. Aggregate Loss:

The maximum aggregate reimbursement is \$1,000,000 per policy period.

Processing and payment of claims is administered by the Insurance Design Administrators.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Risk Management (Cont'd)

There is a provision included in the financial statements for claims incurred but not reported as of December 31, 2016, however, sufficient funds were made available in the 2016 budget appropriation reserves to cover the incurred but not reported claims in 2017 in the Current Fund and Utility Funds.

A summary of activity for this fund is detailed as follows:

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|-------------------|-------------------|
| Balance, Beginning of the Year | \$ 1,414 | \$ 99,486 |
| Receipts | <u>12,973,676</u> | <u>10,821,135</u> |
| | 12,975,090 | 10,920,621 |
| Disbursements | <u>12,721,250</u> | <u>10,919,207</u> |
| Balance, End of the Year | <u>\$ 253,840</u> | <u>\$ 1,414</u> |

Workers' Compensation

Umbrella insurance coverage currently in force is carried for excess Workers' Compensation claims with specified limits detailed as follows:

A. Specific Loss:

The Township can pay no more than \$400,000 for each occurrence.

There has been no provision included in the financial statements for loss reserves as of December 31, 2016.

Claims for excess workers' compensation are funded on a cash basis through a loss fund which is administered by D and H Alternative Risk Solutions. A summary of the workers' compensation fund held by the insurance agent is detailed as follows:

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Risk Management (Cont'd)

Workers' Compensation (Cont'd)

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|-------------------|-------------------|
| Balance, Beginning of the Year | \$ 105,899 | \$ 95,495 |
| Recoveries | 42,044 | |
| Receipts | <u>652,962</u> | <u>851,825</u> |
| | 800,905 | 947,320 |
| Disbursements | <u>697,909</u> | <u>841,421</u> |
| Balance, End of the Year | <u>\$ 102,996</u> | <u>\$ 105,899</u> |

Workers' Compensation Loss Reserves

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of reported losses and loss adjustment expenses as of December 31, 2016. This estimate is based on the estimated ultimate cost of settling the reported claims considering the historical experience, various other industry statistics, including the effects of inflation and other societal or economic factors. The ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess loss insurance and reinsurance coverages.

Loss reserves, at December 31, 2016 and 2015, respectively, which have been estimated by the Fund's Actuary and Servicing Agents, are as follows:

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|-------------------|---------------------|
| Case Reserves | \$ 2,509,732 | \$ 2,121,758 |
| Less: Excess Coverage | <u>1,562,904</u> | <u>939,117</u> |
| Total Loss Reserves (Expenses) | <u>\$ 946,828</u> | <u>\$ 1,182,641</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

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

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

| <u>Year</u> | <u>Township Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2016 | | \$ 47,028 | \$ 120,037 | \$ 94,265 |
| 2015 | \$ 140,250 | 92,278 | 178,657 | 167,274 |
| 2014 | 171,000 | 130,675 | 308,689 | 113,403 |

Note 10: Post-Retirement Medical Benefits

The Township of Parsippany-Troy Hills provides certain post-retirement benefits to Township employees and their covered eligible dependents which include health insurance, prescription, dental and vision coverage. Eligible employees who retire in the Police and Firemen's Retirement System also receive life insurance coverage.

Upon retirement, to be eligible, employees in the Public Employees' Retirement System must have a minimum of twenty-five (25) years of pension service and twenty-five (25) years of service with the Township. Employees in the Police and Firemen's Retirement System must have a minimum of twenty-five (25) years of pension service and fifteen (15) years of service with the Township.

Eligible retirees under the Public Employees' Retirement System will receive post-retirement benefits until they reach the age of 65. Eligible retirees under the Police and Firemen's Retirement System will receive post-retirement benefits for life.

Funding Policy

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

Currently, there are no contribution requirements of plan members for healthcare benefits.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 10: Post-Retirement Medical Benefits (Cont'd)

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

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

Annual OPEB Cost and Net OPEB Obligation

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

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without being eligible for benefits, disability, participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the 2014, 2015 and 2016 actuarial valuations, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. For medical benefits, the initial rate utilized is 9.0% and decreases to a 5.0% long-term trend rate for all medical benefits in 2026.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 10: Post-Retirement Medical Benefits (Cont'd)

Annual OPEB Cost per Actuarial Valuation

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contribution to the plan and the Township's obligation to the Plan at December 31, 2014, 2015 and 2016.

Benefit Obligations and Normal Cost

| | Valuation December 31, | | |
|---|------------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 |
| Actuarial accrued liability (AAL): | | | |
| Retired employees | \$ 51,143,732 | \$ 48,734,536 | \$ 36,485,560 |
| Active employees | 37,493,648 | 41,951,683 | 37,959,235 |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 88,637,380</u> | <u>\$ 90,686,219</u> | <u>\$ 74,444,795</u> |
| Normal cost at beginning of year | \$ 2,844,509 | \$ 2,958,289 | \$ 2,666,673 |
| Amortization factor based on 30 years | \$ 2,997,310 | \$ 3,072,762 | \$ 2,580,753 |
| Annual covered payroll | N/A | N/A | N/A |
| UAAL as a percentage of covered payroll | N/A | N/A | N/A |

Level Dollar Amortization

Calculation of ARC under Projected Unit Credit Cost Method

| | | | |
|---|----------------------|----------------------|----------------------|
| ARC normal cost with interest to end of year | \$ 2,844,509 | \$ 2,958,289 | \$ 2,666,673 |
| Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end | 2,997,310 | 3,072,762 | 2,580,753 |
| Annual Required Contribution (ARC) | 5,841,819 | 6,031,051 | 5,247,426 |
| Interest on net OPEB obligation | 383,369 | 480,751 | 576,715 |
| Adjustment to ARC | 254,879 | 254,879 | (827,883) |
| Annual OPEB cost (expense) | 6,480,067 | 6,766,681 | 4,996,258 |
| Pay as you go benefits | (4,045,514) | (4,367,593) | (3,153,376) |
| Net OPEB expense at December 31,: | | | |
| 2014, 2015 and 2016, respectively | 2,434,553 | 2,399,088 | 1,842,882 |
| Prior year | 9,584,228 | 12,018,781 | 14,417,869 |
| Net OPEB obligation December 31,: | | | |
| 2014, 2015 and 2016, respectively | <u>\$ 12,018,781</u> | <u>\$ 14,417,869</u> | <u>\$ 16,260,751</u> |
| Projected unfunded actuarial accrued liability (December 31, 2014) | | | <u>\$ 88,637,380</u> |
| Projected unfunded actuarial accrued liability (December 31, 2015) | | | <u>\$ 90,686,219</u> |
| Projected unfunded actuarial accrued liability (December 31, 2016) | | | <u>\$ 74,444,795</u> |

N/A - Not Available

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 10: Post-Retirement Medical Benefits (Cont'd)

Funding Status and Funding Progress

As of December 31, 2016 based on the 2016 valuation the actuarial accrued liability for benefits was \$74,444,795, all of which is unfunded.

Note 11: Deferred Compensation Plan

The Township of Parsippany-Troy Hills offers its employees two deferred compensation plans (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by American United Life Insurance Company and Metropolitan Life Insurance Company, are available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 12: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2016:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund | \$ 173 | \$ 557,435 |
| Federal and State Grand Fund | 549,054 | |
| Animal Control Fund | 2 | |
| Other Trust Funds | 8,379 | |
| Water Utility Operating Fund | | 88 |
| Sewer Utility Operating Fund | 22 | 107 |
| | <u>\$ 557,630</u> | <u>\$ 557,630</u> |

The Township utilizes the Current Fund as a clearing account for receipts and disbursements of the other funds. The Chief Financial Officer monitors all interfunds for these accounts and liquidates them on a monthly basis.

Note 13: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of the Township's operations including claims for property damage, personal injury and various contract disputes. The ultimate effect of such litigation cannot be ascertained at this time since they are currently in various stages of discovery. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position and operations as of December 31, 2016.

Amounts received or receivable from grantors, principally the 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.

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 13: Commitments and Contingencies (Cont'd)

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$1,586,142.

The Township bills the Township of East Hanover, and three other municipalities for sewer usage. Currently, the Township is in dispute as to how much the Township of East Hanover owes Parsippany-Troy Hills. The amount recorded as receivable on the Sewer Utility Fund balance sheet at December 31, 2016 is fully reserved, therefore the possible cancellation of part of the receivable will not impact operations, but would reduce the receivable and offsetting reserve.

Note 14: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township had the following deferred charges:

| | <u>Balance</u> <u>Dec. 31, 1899</u> | <u>Required</u> <u>Budget</u> <u>Appropriation</u> | <u>Balance</u> <u>to Years</u> <u>Subsequent</u> <u>Budgets</u> |
|---|--|--|--|
| Current Fund: | | | |
| Special Emergency Appropriation | \$ 2,463,342 | \$ 1,258,826 | \$ 1,204,516 |
| Sewer Utility Operating Fund: | | | |
| Emergency Appropriation (NJSA 40A:4-46) | 376,250 | 376,250 | |

The appropriation in the 2017 budget is not less than that required by statute.

Note 15: Economic Dependency

The Township receives a substantial amount of its 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.

TOWNSHIP OF PARSIPPANY-TROY HILLS

SUPPLEMENTARY DATA

TOWNSHIP OF PARSIPPANY-TROY HILLS
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2016

The following officials were in office during the period under audit:

| Name | Title | Amount of Bond | Name of Corporate or Personal Surety |
|---------------------|-------------------------|-------------------|---|
| James R. Barberio | Mayor | | |
| Louis Valori | Council President | | |
| Robert Peluso | Council VicePresident | | |
| Loretta Gragnani | Councilwoman | | |
| Paul Carifi, Jr. | Councilman | | |
| Michael J. dePierro | Councilman | | |
| Ellen Sandman | Administrator | * | |
| Khaled Madin | Clerk | * | |
| Ann Cucci | Chief Financial Officer | \$1,000,000 | Garden State Municipal Joint Insurance Fund |
| Terence M. Whalen | Tax Collector | \$1,000,000 | Garden State Municipal Joint Insurance Fund |
| Daniel Cassese | Tax Assessor | * | |
| Michael Hardie | Director of Purchasing | * | |
| Justin Lizza | Engineer | | |
| John P. Inglesino | Attorney | | |
| Anthony Frese | Judge | \$1,000,000 | Garden State Municipal Joint Insurance Fund |
| Gerald Scala | Judge | \$1,000,000 | Garden State Municipal Joint Insurance Fund |
| Alvaro Leal | Court Administrator | \$1,000,000 | Garden State Municipal Joint Insurance Fund |

* Covered under a \$1,000,000.00 Public Employee Dishonesty Bond with the Garden State Municipal Joint Insurance Fund

All bonds were examined and were properly executed.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
CURRENT FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|--|-------------------|------------------|
| Balance December 31, 2015 | A | \$ 12,151,419.17 |
| Increased by Receipts: | | |
| Tax Collector | \$ 202,742,616.14 | |
| Revenue Accounts Receivable | 17,857,725.46 | |
| Miscellaneous Revenue Not Anticipated | 762,791.52 | |
| Due from / to State of New Jersey: | | |
| Veterans and Senior Citizens' Deductions | 334,283.04 | |
| Construction Code Fees Payable | 176,428.00 | |
| Marriage License Fees Payable | 7,250.00 | |
| Burial Fees Payable | 65.00 | |
| Interest on Investments | 136,371.04 | |
| Watershed Moratorium | 55,178.00 | |
| Special Emergency Notes Payable | 764,518.00 | |
| Other Lien Collections | 2,553.89 | |
| Due to/from: | | |
| Federal and State Grant Fund: | | |
| Prior Year Interfund Due from General Capital | 290,325.55 | |
| Federal and State Grants Receivable | 274,758.55 | |
| Unappropriated Reserves | 314,260.07 | |
| Other Trust Fund: | | |
| Police Outside Fees Received on Behalf of the Other Trust Fund | 2,692.50 | |
| Interfund Returned | 258,112.97 | |
| Golf and Recreation Utility Operating Fund | 14,075.34 | |
| Water Utility Operating Fund | 387,716.65 | |
| Sewer Utility Operating | 587,669.79 | |
| Payroll Taxes Receivable | 82,502.25 | |
| Prepaid Revenue: | | |
| Licenses | 63,456.00 | |
| Miscellaneous Revenue Not Anticipated - Lease Rentals | 11,634.14 | |
| | 225,126,983.90 | 237,278,403.07 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF CASH
(Continued)

Ref.

| | | | |
|---|----|-----------------------|--------------------------------|
| Decreased by Disbursements: | | | |
| 2016 Appropriation Expenditures | \$ | 60,415,617.15 | |
| 2015 Appropriation Reserves | | 4,334,375.23 | |
| Accounts Payable | | 16,034.38 | |
| Tax Overpayment Refunds | | 128,966.23 | |
| Local School District Taxes | | 129,643,891.00 | |
| County Taxes | | 21,799,740.95 | |
| Fire District Taxes | | 3,279,858.00 | |
| Due State of New Jersey: | | | |
| Marriage License Fees Payable | | 5,725.00 | |
| Construction Code Fees Payable | | 189,076.00 | |
| Burial Fees Payable | | 70.00 | |
| Reserve for Tax Appeals | | 369,619.48 | |
| Refund of Prior Year Revenue | | 9,692.04 | |
| Special Emergency Notes Payable | | 1,769,275.00 | |
| Due to / from: | | | |
| Federal and State Grant Fund: | | | |
| Appropriated Reserves | | 331,148.73 | |
| Animal Control Fund | | 58,487.38 | |
| Open Space Trust Fund - Open Space Tax Levy | | 1,426,489.28 | |
| General Capital Fund | | 446,289.97 | |
| Golf and Recreation Utility Capital Fund | | 26,943.36 | |
| | | <u>224,251,299.18</u> | |
| Balance December 31, 2016 | A | | <u><u>\$ 13,027,103.89</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

| | | |
|-----------------------------|-------------------|--|
| Taxes Receivable | \$ 200,854,132.16 | |
| Tax Title Liens Receivable | 477.37 | |
| 2017 Prepaid Taxes | 1,370,907.00 | |
| Interest and Costs on Taxes | 348,674.47 | |
| Tax Overpayments | 168,425.14 | |
| | | |

\$ 202,742,616.14

Decreased by:

Payments to Treasurer

\$ 202,742,616.14

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance | 2016 Levy | Collections | | State of NJ Veterans' and Senior Citizens' Deductions | Cancelled | Trans- ferred to Tax Title Liens | Balance |
|------|-----------------|-------------------|-----------------|-------------------|---|--------------|---|-----------------|
| | Dec 31, 2015 | | 2015 | 2016 | | | | Dec 31, 2016 |
| 2014 | \$ 2,857.80 | | | \$ 2,857.80 | | | | |
| 2015 | 1,213,236.29 | | | 1,229,169.31 | \$ (22,341.80) | | \$ 5,158.78 | \$ 1,250.00 |
| | 1,216,094.09 | | | 1,232,027.11 | (22,341.80) | | 5,158.78 | 1,250.00 |
| 2016 | | \$ 202,441,385.48 | \$ 1,130,582.27 | 199,622,105.05 | 333,322.79 | \$ 73,758.05 | 11,512.18 | 1,270,105.14 |
| | \$ 1,216,094.09 | \$ 202,441,385.48 | \$ 1,130,582.27 | \$ 200,854,132.16 | \$ 310,980.99 | \$ 73,758.05 | \$ 16,670.96 | \$ 1,271,355.14 |

Ref. A

A

Analysis of 2016 Property Tax Levy

Tax Yield:

| | |
|----------------------------------|--------------------------|
| General Purpose Tax | \$ 198,299,400.67 |
| Business Personal Property Taxes | 11,685.18 |
| Special District Taxes | 3,305,254.92 |
| Added and Omitted Taxes | 825,044.71 |
| | <u>\$ 202,441,385.48</u> |

Tax Levy:

| | |
|---|--------------------------|
| Local School District Taxes | \$ 129,643,891.00 |
| Open Space Taxes | 1,432,366.00 |
| Special District Taxes | 3,305,254.92 |
| County Taxes | \$ 21,697,833.73 |
| Due County for Added and Omitted Taxes | 89,190.17 |
| | <u>21,787,023.90</u> |
| | 156,168,535.82 |
| Local Tax for Municipal Purposes Levied | 42,649,736.00 |
| Minimum Library Tax Levied | 2,828,004.00 |
| Add: Additional Tax Levied | 795,109.66 |
| | <u>46,272,849.66</u> |
| | <u>\$ 202,441,385.48</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>Ref.</u> | | |
|------------------------------------|-------------|-----------------|-----------------------------|
| Balance December 31, 2015 | A | | \$ 119,775.78 |
| Increased by: | | | |
| Transfer from Taxes Receivable | | \$ 16,670.96 | |
| Interest and Costs Accrued at Sale | | <u>1,271.09</u> | |
| | | | <u>17,942.05</u> |
| | | | 137,717.83 |
| Decreased by: | | | |
| Collections | | | <u>477.37</u> |
| Balance December 31, 2016 | A | | <u><u>\$ 137,240.46</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Balance</u> <u>Dec 31, 2015</u> | <u>Accrued</u> <u>in 2016</u> | <u>Received</u> <u>in 2016</u> | <u>Cancelled</u> | <u>Balance</u> <u>Dec 31, 2016</u> |
|------------------------------|---------------------------------------|----------------------------------|-----------------------------------|------------------|---------------------------------------|
| Clerk: | | | | | |
| Alcoholic Beverages Licenses | | \$ 88,620.00 | \$ 88,620.00 | | |
| Other Licenses | | 27,244.00 | 27,244.00 | | |
| Registrar: | | | | | |
| Fees and Permits | | 9,650.00 | 9,650.00 | | |
| Health: | | | | | |
| Other Licenses | | 146,040.00 | 146,040.00 | | |
| Board of Adjustment: | | | | | |
| Fees and Permits | | 13,710.50 | 13,710.50 | | |
| Zoning: | | | | | |
| Fees and Permits | | 57,143.16 | 57,143.16 | | |
| Engineering: | | | | | |
| Fees and Permits | | 31,990.04 | 31,990.04 | | |
| Fire Prevention: | | | | | |
| Fees and Permits | | 252,449.00 | 252,449.00 | | |
| Planning Board: | | | | | |
| Fees and Permits | | 18,358.75 | 18,358.75 | | |
| Off Duty Police: | | | | | |
| Fees and Permits | | 100,775.00 | 100,775.00 | | |
| Recreation: | | | | | |
| Fees and Permits | | 314,112.00 | 314,112.00 | | |
| Board of Housing: | | | | | |
| Fees and Permits | | 201,150.00 | 201,150.00 | | |
| Department of Public Works: | | | | | |
| Fees and Permits | | 68,506.95 | 68,506.95 | | |
| Mayor: | | | | | |
| Fees and Permits | | 10,140.00 | 10,140.00 | | |
| Purchasing: | | | | | |
| Fees and Permits | | 10,950.00 | 10,950.00 | | |
| Tax Collector: | | | | | |
| Fees and Permits | | 430.00 | 430.00 | | |
| Police: | | | | | |
| Fees and Permits | | 9,302.05 | 9,302.05 | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
(Continued)

| | <u>Balance</u> <u>Dec 31, 2015</u> | <u>Accrued</u> <u>in 2016</u> | <u>Received</u> <u>in 2016</u> | <u>Cancelled</u> | <u>Balance</u> <u>Dec 31, 2016</u> |
|--|---------------------------------------|----------------------------------|-----------------------------------|-------------------|---------------------------------------|
| Construction Code Official: | | | | | |
| Fees and Permits | | \$ 2,650,070.00 | \$ 2,650,070.00 | | |
| Municipal Court: | | | | | |
| Fines and Costs | \$ 40,541.30 | 550,354.08 | 548,097.23 | | \$ 42,798.15 |
| Consolidated Municipal Property Tax Relief Aid | | 404,651.00 | 404,651.00 | | |
| Energy Receipts Taxes | | 4,090,372.00 | 4,090,372.00 | | |
| Shared Services - Animal Control | 9,359.00 | | 8,612.00 | \$ 747.00 | |
| Uniform Fire Safety Act | | 177,415.83 | 177,415.83 | | |
| Lease Rentals | 122,542.15 | 27,836.65 | 14,727.31 | 107,814.84 | 27,836.65 |
| Garbage and Trash Removal | 106,301.66 | 1,473,378.14 | 1,474,190.65 | | 105,489.15 |
| Community Center Revenue - Concession Rents | | 197,069.00 | 197,069.00 | | |
| Hotel Tax | | 2,537,626.87 | 2,537,626.87 | | |
| Ambulance Service Billing | | 799,959.49 | 799,959.49 | | |
| General Capital Fund - Fund Balance | | 780,000.00 | 780,000.00 | | |
| Sewer Utility Operating Surplus of Prior Year | | 2,500,000.00 | 2,500,000.00 | | |
| Cablevision Franchise Fees | | 314,362.63 | 314,362.63 | | |
| | <u>\$ 278,744.11</u> | <u>\$ 17,863,667.14</u> | <u>\$ 17,857,725.46</u> | <u>108,561.84</u> | <u>\$ 176,123.95</u> |
| <u>Ref.</u> | A | | | | A |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF OTHER LIENS RECEIVABLE

| | <u>Ref.</u> | |
|---------------------------|-------------|----------------------|
| Balance December 31, 2015 | A | \$ 191,926.95 |
| Decreased by: | | |
| Collections | | <u>2,553.89</u> |
| Balance December 31, 2016 | A | <u>\$ 189,373.06</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec 31, 2015</u> | <u>Balance</u> <u>After Modi-</u> <u>fication</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--------------------------------------|---------------------------------------|---|----------------------------------|---------------------------------|
| General Government: | | | | |
| General Administration: | | | | |
| Salaries and Wages | \$ 9,492.62 | \$ 9,492.62 | \$ 8,497.05 | \$ 995.57 |
| Other Expenses | 33,345.27 | 45,345.27 | 17,980.98 | 27,364.29 |
| Township Council: | | | | |
| Salaries and Wages | 6,087.29 | 6,087.29 | | 6,087.29 |
| Other Expenses | 2,500.00 | 2,500.00 | | 2,500.00 |
| Municipal Clerk: | | | | |
| Salaries and Wages | 22,300.85 | 12,300.85 | 847.92 | 11,452.93 |
| Other Expenses | 40,631.97 | 40,631.97 | 12,614.23 | 28,017.74 |
| Treasury: | | | | |
| Salaries and Wages | 41,616.30 | 41,616.30 | 1,753.29 | 39,863.01 |
| Other Expenses | 16,542.76 | 16,542.76 | 8,316.17 | 8,226.59 |
| Audit | 11,600.00 | 11,600.00 | 2,000.00 | 9,600.00 |
| Tax Collection: | | | | |
| Salaries and Wages | 6,014.75 | 6,014.75 | 1,041.88 | 4,972.87 |
| Other Expenses | 9,221.10 | 9,221.10 | 321.00 | 8,900.10 |
| Tax Assessing: | | | | |
| Salaries and Wages | 4,316.26 | 4,316.26 | 4,005.39 | 310.87 |
| Other Expenses | 8,790.72 | 10,290.72 | 10,052.16 | 238.56 |
| Legal Services and Costs: | | | | |
| Other Expenses | 80,828.60 | 80,828.60 | 80,828.60 | |
| Engineering Services and Costs: | | | | |
| Salaries and Wages | 9,839.60 | 9,839.60 | 7,303.75 | 2,535.85 |
| Other Expenses | 22,226.16 | 22,226.16 | 4,584.94 | 17,641.22 |
| Department of Planning: | | | | |
| Salaries and Wages | 1,685.60 | 1,685.60 | 706.54 | 979.06 |
| Other Expenses | 19,401.18 | 19,401.18 | 13,093.33 | 6,307.85 |
| Board of Adjustment: | | | | |
| Salaries and Wages | 1,006.39 | 1,006.39 | 953.99 | 52.40 |
| Other Expenses | 3,386.95 | 3,386.95 | 1,344.93 | 2,042.02 |
| Housing and Zoning Code Enforcement: | | | | |
| Salaries and Wages | 18,980.76 | 18,980.76 | 6,494.90 | 12,485.86 |
| Other Expenses | 2,684.55 | 2,684.55 | 1,072.40 | 1,612.15 |
| Insurance: | | | | |
| Liability Insurance | 54,499.15 | 54,499.15 | 34,400.00 | 20,099.15 |
| Worker Compensation | 67,465.37 | 67,465.37 | | 67,465.37 |
| Employee Health and Group Life | 2,272,465.94 | 2,272,465.94 | 2,272,465.94 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec 31, 2015</u> | <u>Balance</u> <u>After Modi-</u> <u>fication</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|---------------------------------|---------------------------------------|---|----------------------------------|---------------------------------|
| Public Safety: | | | | |
| Police Department: | | | | |
| Salaries and Wages | \$ 381,455.98 | \$ 381,455.98 | \$ 215,803.01 | \$ 165,652.97 |
| Other Expenses | 78,591.13 | 82,091.13 | 80,984.18 | 1,106.95 |
| Office of Emergency Management: | | | | |
| Salaries and Wages | 250.02 | 250.02 | | 250.02 |
| Other Expenses | 11,343.10 | 11,343.10 | 7,463.54 | 3,879.56 |
| Aid to First Aid Organization | 1,247.20 | 1,247.20 | | 1,247.20 |
| Fire Prevention Bureau: | | | | |
| Salaries and Wages | 11,350.74 | 11,350.74 | 4,980.05 | 6,370.69 |
| Other Expenses | 40,046.35 | 40,046.35 | 15,967.38 | 24,078.97 |
| Municipal Court: | | | | |
| Salaries and Wages | 41,625.98 | 41,625.98 | 3,696.89 | 37,929.09 |
| Other Expenses | 10,520.20 | 10,520.20 | 1,703.61 | 8,816.59 |
| Prosecutor: | | | | |
| Other Expenses | 8,730.00 | 8,730.00 | 5,034.00 | 3,696.00 |
| Street and Road Maintenance: | | | | |
| Salaries and Wages | 36,196.53 | 36,196.53 | 24,631.15 | 11,565.38 |
| Other Expenses | 153,280.85 | 153,280.85 | 153,193.27 | 87.58 |
| Garbage and Trash Removal: | | | | |
| Salaries and Wages | 121,521.70 | 121,521.70 | 30,546.99 | 90,974.71 |
| Other Expenses | 97,989.91 | 97,989.91 | 55,421.99 | 42,567.92 |
| Buildings and Grounds: | | | | |
| Salaries and Wages | 30,126.31 | 30,126.31 | 4,755.23 | 25,371.08 |
| Other Expenses | 46,463.65 | 46,463.65 | 34,008.05 | 12,455.60 |
| Vehicle Maintenance: | | | | |
| Other Expenses | 160,790.99 | 160,790.99 | 154,606.50 | 6,184.49 |
| Condominium Cost | 250,000.00 | 250,000.00 | 250,000.00 | |
| Public Health Services: | | | | |
| Salaries and Wages | 87,318.43 | 87,318.43 | 14,153.65 | 73,164.78 |
| Other Expenses | 76,443.19 | 76,443.19 | 59,378.63 | 17,064.56 |
| Senior Citizen Center: | | | | |
| Salaries and Wages | 4,030.37 | 4,030.37 | 2,252.27 | 1,778.10 |
| Other Expenses | 11,449.69 | 11,449.69 | 3,601.57 | 7,848.12 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec 31, 2015</u> | <u>Balance</u> <u>After Modi-</u> <u>fication</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|---------------------------------------|---|----------------------------------|---------------------------------|
| Recreation Services: | | | | |
| Salaries and Wages | \$ 45,404.34 | \$ 45,404.34 | \$ 3,816.22 | \$ 41,588.12 |
| Other Expenses | 7,140.83 | 7,140.83 | 6,973.84 | 166.99 |
| Maintenance of Parks: | | | | |
| Salaries and Wages | 30,048.74 | 30,048.74 | 21,879.31 | 8,169.43 |
| Other Expenses | 26,110.84 | 26,110.84 | 24,239.89 | 1,870.95 |
| Unclassified Expenditures: | | | | |
| Electricity | 63,870.32 | 63,870.32 | 54,257.83 | 9,612.49 |
| Street Lighting | 81,056.80 | 83,556.80 | 83,066.28 | 490.52 |
| Telephone | 34,860.23 | 34,860.23 | 34,465.28 | 394.95 |
| Gas (Natural or Propane) | 38,148.45 | 38,148.45 | 10,399.31 | 27,749.14 |
| Gasoline | 344,381.30 | 325,737.30 | 44,435.46 | 281,301.84 |
| Solid Waste Disposal Costs | 345,665.90 | 345,809.90 | 289,491.21 | 56,318.69 |
| Department of Buildings and Inspections: | | | | |
| Salaries and Wages | 46,481.49 | 46,481.49 | 14,848.71 | 31,632.78 |
| Other Expenses | 34,812.72 | 34,812.72 | 34,812.72 | |
| Contingent | 15,000.00 | 15,000.00 | | 15,000.00 |
| Contribution to : | | | | |
| Public Employees' Retirement System | 164.97 | 164.97 | | 164.97 |
| Social Security System (O.A.S.I) | 10,152.99 | 19,152.99 | 18,316.17 | 836.82 |
| DCRP Pension | 2,425.26 | 2,425.26 | 557.07 | 1,868.19 |
| Contribution to LOSAP | 70,350.00 | 70,350.00 | 70,350.00 | |
| Maintenance of Free Public Library | 39,000.08 | 39,000.08 | 39,000.00 | 0.08 |
| | <u>\$ 5,662,777.72</u> | <u>\$ 5,662,777.72</u> | <u>\$ 4,363,770.65</u> | <u>\$ 1,299,007.07</u> |

Analysis of Balance December 31, 2015Ref.

| | | |
|--------------|---|------------------------|
| Encumbered | A | \$ 1,041,410.71 |
| Unencumbered | A | <u>4,621,367.01</u> |
| | | <u>\$ 5,662,777.72</u> |

Analysis of Paid or Charged

| | |
|------------------|------------------------|
| Cash Disbursed | \$ 4,334,375.23 |
| Accounts Payable | 29,395.42 |
| | <u>\$ 4,363,770.65</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:

Levy - Calendar Year 2016

129,643,891.00

Decreased by:

Payments to Local School District

129,643,891.00

TOWNSHIP OF PARSIPPANY-TROY HILLS
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2016

| Date Authorized | Purpose | Date of | | Interest Rate | Balance Dec. 31, 2015 | Issued | Matured | Balance Dec. 31, 2016 |
|--------------------|--|------------|------------|------------------|------------------------------|----------------------|------------------------|--------------------------|
| | | Issue | Maturity | | | | | |
| 12/15/2015 | Accrued Vacation and Sick Time Liabilities | 12/23/2015 | 12/21/2016 | 1.15% | \$ 1,769,275.00 | | \$ 1,769,275.00 | |
| | | 12/20/2016 | 12/19/2017 | 2.49% | | \$ 764,518.00 | | \$ 764,518.00 |
| | | | | | <u>\$ 1,769,275.00</u> | <u>\$ 764,518.00</u> | <u>\$ 1,769,275.00</u> | <u>\$ 764,518.00</u> |
| | | | | <u>Ref.</u> | A | | | A |
| | | | | | Renewals | \$ 764,518.00 | \$ 764,518.00 | |
| | | | | | Paid By Budget Appropriation | | 1,004,757.00 | |
| | | | | | | <u>\$ 764,518.00</u> | <u>\$ 1,769,275.00</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

| Grant | Balance Dec 31, 2015 | 2016 Realized Revenue | 2016 Receipts | Transferred from Unappropriated Reserves | Balance Dec 31, 2016 |
|--|-------------------------|--------------------------|----------------------|---|-------------------------|
| Clean Communities | | \$ 127,591.48 | \$ 127,591.48 | | |
| Body Armor Grant | | 8,600.06 | 8,600.06 | | |
| Drunk Driving Enforcement | | 8,098.96 | | \$ 8,098.96 | |
| Recycling Grant (Unappropriated) | | 50,378.24 | 50,378.24 | | |
| State of NJ Pedestrian Grant FY 2011 | \$ 8,000.00 | | | | \$ 8,000.00 |
| State of NJ Pedestrian Grant FY 2013 | 9,900.00 | | | | 9,900.00 |
| County of Morris - Municipal Alliance Grant 2014/2015 | 889.62 | | | | 889.62 |
| County of Morris - Municipal Alliance Grant 2015 Extension | 13,737.27 | | | | 13,737.27 |
| County of Morris - Municipal Alliance Grant 2016 | | 30,143.00 | 26,843.00 | | 3,300.00 |
| Highway Safety - Aggressive Driving Grant | | 6,645.77 | 6,645.77 | | |
| Highlands Initial Assessment | 24,057.67 | | | | 24,057.67 |
| Drive Sober or Get Pulled Over | | 9,700.00 | 4,700.00 | | 5,000.00 |
| ROID Grant | | 20,000.00 | 20,000.00 | | |
| Rutgers Watershed | | 55,000.00 | 55,000.00 | | |
| | <u>\$ 56,584.56</u> | <u>\$ 316,157.51</u> | <u>\$ 299,758.55</u> | <u>\$ 8,098.96</u> | <u>\$ 64,884.56</u> |
| | Ref. A | | | | A |
| Original Budget | | \$ 247,557.45 | | | |
| Added by NJS A 40A:4-87 | | <u>68,600.06</u> | | | |
| | | <u>\$ 316,157.51</u> | | | |
| Received by Current Fund | | | \$ 274,758.55 | | |
| Due from Current Fund | | | <u>25,000.00</u> | | |
| | | | <u>\$ 299,758.55</u> | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

| Grant | Balance Dec 31, 2015 | Cash Received | Budget Revenue Realized | Balance Dec 31, 2016 |
|-------------------------|-------------------------|----------------------|-------------------------------|-------------------------|
| Stream Cleaning Grant | | \$ 300,000.00 | | \$ 300,000.00 |
| Click It or Ticket 2016 | | 4,600.00 | | 4,600.00 |
| DMV Drunk Driving | \$ 8,098.96 | 9,660.07 | \$ 8,098.96 | 9,660.07 |
| | <u>\$ 8,098.96</u> | <u>\$ 314,260.07</u> | <u>\$ 8,098.96</u> | <u>\$ 314,260.07</u> |
| <u>Ref.</u> | A | | | A |

TOWNSHIP OF PARSIPPANY-TROY HILLS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

| Grant | Balance Dec 31, 2015 | Transferred From 2016 Budget Appropriations | Paid or Charged | Balance Dec 31, 2016 |
|--|-------------------------|--|--------------------|-------------------------|
| Drunk Driving Enforcement Fund - FY 2015 | \$ 7,511.68 | | \$ 4,400.00 | \$ 3,111.68 |
| Drunk Driving Enforcement Fund - FY 2016 | | \$ 8,098.96 | | 8,098.96 |
| Clean Communities Program - FY 2015 | 16,600.65 | | 16,600.65 | |
| Clean Communities Program - FY 2016 | | 127,591.48 | 85,363.62 | 42,227.86 |
| Pedestrian Safety Grant - FY 2013 | 10,800.00 | | | 10,800.00 |
| Highway Safety - Aggressive Driving Grant - 2015 | 8,347.41 | | | 8,347.41 |
| Highway Safety - Aggressive Driving Grant - 2016 | | 6,645.77 | | 6,645.77 |
| Rutgers Watershed | | 55,000.00 | 8,697.84 | 46,302.16 |
| Body Armor Grant - FY 2014 | 1,946.11 | | 1,946.11 | |
| Body Armor Grant - FY 2015 | 8,330.08 | | 8,330.08 | |
| Body Armor Grant - FY 2016 | | 8,600.06 | 1,945.81 | 6,654.25 |
| No Net Loss Grant - PF14-07 | 50,954.00 | | 29,062.29 | 21,891.71 |
| Tonnage Grant - FY 2005 | 1,108.00 | | 1,108.00 | |
| Tonnage Grant - FY 2006 | 288.00 | | 288.00 | |
| Tonnage Grant - FY 2015 | 85,203.04 | | 85,203.04 | |
| Tonnage Grant - FY 2016 | | 50,378.24 | 5,500.00 | 44,878.24 |
| Hazardous Discharge Site Remediation | 3,940.00 | | | 3,940.00 |
| Emergency Assistance FY 2010 | 527.77 | | | 527.77 |
| Emergency Assistance FY 2011 | 5,000.00 | | | 5,000.00 |
| Emergency Assistance FY 2012 | 5,000.00 | | | 5,000.00 |
| Emergency Assistance | 5,000.00 | | | 5,000.00 |
| Click It or Ticket 2013 Seat Belt Mobilization | 600.00 | | | 600.00 |
| Civil Defense Donation - Radiation Detection | 1,401.62 | | | 1,401.62 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

| Grant | Balance Dec 31, 2015 | Transferred From 2016 Budget Appropriations | Paid or Charged | Balance Dec 31, 2016 |
|---|-------------------------|--|----------------------|-------------------------|
| County of Morris - Municipal Alliance 2014/2015 | \$ 20,754.82 | | \$ 7,198.10 | \$ 13,556.72 |
| County of Morris - Municipal Alliance Match | 2,309.62 | | | 2,309.62 |
| County of Morris - Municipal Alliance 2015/16 | | \$ 30,143.00 | 18,403.33 | 11,739.67 |
| County of Morris - Municipal Alliance Match | | 13,036.00 | 4,851.86 | 8,184.14 |
| Alcohol Education Rehabilitation and Enforcement - 2014 | 413.56 | | | 413.56 |
| Alcohol Education Rehabilitation and Enforcement - 2013 | 2,638.73 | | | 2,638.73 |
| Highlands Initial Assessment Grant | 25,258.57 | | | 25,258.57 |
| Storm Regulation | 10,310.00 | | | 10,310.00 |
| Drive Sober Get Pulled Over 2015 | | 4,700.00 | 4,700.00 | |
| Drive Sober Get Pulled Over 2016 | | 5,000.00 | 3,550.00 | 1,450.00 |
| Donation - Community Partnership | 890.03 | | | 890.03 |
| Donation - Senior Activities FY 2013 | 1,000.00 | | | 1,000.00 |
| Donation - Volunteer Ambulance | 1,500.00 | | | 1,500.00 |
| ROID Grant 2014-2015 | 20,000.00 | | 20,000.00 | |
| ROID Grant 2015-2016 | | 20,000.00 | 20,000.00 | |
| ROID Grant 2015-2016 Match | | 4,000.00 | 4,000.00 | |
| | <u>\$ 297,633.69</u> | <u>\$ 333,193.51</u> | <u>\$ 331,148.73</u> | <u>\$ 299,678.47</u> |
| <u>Ref.</u> | A | | | A |
| Grant Funds | | \$ 316,157.51 | | |
| Matching Share | | 17,036.00 | | |
| | | <u>\$ 333,193.51</u> | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
TRUST FUNDS

TOWNSHIP OF PARSIPPANY-TROY HILLS
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Other Trust Funds</u> |
|--|-------------|----------------------------|--------------------------------|
| Balance December 31, 2015 | B | \$ -0- | \$ 15,049,450.99 |
| Increased by Receipts: | | | |
| Animal Control Fees | | \$ 27,641.40 | |
| Due to State of New Jersey | | 3,135.60 | |
| Miscellaneous | | 12,781.63 | |
| Reserve for Donations | | 1,110.00 | |
| Due from Current Fund - Budget Appropriation | | 170,000.00 | |
| Special Deposits | | | \$ 4,762,180.72 |
| Police Explorer Program | | | 18,525.00 |
| Premiums on Tax Sale | | | 1,266,804.19 |
| Security Deposits | | | 17.11 |
| Off Duty Police Deposits | | | 681,291.17 |
| Self Insurance Fund Municipal | | | 3,449,218.09 |
| Employee Fund Library | | | 641,956.47 |
| Open Space Trust Fund Deposits and Interest | | | 3,018,025.68 |
| Worker's Compensation | | | 781,298.82 |
| Unemployment Insurance Trust Fund Deposits | | | 47,027.65 |
| Employee Health Benefit Fund Deposits | | | 12,331,719.99 |
| Federal Grants Receivable | | | 194,302.93 |
| Due from Municipal Court | | | 1,849.00 |
| Due from Current Fund: | | | |
| Interfund | | <u>58,487.38</u> | |
| | | <u>273,156.01</u> | <u>27,194,216.82</u> |
| | | 273,156.01 | 42,243,667.81 |
| Decreased by Disbursements: | | | |
| Due to State of New Jersey | | 3,621.60 | |
| Expenditures Under R.S. 4:19-15.11 | | 201,101.00 | |
| Due to Current Fund | | | 258,112.97 |
| Due to General Capital Fund: | | | 80,000.00 |
| Due to Municipal Court | | | 2,280.50 |
| Off Duty Police | | | 676,143.67 |
| Special Deposits | | | 4,240,270.53 |
| Police Explorer Program | | | 2,955.50 |
| Self Insurance Fund Municipal | | | 2,506,777.84 |
| Employee Fund Library | | | 636,063.13 |
| Premiums on Tax Sale | | | 1,222,804.19 |
| Municipal Open Space Preservation Trust Fund | | | 2,175,261.06 |
| Worker's Compensation | | | 784,201.74 |
| Unemployment Insurance Trust Fund Expenditures | | | 120,036.52 |
| Employee Health Benefit Fund Expenditures | | | 12,085,186.89 |
| Federal Grant Fund Expenditures | | | 194,302.93 |
| | | <u>204,722.60</u> | <u>24,984,397.47</u> |
| Balance December 31, 2016 | B | <u><u>68,433.41</u></u> | <u><u>\$ 17,259,270.34</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>Ref.</u> | |
|--|-------------|--------------|
| Balance December 31, 2015 | B | \$ 35,359.33 |
| Increased by: | | |
| Animal License Fees Collected | | \$ 27,641.40 |
| Late Fees | | 1,405.00 |
| Miscellaneous Fees | | 11,376.63 |
| Budget Appropriation | | 170,000.00 |
| Prepaid Licenses Applied | | 4,250.40 |
| | | 214,673.43 |
| | | 250,032.76 |
| Decreased by: | | |
| Animal Control Fund Expenditures Under R.S. 4:19-15.11 | | 201,101.00 |
| Balance December 31, 2016 | B | \$ 48,931.76 |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|---------------------------|---------------|
| 2014 | \$ 35,664.20 |
| 2015 | 35,359.33 |
| | 71,023.53 |
| Maximum Allowable Reserve | \$ 71,023.53 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|--|----------------------|-------------------------------|
| Balance December 31, 2015 | C | \$ 6,531,906.34 |
| Increased by Receipts: | | |
| Received from Current Fund Budget Appropriation: | | |
| Capital Improvement Fund | \$ 476,430.00 | |
| Payment of Bond Anticipation Notes | 604,000.00 | |
| Due to/from Current Fund: | | |
| Interfund Returned | 446,289.97 | |
| Due from Other Trust Funds - Open Space Trust | 210,000.00 | |
| New Jersey Department of Transportation Grant Receivable | 222,823.65 | |
| Reserve to Pay Debt Service | 10,730.00 | |
| Morris County Open Space Grant Receivable | 237,353.25 | |
| Reimbursement of Prior Year Expense | 69,880.00 | |
| FEMA Grant Receivable | 397,781.29 | |
| Premium on Note Sale | 604,071.64 | |
| Reserve for Forge Pond Dam | 600,000.00 | |
| Reserve for Emergency Preparedness | 122,442.50 | |
| Bond Anticipation Notes Issued | <u>38,663,000.00</u> | |
| | | <u>42,664,802.30</u> |
| | | 49,196,708.64 |
| Decreased by Disbursements: | | |
| Improvement Authorization Expenditures | 13,564,781.70 | |
| Bond Anticipation Notes Matured | 29,932,000.00 | |
| Due to Federal and State Grant Fund | 290,325.55 | |
| Due to Current Fund as Anticipated Revenue: | | |
| Fund Balance | <u>780,000.00</u> | |
| | | <u>44,567,107.25</u> |
| Balance December 31, 2016 | C | <u><u>\$ 4,629,601.39</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
ANALYSIS OF CASH

| | Balance (Deficit) Dec. 31, 2015 | Receipts | | Disbursements | | | Transfers | | Balance (Deficit) Dec. 31, 2016 |
|--|---------------------------------------|------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|------------------------|---------------------------------------|
| | | Other | Bond Anticipation Notes | Improvement Authorizations | Other | Bond Anticipation Notes | From | To | |
| | | | | | | | | | |
| Fund Balance | \$ 781,474.68 | \$ 673,951.64 | | | \$ 780,000.00 | | | \$ 707,546.32 | |
| Capital Improvement Fund | 33,757.00 | 476,430.00 | | | | \$ 479,179.00 | \$ 32,120.00 | 31,008.00 | |
| Due from Current Fund | (446,289.97) | 446,289.97 | | | | | | | |
| Due to Federal and State Grant Fund | 290,325.55 | | | \$ 290,325.55 | | | | | |
| Due from General Trust Fund - Open Space Trust | (80,000.00) | 210,000.00 | | | | 130,000.00 | | | |
| Deposit For Regional Contribution Agreement | 261,420.19 | | | | | | | 261,420.19 | |
| Federal Emergency Management Agency Grant Receivable | (4,520,990.19) | 397,781.29 | | | | | | (4,123,208.90) | |
| New Jersey Department of Transportation Grant Receivable | (225,000.00) | 222,823.65 | | | | 245,000.00 | | (247,176.35) | |
| County of Morris Open Space Grant Receivable | (1,593,415.50) | 237,353.25 | | | | | | (1,356,062.25) | |
| Reserve for Developer Contributions - Road Improvement | 79,652.68 | | | | | | | 79,652.68 | |
| Reserve for Emergency Preparedness | | 122,442.50 | | | | | | 122,442.50 | |
| Reserve to Pay Debt Service | 15,000.00 | 10,730.00 | | | | | | 25,730.00 | |
| Reserve for Forge Pond | | 600,000.00 | | | | | | 600,000.00 | |
| <u>Ord. No.</u> | <u>Improvement Description</u> | | | | | | | | |
| | <u>General Improvements:</u> | | | | | | | | |
| 02-23 | Various Capital Improvements | | | | | | | | |
| 03-14 | Various Capital Improvements | | | | | | | | |
| 04-23 | Various Capital Improvements | 36,550.73 | | \$ 17,064.58 | | | | 19,486.15 | |
| 05-07 | Various Capital Improvements | 101,501.69 | | 74,767.81 | | | | 26,733.88 | |
| 06-08 | Various Capital Improvements | 216,796.32 | | 220,204.64 | | | | (3,408.32) | |
| 07-18 | Various Capital Improvements | 9,704.42 | | 9,378.46 | | | | 325.96 | |
| 08-13 | Various Capital Improvements | 386,107.40 | 11,000.00 | \$ 267,750.00 | 133,553.04 | \$ 278,750.00 | | 252,554.36 | |
| 09-24 | Various Capital Improvements | 509,554.73 | 44,000.00 | 1,061,750.00 | 154,955.40 | 1,105,750.00 | | 354,599.33 | |
| 10-13 | Various Capital Improvements | 497,469.27 | 130,000.00 | 3,671,340.00 | 42,294.27 | 3,801,340.00 | | 455,175.00 | |
| 11-07 | Various Capital Improvements | 689,600.15 | 222,000.00 | 4,679,160.00 | 477,030.07 | 4,901,160.00 | | 212,570.08 | |
| 12-24 | Various Capital Improvements | 675,200.53 | 87,000.00 | 6,093,000.00 | 380,992.02 | 6,180,000.00 | | 294,208.51 | |
| 13-14 | Various Capital Improvements | 3,441,094.45 | 110,000.00 | 6,890,000.00 | 4,152,719.64 | 7,000,000.00 | | (711,625.19) | |
| 13-31 | Various Capital Improvements | 4,007,580.29 | | 1,077,567.03 | | | | 2,930,013.26 | |
| 14-19 | Building Improvements | 697,120.00 | | | | 665,000.00 | 32,120.00 | | |
| 14-27 | Various Capital Improvements | 1,750,315.78 | | 7,200,000.00 | 896,853.03 | 6,000,000.00 | | 2,053,462.75 | |
| 15-22 | Various Capital Improvements | (1,082,623.86) | | 8,800,000.00 | 2,835,405.56 | | | 4,881,970.58 | |
| 16-16 | Various Capital Improvements | | | 3,091,996.15 | | | | (2,367,817.15) | |
| | | | | | | | 724,179.00 | | |
| | | | | | | | 130,000.00 | | |
| | | | | | | | | 130,000.00 | |
| | | <u>\$ 6,531,906.34</u> | <u>\$ 4,001,802.30</u> | <u>\$ 38,663,000.00</u> | <u>\$ 13,564,781.70</u> | <u>\$ 1,070,325.55</u> | <u>\$ 29,932,000.00</u> | <u>\$ 886,299.00</u> | <u>\$ 886,299.00</u> |
| | | | | | | | | <u>\$ 4,629,601.39</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. No. | Improvement Description | Balance Dec. 31, 2015 | 2016 Improvement Authorizations | Notes Paid by Budget Appropriation | Authorizations Cancelled | Balance Dec. 31, 2016 | Analysis of Balance December 31, 2016 | | |
|------------------------------|--|-------------------------|---------------------------------|------------------------------------|--------------------------|-------------------------|---------------------------------------|------------------------|--|
| | | | | | | | Financed by Bond Anticipation Notes | Expenditures | Unexpended Improvement Authorizations |
| <u>General Improvements:</u> | | | | | | | | | |
| 91-27 | Regional Contribution Agreement - City of Newark | \$ 453,643.69 | | | | \$ 453,643.69 | | | \$ 453,643.69 |
| 06-08 | Various Capital Improvements | 40,000.00 | | | \$ 36,591.68 | 3,408.32 | | \$ 3,408.32 | |
| 08-13 | Various Capital Improvements | 335,750.00 | | \$ 11,000.00 | | 324,750.00 | \$ 267,750.00 | | 57,000.00 |
| 09-24 | Various Capital Improvements | 1,162,750.00 | | 44,000.00 | | 1,118,750.00 | 1,061,750.00 | | 57,000.00 |
| 10-13 | Various Capital Improvements | 3,802,025.00 | | 130,000.00 | | 3,672,025.00 | 3,671,340.00 | | 685.00 |
| 11-07 | Various Capital Improvements | 4,901,160.00 | | 222,000.00 | | 4,679,160.00 | 4,679,160.00 | | |
| 12-24 | Various Capital Improvements | 7,087,400.00 | | 87,000.00 | | 7,000,400.00 | 6,093,000.00 | | 907,400.00 |
| 13-14 | Various Capital Improvements | 9,624,500.00 | | 110,000.00 | | 9,514,500.00 | 6,890,000.00 | 711,625.19 | 1,912,874.81 |
| 14-19 | Building Improvements | 665,000.00 | | | 665,000.00 | | | | |
| 14-27 | Various Capital Improvements | 7,273,000.00 | | | | 7,273,000.00 | 7,200,000.00 | | 73,000.00 |
| 15-22 | Various Capital Improvements | 9,294,211.00 | | | | 9,294,211.00 | 8,800,000.00 | | 494,211.00 |
| 16-16 | Various Capital Improvements | | \$ 9,104,413.00 | | | 9,104,413.00 | | 2,367,817.15 | 6,736,595.85 |
| | | <u>\$ 44,639,439.69</u> | <u>\$ 9,104,413.00</u> | <u>\$ 604,000.00</u> | <u>\$ 701,591.68</u> | <u>\$ 52,438,261.01</u> | <u>\$ 38,663,000.00</u> | <u>\$ 3,082,850.66</u> | <u>\$ 10,692,410.35</u> |
| <u>Ref.</u> | <u>C</u> | | | | | <u>C</u> | | | |
| | | | | | | | | | Improvement Authorizations - Unfunded \$ 19,097,924.10 |
| | | | | | | | | | Less: Unexpended Proceeds of Bond Anticipation Notes Issued: |
| | | | | | | | 08-13 | \$ (153,527.50) | |
| | | | | | | | 09-24 | (354,599.33) | |
| | | | | | | | 10-13 | (455,175.00) | |
| | | | | | | | 11-07 | (212,570.08) | |
| | | | | | | | 12-24 | (294,208.51) | |
| | | | | | | | 14-27 | (2,053,462.75) | |
| | | | | | | | 15-22 | (4,881,970.58) | |
| | | | | | | | | | (8,405,513.75) |
| | | | | | | | | | <u>\$ 10,692,410.35</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2015 | | 2016 Improvement Authorizations | | | | Paid or Charged | Improvement Authorizations Cancelled | Balance Dec. 31, 2016 | | |
|------------------------------|--|-----------|-----------------|------------------------|-------------------------|---|--------------------------|---------------------------------|--|--|--------------------------------------|-----------------------|------------------------|-------------------------|
| | | Date | Amount | Funded | Unfunded | New Jersey Department of Transportation Grant | Capital Improvement Fund | General Trust Fund - Open Space | Deferred Charges to Future Taxation - Unfunded | | | Funded | Unfunded | |
| <u>General Improvements:</u> | | | | | | | | | | | | | | |
| 91-27 | Regional Contribution Agreement - City of Newark | 05/14/91 | \$ 5,100,000.00 | | \$ 453,643.69 | | | | | | | | | \$ 453,643.69 |
| 04-23 | Various Capital Improvements | 07/20/04 | 2,895,900.00 | \$ 36,550.73 | | | | | | \$ 17,064.58 | | | \$ 19,486.15 | |
| 05-07 | Various Capital Improvements | 05/10/05 | 4,459,829.00 | 101,501.69 | | | | | | 74,767.81 | | | 26,733.88 | |
| 06-08 | Various Capital Improvements | 05/23/06 | 3,340,000.00 | 216,796.32 | 40,000.00 | | | | | 220,204.64 | \$ 36,591.68 | | | |
| 07-18 | Various Capital Improvements | 07/24/07 | 3,901,000.00 | 9,704.42 | | | | | | 9,378.46 | | | 325.96 | |
| 08-13 | Various Capital Improvements | 05/13/08 | 3,918,233.00 | 232,579.90 | 210,527.50 | | | | | 133,553.04 | | | 99,026.86 | 210,527.50 |
| 09-24 | Various Capital Improvements | 06/16/09 | 5,617,000.00 | 10,739.22 | 555,815.51 | | | | | 154,955.40 | | | | 411,599.33 |
| 10-13 | Various Capital Improvements | 07/20/10 | 5,974,500.00 | | 498,154.27 | | | | | 42,294.27 | | | | 455,860.00 |
| 11-07 | Various Capital Improvements | 06/21/11 | 5,256,800.00 | | 689,600.15 | | | | | 477,030.07 | | | | 212,570.08 |
| 12-24 | Various Capital Improvements | 06/15/12 | 7,927,000.00 | | 1,582,600.53 | | | | | 380,992.02 | | | | 1,201,608.51 |
| 13-14 | Various Capital Improvements | 06/15/13 | 11,733,700.00 | | 6,065,594.45 | | | | | 4,152,719.64 | | | | 1,912,874.81 |
| 13-31 | Acquisition by Purchase and/or Elevation of Properties | 12/20/13 | 9,626,941.00 | 4,007,580.29 | | | | | | 1,077,567.03 | | | 2,930,013.26 | |
| 14-19 | Building Improvements | 07/08/14 | 700,000.00 | 32,120.00 | 665,000.00 | | | | | | | 697,120.00 | | |
| 14-27 | Various Capital Improvements | 08/21/14 | 7,840,000.00 | | 3,023,315.78 | | | | | 896,853.03 | | | | 2,126,462.75 |
| 15-22 | Various Capital Improvements | 09/15/15 | 9,863,381.00 | | 8,211,587.14 | | | | | 2,835,405.56 | | | | 5,376,181.58 |
| 16-16 | Various Capital Improvements | 07/15/16 | 9,828,592.00 | | | \$ 245,000.00 | \$ 479,179.00 | | \$ 9,104,413.00 | 3,091,996.15 | | | | 6,736,595.85 |
| 16-20 | Acquisition and Installation of Playground Equipment | 08/16/16 | 130,000.00 | | | | | \$ 130,000.00 | | | | | | 130,000.00 |
| | | | | <u>\$ 4,647,572.57</u> | <u>\$ 21,995,839.02</u> | <u>\$ 245,000.00</u> | <u>\$ 479,179.00</u> | <u>\$ 130,000.00</u> | <u>\$ 9,104,413.00</u> | <u>\$ 13,564,781.70</u> | | <u>733,711.68</u> | <u>\$ 3,205,586.11</u> | <u>\$ 19,097,924.10</u> |
| | | Ref. | | C | C | | | | | | | | C | C |
| | | | | | | | | | | Deferred Charges to Future Taxation Fund Balance | | \$ 701,591.68 | | |
| | | | | | | | | | | | | 32,120.00 | | |
| | | | | | | | | | | | | <u>\$ 733,711.68</u> | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------|---------------------|
| Balance December 31, 2015 | C | \$ 33,757.00 |
| Increased by: | | |
| Budget Appropriations | | 476,430.00 |
| | | <u>510,187.00</u> |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | 479,179.00 |
| | | <u>479,179.00</u> |
| Balance December 31, 2016 | C | <u>\$ 31,008.00</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Balance Dec. 31, 2015 | Issued | Matured | Balance Dec. 31, 2016 |
|----------|--|----------------|----------|----------|---------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Original Issue | Issue | Maturity | | | | | |
| 08-13 | Various Capital Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | \$ 278,750.00 | \$ 267,750.00 | \$ 278,750.00 | \$ 267,750.00 |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 09-24 | Various Capital Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 1,105,750.00 | 1,061,750.00 | 1,105,750.00 | 1,061,750.00 |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 10-13 | Various Capital Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 3,690,000.00 | 3,671,340.00 | 3,690,000.00 | 3,671,340.00 |
| | | 09/24/15 | 09/24/15 | 09/23/16 | 2.00% | 111,340.00 | | 111,340.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 11-07 | Various Capital Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 4,015,710.00 | 4,679,160.00 | 4,015,710.00 | 4,679,160.00 |
| | | 10/01/13 | 09/24/15 | 09/23/16 | 2.00% | 243,200.00 | | 243,200.00 | |
| | | 09/24/15 | 09/24/15 | 09/23/16 | 2.00% | 642,250.00 | | 642,250.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 12-24 | Various Capital Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 2,467,790.00 | 6,093,000.00 | 2,467,790.00 | 6,093,000.00 |
| | | 10/01/13 | 09/24/15 | 09/23/16 | 2.00% | 1,190,000.00 | | 1,190,000.00 | |
| | | 09/24/15 | 09/24/15 | 09/23/16 | 2.00% | 2,522,210.00 | | 2,522,210.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 13-14 | Various Capital Improvements | 10/01/13 | 09/24/15 | 09/23/16 | 2.00% | 5,891,800.00 | 6,890,000.00 | 5,891,800.00 | 6,890,000.00 |
| | | 09/24/15 | 09/24/15 | 09/23/16 | 2.00% | 1,108,200.00 | | 1,108,200.00 | |
| | | 10/01/13 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 14-19 | Acquisition of Property and Preliminary Costs Associated with The Renovation of an Existing Building | 09/24/15 | 09/24/15 | 09/23/16 | 2.00% | 665,000.00 | | 665,000.00 | |
| 14-27 | Various Capital Improvements | 09/24/15 | 09/24/15 | 09/23/16 | 2.00% | 6,000,000.00 | 7,200,000.00 | 6,000,000.00 | 7,200,000.00 |
| | | 09/24/15 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 15-22 | Acquisition of Various Equipment and Various Improvements | 09/22/16 | 09/22/16 | 09/21/17 | 2.00% | | 8,800,000.00 | | 8,800,000.00 |
| | | | | | | <u>\$ 29,932,000.00</u> | <u>\$ 38,663,000.00</u> | <u>\$ 29,932,000.00</u> | <u>\$ 38,663,000.00</u> |
| | | | | | | <u>Ref.</u> | C | | C |
| | | | | | | | \$ 10,000,000.00 | | |
| | | | | | | | 28,663,000.00 | \$ 28,663,000.00 | |
| | | | | | | | | 604,000.00 | |
| | | | | | | | | 665,000.00 | |
| | | | | | | | <u>\$ 38,663,000.00</u> | <u>\$ 29,932,000.00</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|----------------------|---------------|------------------|--------------------------------|-----------------|---------------|-------------------------|------------------------|-------------------------|
| | | | Outstanding Dec. 31, 2016 Date | Amount | | | | |
| General Improvements | 7/1/2008 | \$ 17,000,000.00 | 7/1/2017 | \$ 1,700,000.00 | 3.75% | \$ 7,300,000.00 | \$ 1,600,000.00 | \$ 5,700,000.00 |
| | | | 7/1/18-19 | 2,000,000.00 | 4.00% | | | |
| General Improvements | 10/26/2010 | 14,425,000.00 | 11/1/2017 | 1,150,000.00 | 2.25% | 9,200,000.00 | 1,150,000.00 | 8,050,000.00 |
| | | | 11/1/2018 | 1,150,000.00 | 2.50% | | | |
| | | | 11/1/2019 | 1,150,000.00 | 2.75% | | | |
| | | | 11/1/20-23 | 1,150,000.00 | 3.00% | | | |
| | | | | | | <u>\$ 16,500,000.00</u> | <u>\$ 2,750,000.00</u> | <u>\$ 13,750,000.00</u> |
| | | | | | <u>Ref.</u> | C | | C |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF REFUNDING BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|-----------------|---------------|------------------|-------------------------------|--------------|---------------|-------------------------|------------------------|-------------------------|
| | | | Outstanding Dec.31, 2016 Date | Amount | | | | |
| Refunding Bonds | 5/4/10 | \$ 12,092,000.00 | 10/1/2017 | \$ 70,000.00 | 3.00% | \$ 3,785,000.00 | \$ 1,845,000.00 | \$ 1,940,000.00 |
| | | | 10/1/2017 | 1,870,000.00 | 5.00% | | | |
| Refunding Bonds | 5/15/2012 | 15,190,000.00 | 7/15/2017 | 1,135,000.00 | 4.00% | 12,935,000.00 | 1,095,000.00 | 11,840,000.00 |
| | | | 7/15/2018 | 1,185,000.00 | 3.00% | | | |
| | | | 7/15/2019 | 180,000.00 | 4.00% | | | |
| | | | 7/15/2019 | 1,035,000.00 | 5.00% | | | |
| | | | 7/15/2020 | 1,270,000.00 | 4.00% | | | |
| | | | 7/15/2021 | 1,300,000.00 | 4.00% | | | |
| | | | 7/15/2022 | 1,340,000.00 | 5.00% | | | |
| | | | 7/15/2023 | 1,460,000.00 | 5.00% | | | |
| | | | 7/15/2024 | 1,470,000.00 | 4.00% | | | |
| | | | 7/15/2025 | 1,465,000.00 | 4.00% | | | |
| | | | | | | <u>12,935,000.00</u> | <u>1,095,000.00</u> | <u>11,840,000.00</u> |
| | | | | | | <u>\$ 16,720,000.00</u> | <u>\$ 2,940,000.00</u> | <u>\$ 13,780,000.00</u> |

Ref.

C

C

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES TRUST ACQUISITION LOAN PAYABLE

| Purpose | Ord. No. | Original Issue | Maturities of Loans | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|---------------------|-------------|-------------------|----------------------------------|--------------|------------------|--------------------------|---------------------|--------------------------|
| | | | Outstanding Dec.31, 2016 Date | Amount | | | | |
| Acquisition of Land | 91-65 | \$ 1,500,000.00 | 4/12/16 | \$ 46,175.64 | 2.00% | \$ 46,175.64 | \$ 46,175.64 | |
| Acquisition of Land | 93-35 | 664,482.00 | 5/19/17 | 20,455.26 | 2.00% | 60,760.19 | 40,304.93 | \$ 20,455.26 |
| | | | | | | <u>\$ 106,935.83</u> | <u>\$ 86,480.57</u> | <u>\$ 20,455.26</u> |

Ref.

C

C

TOWNSHIP OF PARSIPPANY-TROY HILLS
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ord. No. | Improvement Description | Balance Dec. 31, 2015 | 2016 Improvement Authorizations | Bond Anticipation Notes Issued | Authorizations Cancelled | Balance Dec. 31, 2016 |
|-------------|--|--------------------------|---------------------------------------|---|-----------------------------|--------------------------|
| 91-27 | Regional Contribution Agreement - City of Newark | \$ 453,643.69 | | | | \$ 453,643.69 |
| 06-08 | Various Capital Improvements | 40,000.00 | | | \$ 36,591.68 | 3,408.32 |
| 08-13 | Various Capital Improvements | 57,000.00 | | | | 57,000.00 |
| 09-24 | Various Capital Improvements | 57,000.00 | | | | 57,000.00 |
| 10-13 | Various Capital Improvements | 685.00 | | | | 685.00 |
| 12-24 | Various Capital Improvements | 907,400.00 | | | | 907,400.00 |
| 13-14 | Various Capital Improvements | 2,624,500.00 | | | | 2,624,500.00 |
| 14-27 | Various Capital Improvements | 1,273,000.00 | | \$ 1,200,000.00 | | 73,000.00 |
| 15-22 | Various Capital Improvements | 9,294,211.00 | | 8,800,000.00 | | 494,211.00 |
| 16-16 | Various Capital Improvements | | \$ 9,104,413.00 | | | 9,104,413.00 |
| | | <u>\$ 14,707,439.69</u> | <u>\$ 9,104,413.00</u> | <u>\$ 10,000,000.00</u> | <u>\$ 36,591.68</u> | <u>\$ 13,775,261.01</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
WATER UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY FUND
SCHEDULE OF CASH-TREASURER

| | <u>Ref.</u> | <u>Operating</u> | | <u>Capital</u> |
|-------------------------------------|-------------|------------------|--|-----------------|
| Balance December 31, 2015 | D | \$ 7,393,805.08 | | \$ 1,730,953.12 |
| Increased by Receipts: | | | | |
| Consumer Accounts Receivable | | \$ 8,054,872.21 | | |
| Water Rent Overpayments | | 29,156.56 | | |
| Interest on Investments | | 43,981.36 | | \$ 11,244.48 |
| Miscellaneous Revenue | | 53,377.02 | | |
| Due from Water Utility Capital Fund | | 14,189.15 | | |
| Due to Sewer Utility Operating Fund | | 21.75 | | |
| Capital Improvement Fund | | | | 170,000.00 |
| Payment of Bond Anticipation Notes | | | | 100,000.00 |
| Appropriation Refunds | | 9,272.78 | | |
| Bond Anticipation Notes Issued | | | | 4,049,000.00 |
| | | 8,204,870.83 | | 4,330,244.48 |
| | | 15,598,675.91 | | 6,061,197.60 |
| Decreased by Disbursements: | | | | |
| 2016 Appropriation Expenditures | | 7,205,827.09 | | |
| 2015 Appropriation Reserves | | 554,934.55 | | |
| Accrued Interest on Bonds | | 110,875.00 | | |
| Accrued Interest on Loans | | 4,900.00 | | |
| Accrued Interest on Notes | | 44,855.05 | | |
| Refund of Water Rents | | 47,803.73 | | |
| Refund of Prior Year Revenue | | 2,079.50 | | |
| Due to Current Fund | | 387,716.65 | | |
| Due to Water Utility Operating Fund | | | | 14,189.15 |
| Bond Anticipation Notes Matured | | | | 2,249,000.00 |
| Improvement Authorizations | | | | 712,284.71 |
| | | 8,358,991.57 | | 2,975,473.86 |
| Balance December 31, 2016 | D | \$ 7,239,684.34 | | \$ 3,085,723.74 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

| | Balance (Deficit) Dec. 31, 2015 | Receipts | | | Disbursements | | | Transfers | | Balance Dec. 31, 2016 |
|---------------------------------------|---------------------------------------|----------------------------------|-------------------------|----------------------|----------------------------------|------------------------------------|---------------------|----------------------|----------------------|--------------------------|
| | | Bond Anti- icipation Notes | Budget Appropriation | Miscel- laneous | Bond Anti- icipation Notes | Improvement Authori- zations | Miscel- laneous | From | To | |
| Fund Balance | \$ 89,281.77 | | | | | | | | | \$ 89,281.77 |
| Due from Water Utility Operating Fund | 2,944.67 | | \$ 270,000.00 | \$ 11,244.48 | | | \$ 14,189.15 | \$ 270,000.00 | | |
| Capital Improvement Fund | 314,498.22 | | | | | | | 170,000.00 | \$ 170,000.00 | 314,498.22 |
| Reserve to Pay Debt Service | 192,749.21 | | | | | | | | | 192,749.21 |
| | | | | | | | | | | |
| Ord. No. | General Improvements | | | | | | | | | |
| 10-14 | Improvements to Water Utility System | \$ 90,050.00 | | | \$ 95,750.00 | | | | 5,700.00 | |
| 11-08 | Improvements to Water Utility System | 35,315.28 | 482,761.00 | | 526,561.00 | 30,538.40 | | | 43,800.00 | 4,776.88 |
| 12-25 | Improvements to Water Utility System | 54,786.62 | 662,389.00 | | 676,689.00 | 11,230.60 | | | 14,300.00 | 43,556.02 |
| 13-11 | Improvements to Water Utility System | 83,255.52 | 913,800.00 | | 950,000.00 | 10,500.88 | | | 36,200.00 | 72,754.64 |
| 14-25 | Improvements to Water Utility System | 838,116.83 | | | | 50,843.35 | | | | 787,273.48 |
| 15-21 | Improvements to Water Utility System | 120,005.00 | 1,900,000.00 | | | 597,673.50 | | | | 1,422,331.50 |
| 16-18 | Improvements to Water Utility System | | | | | 11,497.98 | | | 170,000.00 | 158,502.02 |
| | | <u>\$ 1,730,953.12</u> | <u>\$ 4,049,000.00</u> | <u>\$ 270,000.00</u> | <u>\$ 2,249,000.00</u> | <u>\$ 712,284.71</u> | <u>\$ 14,189.15</u> | <u>\$ 440,000.00</u> | <u>\$ 440,000.00</u> | <u>\$ 3,085,723.74</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | |
|---------------------------|------------------|----------------------|
| Balance December 31, 2015 | D | \$ 232,590.72 |
| Increased by: | | |
| Water Rents Levied | | 7,994,941.83 |
| | | <u>8,227,532.55</u> |
| Decreased by: | | |
| Collections: | | |
| Water Collections | \$ 8,007,068.48 | |
| Overpayments Applied | <u>36,096.18</u> | |
| | | <u>8,043,164.66</u> |
| Balance December 31, 2016 | D | <u>\$ 184,367.89</u> |

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

| | <u>Ref.</u> | |
|---------------------------|-------------|------------------|
| Balance December 31, 2015 | D | \$ 252.57 |
| Balance December 31, 2016 | D | <u>\$ 252.57</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

| | <u>Ref.</u> | |
|---------------------------|-------------|----------------------|
| Balance December 31, 2015 | D | \$ 98,400.00 |
| Net Inventory Increase | | <u>48,562.00</u> |
| Balance December 31, 2016 | D | <u>\$ 146,962.00</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | Balance Dec. 31, 2015 | Balance Dec. 31, 2016 |
|--|--------------------------|--------------------------|
| Organization | \$ 1,769.20 | \$ 1,769.20 |
| Reservation Land | 2,653.66 | 2,653.66 |
| Other Sources - Supply Land | 109.76 | 109.76 |
| Pumping System Land | 54,322.42 | 54,322.42 |
| Storage Reservoir Land | 717.00 | 717.00 |
| Other Distribution System Land | 1,720.00 | 1,720.00 |
| Miscellaneous Land | 1,590.00 | 1,590.00 |
| Wells | 908,299.00 | 908,299.00 |
| Pumping Station Structures | 343,457.98 | 343,457.98 |
| Electric Pumping Equipment | 47,817.03 | 47,817.03 |
| Diesel Power Pumping Equipment | 13,263.45 | 13,263.45 |
| Transmission Mains | 75,935.26 | 75,935.26 |
| Storage Reservoirs | 557,680.19 | 557,680.19 |
| Distribution Mains | 737,619.75 | 737,619.75 |
| Service Pipes | 21,814.48 | 21,814.48 |
| Meters | 567,817.53 | 567,817.53 |
| Fire Hydrants | 116,661.59 | 116,661.59 |
| General Equipment | 1,581,670.19 | 1,581,670.19 |
| Engineering and Superintendence | 47,248.53 | 47,248.53 |
| Legal Expenditures During Construction | 8,054.14 | 8,054.14 |
| Damage During Construction | 15,000.00 | 15,000.00 |
| Interest During Construction | 13,971.95 | 13,971.95 |
| Ditching and Grading Machines | 47,482.90 | 47,482.90 |
| Burroughs Bookkeeping Machine | 3,735.67 | 3,735.67 |
| Grawdall Shovel | 30,795.00 | 30,795.00 |
| Backhoe and Shovel | 39,863.00 | 39,863.00 |
| Office Equipment | 16,358.00 | 16,358.00 |
| Miscellaneous Equipment | 466,632.09 | 466,632.09 |
| Trucks and Automobiles | 418,570.65 | 418,570.65 |
| Vehicles and Equipment | 678,000.00 | 678,000.00 |
| Main Extensions | 958,249.07 | 958,249.07 |
| Communication Equipment | 52,089.00 | 52,089.00 |
| Compressors | 5,400.00 | 5,400.00 |
| Tractor Mower | 1,759.00 | 1,759.00 |
| Phillips Bookkeeping Machine and Related Costs | 60,498.45 | 60,498.45 |
| Improvement of Water Supply and Distribution System | 24,846,177.16 | 24,846,177.16 |
| Meter Reader System | 2,606,000.00 | 2,606,000.00 |
| Issuance Costs - Various | 572,645.00 | 572,645.00 |
| Various Major Information Technology and Telecommunications Equipment | 60,000.00 | 60,000.00 |
| | <u>\$ 35,983,448.10</u> | <u>\$ 35,983,448.10</u> |
| | D | D |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| Improvement Description | Ord. No. | Balance Dec.31, 2015 | 2016 Authorizations Capital Improvement Fund | Balance Dec.31, 2016 |
|--------------------------------------|-------------|-------------------------|--|-------------------------|
| Improvements to Water Utility System | 11-08 | \$ 595,000.00 | | \$ 595,000.00 |
| Improvements to Water Utility System | 12-25 | 725,000.00 | | 725,000.00 |
| Improvements to Water Utility System | 13-11 | 1,600,000.00 | | 1,600,000.00 |
| Improvements to Water Utility System | 14-25 | 880,000.00 | | 880,000.00 |
| Improvements to Water Utility System | 15-21 | 2,120,000.00 | | 2,120,000.00 |
| Improvements to Water Utility System | 16-18 | | \$ 170,000.00 | 170,000.00 |
| | | <u>\$ 5,920,000.00</u> | <u>\$ 170,000.00</u> | <u>\$ 6,090,000.00</u> |
| | <u>Ref.</u> | D | | D |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | Balance Dec. 31, 2015 | Balance After Modification | Paid or Charged | Balance Lapsed |
|----------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 47,450.70 | \$ 47,450.70 | \$ 34,093.19 | \$ 13,357.51 |
| Other Expenses | 712,770.09 | 710,770.09 | 518,911.78 | 191,858.31 |
| Deferred Charges: | | | | |
| Prior Years Bills | 1.90 | 1.90 | | 1.90 |
| Statutory Expenditures: | | | | |
| Contribution to: | | | | |
| Social Security (O.A.S.I.) | | 2,000.00 | 1,929.58 | 70.42 |
| | \$ 760,222.69 | \$ 760,222.69 | \$ 554,934.55 | \$ 205,288.14 |

Analysis of Balance December 31, 2015

| | <u>Ref.</u> |
|--------------|----------------------|
| Unencumbered | D \$ 623,309.95 |
| Encumbered | D <u>136,912.74</u> |
| | <u>\$ 760,222.69</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2015 | | 2016 Authorizations | | Balance Dec. 31, 2016 | |
|----------|--------------------------------------|-------------|--------------|-----------------------|------------------------|--------------------------|----------------------|-----------------------|------------------------|
| | | Date | Amount | Funded | Unfunded | Capital Improvement Fund | Paid or Charged | Funded | Unfunded |
| 11-08 | Improvements to Water Utility System | 06/21/11 | 595,000.00 | | \$ 35,315.28 | | \$ 30,538.40 | | \$ 4,776.88 |
| 12-25 | Improvements to Water Utility System | 06/19/12 | 725,000.00 | | 54,847.62 | | 11,230.60 | | 43,617.02 |
| 13-11 | Improvements to Water Utility System | 06/19/13 | 1,600,000.00 | | 83,255.52 | | 10,500.88 | | 72,754.64 |
| 14-25 | Improvements to Water Utility System | 08/21/14 | 880,000.00 | \$ 838,116.83 | | | 50,843.35 | \$ 787,273.48 | |
| 15-21 | Improvements to Water Utility System | 09/15/15 | 2,120,000.00 | 120,005.00 | 1,995,000.00 | | 597,673.50 | | 1,517,331.50 |
| 16-18 | Improvements to Water Utility System | 07/19/16 | 170,000.00 | | | \$ 170,000.00 | 11,497.98 | 158,502.02 | |
| | | | | <u>\$ 958,121.83</u> | <u>\$ 2,168,418.42</u> | <u>\$ 170,000.00</u> | <u>\$ 712,284.71</u> | <u>\$ 945,775.50</u> | <u>\$ 1,638,480.04</u> |
| | | <u>Ref.</u> | | D | D | | | D | D |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------|-----------------------------|
| Balance December 31, 2015 | D | \$ 314,498.22 |
| Increased by: | | |
| Water Operating Fund Budget Appropriation | | <u>170,000.00</u> |
| | | 484,498.22 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>170,000.00</u> |
| Balance December 31, 2016 | D | <u><u>\$ 314,498.22</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|------------------------------------|-------------|-------------------------|
| Balance December 31, 2015 | D | \$ 32,491,714.92 |
| Increased by: | | |
| Water Utility Operating Budget: | | |
| Serial Bonds | | \$ 825,000.00 |
| Payment of Infrastructure Loans | | 27,819.52 |
| Payment of Bond Anticipation Notes | | 5,700.00 |
| | | <u>858,519.52</u> |
| Balance December 31, 2016 | D | <u>\$ 33,350,234.44</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ord. No. | Improvement Description | Date of Ordinance | Balance Dec. 31, 2015 | 2016 Authorizations | Funded by Operating Budget | Balance Dec. 31, 2016 |
|-------------|--------------------------------------|----------------------|--------------------------|------------------------|----------------------------------|--------------------------|
| 11-08 | Improvements to Water Utility System | 06/21/11 | \$ 68,439.00 | | \$ 43,800.00 | \$ 112,239.00 |
| 12-25 | Improvements to Water Utility System | 06/19/12 | 48,250.00 | | 14,300.00 | 62,550.00 |
| 13-11 | Improvements to Water Utility System | 06/19/13 | 650,000.00 | | 36,200.00 | 686,200.00 |
| 14-25 | Improvements to Water Utility System | 08/21/14 | 880,000.00 | | | 880,000.00 |
| 15-21 | Improvements to Water Utility System | 09/15/15 | 125,000.00 | | | 125,000.00 |
| 16-18 | Improvements to Water Utility System | 07/19/16 | | \$ 170,000.00 | | 170,000.00 |
| | | | <u>\$ 1,771,689.00</u> | <u>\$ 170,000.00</u> | <u>\$ 94,300.00</u> | <u>\$ 2,035,989.00</u> |
| | | <u>Ref.</u> | D | | | D |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Balance Dec. 31, 2015 | Issued | Matured | Balance Dec. 31, 2016 |
|-------------|--------------------------------------|----------------|----------|----------|---------------|------------------------|------------------------|------------------------|------------------------|
| | | Original Issue | Issue | Maturity | | | | | |
| 10-14 | Improvements to Water Utility System | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | \$ 95,750.00 | | \$ 95,750.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | \$ 90,050.00 | | \$ 90,050.00 |
| 11-08 | Improvements to Water Utility System | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 526,561.00 | | 526,561.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 482,761.00 | | 482,761.00 |
| 12-25 | Improvements to Water Utility System | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 676,689.00 | | 676,689.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 662,389.00 | | 662,389.00 |
| 13-11 | Improvements to Water Utility System | 10/01/13 | 09/24/15 | 09/23/16 | 2.00% | 950,000.00 | | 950,000.00 | |
| | | 10/01/13 | 09/22/16 | 09/21/17 | 2.00% | | 913,800.00 | | 913,800.00 |
| 15-21 | Improvements to Water Utility System | 09/22/16 | 09/22/16 | 09/21/17 | 2.00% | | 1,900,000.00 | | 1,900,000.00 |
| | | | | | | <u>\$ 2,249,000.00</u> | <u>\$ 4,049,000.00</u> | <u>\$ 2,249,000.00</u> | <u>\$ 4,049,000.00</u> |
| <u>Ref.</u> | | | | | | D | | | D |
| | | | | | | | \$ 1,900,000.00 | | |
| | | | | | | | 2,149,000.00 | \$ 2,149,000.00 | |
| | | | | | | | | 100,000.00 | |
| | | | | | | <u>\$ 4,049,000.00</u> | <u>\$ 4,049,000.00</u> | <u>\$ 2,249,000.00</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|--------------------|---------------|-----------------|---------------------------------|---------------|---------------|------------------------|----------------------|------------------------|
| | | | Date | Amount | | | | |
| Water Improvements | 7/1/2008 | \$ 1,700,000.00 | 7/1/2017 | \$ 200,000.00 | 3.75% | \$ 800,000.00 | \$ 200,000.00 | \$ 600,000.00 |
| | | | 7/1/2018 | 200,000.00 | 4.00% | | | |
| | | | 7/1/2019 | 200,000.00 | 4.00% | | | |
| Water Improvements | 10/26/2010 | 1,988,000.00 | 11/1/2017 | 175,000.00 | 2.25% | 1,390,000.00 | 165,000.00 | 1,225,000.00 |
| | | | 11/1/2018 | 175,000.00 | 2.50% | | | |
| | | | 11/1/2019 | 175,000.00 | 2.75% | | | |
| | | | 11/1/2020 | 175,000.00 | 3.00% | | | |
| | | | 11/1/2021 | 175,000.00 | 3.00% | | | |
| | | | 11/1/2022 | 175,000.00 | 3.00% | | | |
| | | | 11/1/2023 | 175,000.00 | 3.00% | | | |
| | | | | | | | | |
| | | | | | | <u>\$ 2,190,000.00</u> | <u>\$ 365,000.00</u> | <u>\$ 1,825,000.00</u> |
| | | | | | | D | | D |
| | | | | <u>Ref.</u> | | | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF REFUNDING BONDS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|--------------------|---------------|-----------------|---------------------------------|---------------|---------------|------------------------|----------------------|-----------------------|
| | | | Date | Amount | | | | |
| Water Improvements | 4/28/2009 | \$ 1,630,000.00 | 12/1/2017 | \$ 190,000.00 | 4.13% | \$ 380,000.00 | \$ 190,000.00 | \$ 190,000.00 |
| Water Improvements | 5/4/2010 | 1,524,000.00 | 10/1/2017 | 10,000.00 | 3.00% | 475,000.00 | 235,000.00 | 240,000.00 |
| | | | 10/1/2017 | 230,000.00 | 5.00% | | | |
| Water Improvements | 5/15/2012 | 245,000.00 | 7/15/2017 | 35,000.00 | 4.00% | 175,000.00 | 35,000.00 | 140,000.00 |
| | | | 7/15/2018 | 35,000.00 | 3.00% | | | |
| | | | 7/15/2019 | 35,000.00 | 5.00% | | | |
| | | | 7/15/2020 | 35,000.00 | 4.00% | | | |
| | | | | | | <u>\$ 1,030,000.00</u> | <u>\$ 460,000.00</u> | <u>\$ 570,000.00</u> |
| <u>Ref.</u> | | | | | | D | | D |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

| | <u>Ref.</u> | |
|---------------------------------|-------------|---------------|
| Balance December 31, 2015 | D | \$ 175,983.18 |
| Less: 2016 Payment of Principal | | 27,819.52 |
| Balance December 31, 2016 | D | \$ 148,163.66 |

Schedule of Principal and Interest Payments Outstanding December 31, 2016

Trust Loan - 2001 Issue

| <u>Due Date</u> | <u>Interest</u> | <u>Principal</u> | <u>Loan Balance</u> |
|-----------------|-----------------|------------------|---------------------|
| | | | \$ 85,000.00 |
| 2/1/2017 | \$ 2,075.00 | | |
| 8/1/2017 | 2,075.00 | \$ 15,000.00 | 70,000.00 |
| 2/1/2018 | 1,700.00 | | |
| 8/1/2018 | 1,700.00 | 15,000.00 | 55,000.00 |
| 2/1/2019 | 1,325.00 | | |
| 8/1/2019 | 1,325.00 | 15,000.00 | 40,000.00 |
| 2/1/2020 | 950.00 | | |
| 8/1/2020 | 950.00 | 20,000.00 | 20,000.00 |
| 2/1/2021 | 475.00 | | |
| 8/1/2021 | 475.00 | 20,000.00 | |
| | \$ 18,700.00 | \$ 85,000.00 | |

Schedule of Principal and Interest Payments Outstanding December 31, 2016

Fund Loan - 2001 Issue

| <u>Due Date</u> | <u>Principal</u> | <u>Loan Balance</u> |
|-----------------|------------------|---------------------|
| | | \$ 63,163.66 |
| 2/1/2017 | \$ 1,336.70 | 61,826.96 |
| 8/1/2017 | 10,999.66 | 50,827.30 |
| 2/1/2018 | 1,095.13 | 49,732.17 |
| 8/1/2018 | 10,758.09 | 38,974.08 |
| 2/1/2019 | 853.56 | 38,120.52 |
| 8/1/2019 | 10,516.51 | 27,604.01 |
| 2/1/2020 | 611.98 | 26,992.03 |
| 8/1/2020 | 13,495.93 | 13,496.10 |
| 2/1/2021 | 305.99 | 13,190.11 |
| 8/1/2021 | 13,190.11 | |
| | \$ 63,163.66 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ord. No. | Improvement Description | Balance Dec.31, 2015 | Bond Anticipation Notes Issued | Balance Dec.31, 2016 |
|-------------|--------------------------------------|-------------------------|---|-------------------------|
| 12-25 | Improvements to Water Utility System | \$ 61.00 | | \$ 61.00 |
| 15-21 | Improvements to Water Utility System | 1,995,000.00 | \$ 1,900,000.00 | 95,000.00 |
| | | <u>\$ 1,995,061.00</u> | <u>\$ 1,900,000.00</u> | <u>\$ 95,061.00</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
SEWER UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Operating</u> | | <u>Capital</u> |
|--|-------------|-------------------------|---------------|-------------------------|
| Balance December 31, 2015 | E | \$ 14,632,620.23 | | \$ 16,278,918.54 |
| Increased by Receipts: | | | | |
| Sewer Rents and Septage Removal Receivable | | \$ 15,062,535.27 | | |
| Miscellaneous Revenue | | 144,752.05 | | |
| Interest Earned on Investments | | 102,615.11 | | |
| Other Rents | | 161,883.00 | | |
| Prepaid Sewer Rents | | 141,330.79 | | |
| NJEIT Loans Receivable | | | \$ 519,676.00 | |
| Due to/from: | | | | |
| Sewer Utility Operating Fund - Interest Earned | | | 57,064.74 | |
| Sewer Utility Capital Fund | | 83,717.46 | | |
| Sewer Rent Overpayments | | 47,906.89 | | |
| Received from Sewer Utility Operating Fund Budget Appropriation: | | | | |
| Bond Anticipation Notes Payable | | | 391,000.00 | |
| Capital Improvement Fund | | | 1,463,250.00 | |
| Appropriation Refunds | | 205,162.90 | | |
| Bond Anticipation Notes Issued | | | 7,410,332.00 | |
| | | <u>15,949,903.47</u> | | <u>9,841,322.74</u> |
| | | 30,582,523.70 | | 26,120,241.28 |
| Decreased by Disbursements: | | | | |
| 2016 Appropriation Expenditures | | 13,876,866.91 | | |
| 2015 Appropriation Reserves | | 1,347,567.09 | | |
| Interest on Loans | | 208,222.58 | | |
| Interest on Bonds | | 152,025.00 | | |
| Interest on Notes | | 274,435.55 | | |
| Due to/from: | | | | |
| Current Fund | | 587,669.79 | | |
| Current Fund - Fund Balance Utilized as Anticipated Revenue | | 2,500,000.00 | | |
| Water Utility Operating Fund | | 21.75 | | |
| Sewer Utility Operating Fund | | | 83,717.46 | |
| Sewer Overpayments Refunded | | 1,965.37 | | |
| Refund of Prior Year Revenue | | 4,625.41 | | |
| Bond Anticipation Notes Matured | | | 13,760,000.00 | |
| Improvement Authorization Expenditures | | | 509,413.76 | |
| | | <u>18,953,399.45</u> | | <u>14,353,131.22</u> |
| Balance December 31, 2016 | E | <u>\$ 11,629,124.25</u> | | <u>\$ 11,767,110.06</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

| | Balance (Deficit) Dec. 31, 2015 | Receipts | | | Disbursements | | | Transfers | | Balance (Deficit) Dec. 31, 2016 |
|----------------------------------|---------------------------------------|--|-------------------------|----------------------------------|------------------------------------|---------------------|----------------------------------|-----------------------|-----------------------|---------------------------------------|
| | | Miscel- laneous | Budget Appropriation | Bond Anti- icipation Notes | Improvement Authori- zations | Miscel- laneous | Bond Anti- icipation Notes | From | To | |
| Sewer Capital Fund Balance | \$ 292,235.89 | | | | | | | | \$ 70,000.00 | \$ 362,235.89 |
| Due Sewer Utility Operating Fund | 26,652.72 | \$ 57,064.74 | \$ 391,000.00 | | \$ 83,717.46 | | \$ 391,000.00 | | | 166,000.00 |
| Capital Improvement Fund | 1,123,750.00 | | 1,463,250.00 | | | | 2,587,000.00 | 166,000.00 | | 166,000.00 |
| NJEIT Loan Receivable | (989,375.00) | 519,676.00 | | | | | | | | (469,699.00) |
| Improvement Authorizations: | | | | | | | | | | |
| Ord. | | | | | | | | | | |
| No. | | General Improvements | | | | | | | | |
| 07-20 | | Various Major Information Technology and Telecommunications Equipment | 1,171.90 | | \$ 5,828.68 | | | | | (4,656.78) |
| 08-15a | | Various Sewer Utility Improvements and Equipment Acquisitions | 550,540.16 | | 15,690.05 | | | | | 534,850.11 |
| 08-15b | | Various Major Information Technology and Telecommunications Equipment | 65.18 | | | | | | | 65.18 |
| 09-26 | | Various Sewer Utility Improvements | | \$ 747,000.00 | | | \$ 777,000.00 | | 30,000.00 | |
| 09-28 | | Improvements and Upgrades to the Township's Waste Water Treatment Plant | 2,379,006.47 | | | 128,230.75 | | | | 2,250,775.72 |
| 10-15 | | Various Sewer Utility Improvements | 193,918.19 | | 1,509,332.00 | | 1,778,000.00 | | 74,000.00 | (749.81) |
| 11-09 | | Various Sewer Utility Improvements | 2,000,000.00 | | | | 1,834,000.00 | 236,000.00 | 70,000.00 | |
| 12-26 | | Various Sewer Utility Improvements | 4,158,681.75 | | 3,829,000.00 | 125,319.63 | 6,046,000.00 | | 217,000.00 | 2,033,362.12 |
| 13-24 | | Various Sewer Utility Improvements | 4,153,172.59 | | 1,325,000.00 | 47,000.00 | 3,325,000.00 | | | 2,106,172.59 |
| 14-24 | | Various Sewer Utility Improvements | 1,809,598.69 | | | 178,983.55 | | | | 1,630,615.14 |
| 15-23 | | Various Sewer Utility Improvements | 579,500.00 | | | 7,598.60 | | | | 571,901.40 |
| 16-17 | | Various Sewer Utility Improvements | | | | | | | 1,087,000.00 | 1,087,000.00 |
| 16-27 | | Troy Meadows Interceptor Repairs | | | | 762.50 | | | 1,500,000.00 | 1,499,237.50 |
| | <u>\$16,278,918.54</u> | <u>\$ 576,740.74</u> | <u>\$1,854,250.00</u> | <u>\$ 7,410,332.00</u> | <u>\$ 509,413.76</u> | <u>\$ 83,717.46</u> | <u>\$13,760,000.00</u> | <u>\$3,214,000.00</u> | <u>\$3,214,000.00</u> | <u>\$11,767,110.06</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Balance</u> <u>Dec.31, 2015</u> | <u>2016 Billings</u> | <u>Cash Receipts</u> | <u>Overpayments</u> <u>Applied</u> | <u>Balance</u> <u>Dec.31, 2016</u> |
|----------------------------|---------------------------------------|-------------------------|-------------------------|---------------------------------------|---------------------------------------|
| Sewer Rents: | | | | | |
| Residential and Industrial | \$ 293,056.66 | \$ 10,426,581.51 | \$ 10,438,110.84 | \$ 94,144.56 | \$ 187,382.77 |
| Municipalities: | | | | | |
| Township of East Hanover | 1,177,429.78 | 1,451,495.68 | 1,794,403.50 | | 834,521.96 |
| Township of Montville | | 1,708,772.37 | 1,708,772.37 | | |
| Borough of Mountain Lakes | 58,907.10 | 351,708.12 | 400,476.00 | | 10,139.22 |
| Township of Denville | | 38,291.84 | 38,291.84 | | |
| | <u>1,529,393.54</u> | <u>13,976,849.52</u> | <u>14,380,054.55</u> | <u>94,144.56</u> | <u>1,032,043.95</u> |
| Septage Removal | <u>73,315.40</u> | <u>818,914.82</u> | <u>682,480.72</u> | | <u>209,749.50</u> |
| | <u>\$ 1,602,708.94</u> | <u>\$ 14,795,764.34</u> | <u>\$ 15,062,535.27</u> | <u>\$ 94,144.56</u> | <u>\$ 1,241,793.45</u> |

Ref.

E

E

Realized Revenue

| | |
|----------------------|-------------------------|
| Cash Collections | \$ 15,062,535.27 |
| Overpayments Applied | 94,144.56 |
| | <u>\$ 15,156,679.83</u> |

Analysis of Realized Revenue

| | |
|-----------------|-------------------------|
| Sewer Rents | \$ 14,474,199.11 |
| Septage Removal | 682,480.72 |
| | <u>\$ 15,156,679.83</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER UTILITY LIENS RECEIVABLE

| | <u>Ref.</u> | | |
|---------------------------|-------------|----|---------------|
| Balance December 31, 2015 | E | \$ | 721.81 |
| Balance December 31, 2016 | E | \$ | <u>721.81</u> |

SEWER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

| | <u>Ref.</u> | | |
|---------------------------|-------------|----|------------------|
| Balance December 31, 2015 | E | \$ | 45,225.00 |
| Net Inventory Increase | | | <u>18,843.00</u> |
| Balance December 31, 2016 | E | \$ | <u>64,068.00</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | Balance Dec.31, 2015 | Additions by Ordinance | Balance Dec.31, 2016 |
|---------------------------|--------------------------|---------------------------|--------------------------|
| Sanitary Sewer Facilities | \$ 135,010,188.85 | \$ 1,730,331.81 | \$ 136,740,520.66 |
| Equipment | 1,100,405.00 | | 1,100,405.00 |
| Moving Equipment | 208,719.84 | | 208,719.84 |
| Office Equipment | 2,784.12 | | 2,784.12 |
| Maintenance Equipment | 28,361.31 | | 28,361.31 |
| Communication Equipment | 106,798.58 | | 106,798.58 |
| Automotive Equipment | 50,539.44 | | 50,539.44 |
| Vehicles | 140,000.00 | | 140,000.00 |
| Outflow Line | 19,462.30 | | 19,462.30 |
| Issuance Costs - Various | 1,892,465.00 | | 1,892,465.00 |
| | <u>\$ 138,559,724.44</u> | <u>\$ 1,730,331.81</u> | <u>\$ 140,290,056.25</u> |

Ref.

E

E

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Improvement Description</u> | <u>Ord. No.</u> | <u>Balance Dec.31, 2015</u> | <u>2016 Authorizations Capital Improvement Fund</u> | <u>Costs to Fixed Capital</u> | <u>Authorizations Cancelled</u> | <u>Balance Dec.31, 2016</u> |
|---|---------------------|---------------------------------|---|-----------------------------------|-------------------------------------|---------------------------------|
| Various Major Information Technology and Telecommunications Equipment | 07-20 | \$ 50,000.00 | | | | \$ 50,000.00 |
| Various Sewer Utility Improvements and Equipment Acquisitions | 08-15a | 3,130,000.00 | | | | 3,130,000.00 |
| Various Major Information Technology and Telecommunications Equipment | 08-15b | 50,000.00 | | | | 50,000.00 |
| Improvements and Upgrades to the Township's Waste Water Treatment Plant | 09-28 | 33,200,000.00 | | | | 33,200,000.00 |
| Various Sewer Utility Improvements | 10-15 | 1,925,000.00 | | \$ 1,730,331.81 | \$ 194,668.19 | |
| Various Sewer Utility Improvements | 11-09 | 2,000,000.00 | | | 2,000,000.00 | |
| Various Sewer Utility Improvements | 12-26 | 6,635,000.00 | | | 1,998,452.50 | 4,636,547.50 |
| Various Sewer Utility Improvements | 13-24 | 4,400,000.00 | | | 1,998,410.50 | 2,401,589.50 |
| Various Sewer Utility Improvements | 14-24 | 3,152,653.00 | | | | 3,152,653.00 |
| Various Sewer Utility Improvements | 15-23 | 580,000.00 | | | | 580,000.00 |
| Various Sewer Utility Improvements | 16-17 | | \$ 1,087,000.00 | | | 1,087,000.00 |
| Troy Meadows Interceptor Repairs | 16-27 | | 1,500,000.00 | | | 1,500,000.00 |
| | | <u>\$ 55,122,653.00</u> | <u>\$ 2,587,000.00</u> | <u>\$ 1,730,331.81</u> | <u>\$ 6,191,531.19</u> | <u>\$ 49,787,790.00</u> |
| <u>Ref.</u> | | E | | | | E |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Balance After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|-----------------------------------|--|---|----------------------------------|---------------------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 496,620.19 | \$ 496,620.19 | \$ 52,139.96 | \$ 444,480.23 |
| Other Expenses | 1,944,151.24 | 1,941,151.24 | 1,292,613.69 | 648,537.55 |
| Statutory Expenditures: | | | | |
| Contribution to: | | | | |
| Social Security System (O.A.S.I.) | | 3,000.00 | 2,813.44 | 186.56 |
| | <u>\$ 2,440,771.43</u> | <u>\$ 2,440,771.43</u> | <u>\$ 1,347,567.09</u> | <u>\$ 1,093,204.34</u> |

Analysis of Balance December 31, 2015

| | <u>Ref.</u> | |
|--------------|-------------|------------------------|
| Unencumbered | E | \$ 2,182,533.15 |
| Encumbered | E | 258,238.28 |
| | | <u>\$ 2,440,771.43</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance December 31, 2015 | | 2016 Authorizations | Paid or Charged | Authorizations Canceled | Balance December 31, 2016 | |
|----------|---|-----------|---------------|---------------------------|-------------------------|--------------------------|----------------------|-------------------------|---------------------------|-------------------------|
| | | Date | Amount | Funded | Unfunded | Capital Improvement Fund | | | Funded | Unfunded |
| 07-20 | Various Major Information Technology and Telecommunications Equipment | 07/24/07 | \$ 50,000.00 | \$ 1,171.90 | \$ 41,115.00 | | \$ 5,828.68 | | | \$ 36,458.22 |
| 08-15a | Various Sewer Utility Improvements and Equipment Acquisitions | 05/13/08 | 3,130,000.00 | 550,540.16 | | | 15,690.05 | | \$ 534,850.11 | |
| 08-15b | Various Major Information Technology and Telecommunications Equipment | 05/13/08 | 50,000.00 | 65.18 | | | | | 65.18 | |
| 09-28 | Improvements and Upgrades to the Township's Waste Water Treatment Plant | 06/16/09 | 33,200,000.00 | 2,379,006.47 | 8,011,790.00 | | 128,230.75 | | 2,250,775.72 | 8,011,790.00 |
| 10-15 | Various Sewer Utility Improvements | 07/20/10 | 1,925,000.00 | | 194,668.19 | | | \$ 194,668.19 | | |
| 11-09 | Various Sewer Utility Improvements | 06/21/11 | 2,000,000.00 | 166,000.00 | 1,834,000.00 | | | 2,000,000.00 | | |
| 12-26 | Various Sewer Utility Improvements | 06/19/12 | 6,635,000.00 | | 4,255,931.75 | | 125,319.63 | 1,998,452.50 | | 2,132,159.62 |
| 13-24 | Various Sewer Utility Improvements | 09/18/13 | 4,400,000.00 | 828,172.59 | 3,325,000.00 | | 47,000.00 | 1,998,410.50 | 781,172.59 | 1,326,589.50 |
| 14-24 | Various Sewer Utility Improvements | 08/21/14 | 3,152,653.00 | 1,809,598.69 | 1,152,653.00 | | 178,983.55 | | 1,630,615.14 | 1,152,653.00 |
| 15-23 | Various Sewer Utility Improvements | 09/15/15 | 580,000.00 | 579,500.00 | | | 7,598.60 | | 571,901.40 | |
| 16-17 | Various Sewer Utility Improvements | 07/19/16 | 1,087,000.00 | | | \$ 1,087,000.00 | | | 1,087,000.00 | |
| 16-27 | Troy Meadows Interceptor Repairs | 11/22/16 | 1,500,000.00 | | | 1,500,000.00 | 762.50 | | 1,499,237.50 | |
| | | | | <u>\$ 6,314,054.99</u> | <u>\$ 18,815,157.94</u> | <u>\$ 2,587,000.00</u> | <u>\$ 509,413.76</u> | <u>\$ 6,191,531.19</u> | <u>\$ 8,355,617.64</u> | <u>\$ 12,659,650.34</u> |

Ref.

E

E

E

E

Capital Fund Balance \$ 70,000.00
 Capital Improvement Fund 166,000.00
 Deferred Charges to Future Revenue 5,955,531.19
\$ 6,191,531.19

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------------|-----------------------------|
| Balance December 31, 2015 | E | \$ 1,123,750.00 |
| Increased by: | | |
| Sewer Operating Fund Budget Appropriation | \$ 1,463,250.00 | |
| Improvement Authorizations Cancelled | <u>166,000.00</u> | |
| | | <u>1,629,250.00</u> |
| | | <u>2,753,000.00</u> |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>2,587,000.00</u> |
| Balance December 31, 2016 | E | <u><u>\$ 166,000.00</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ord. No. | Improvement Description | Date of Ordinance | Balance Dec. 31, 2015 | 2016 Authorizations | Loan Paydowns | Funded by Budget Appropriation | Transferred to to Fixed Capital | Authorizations Cancelled | Balance Dec. 31, 2016 |
|-------------|---|----------------------|--------------------------|------------------------|----------------------|--------------------------------------|---------------------------------------|-----------------------------|--------------------------|
| 07-20 | Various Major Information Technology and Telecommunications Equipment | 07/24/17 | \$ 2,385.00 | | | | | | \$ 2,385.00 |
| 08-15a | Various Sewer Utility Improvements and Equipment Acquisitions | 05/13/08 | 654,659.55 | | \$ 8,653.63 | | | | 663,313.18 |
| 08-15b | Various Major Information Technology and Telecommunications Equipment | 05/13/08 | 2,500.00 | | | | | | 2,500.00 |
| 09-28 | Improvements and Upgrades to the Township's Waste Water Treatment Plant | 06/16/19 | 10,196,263.82 | | 982,281.85 | | | | 11,178,545.67 |
| 10-15 | Various Sewer Utility Improvements | 07/20/10 | 146,250.00 | | | \$ 74,000.00 | \$ 220,250.00 | | |
| 11-09 | Various Sewer Utility Improvements | 06/21/11 | 166,000.00 | | | 70,000.00 | | \$ 236,000.00 | |
| 12-26 | Various Sewer Utility Improvements | 06/19/12 | 491,750.00 | | | 217,000.00 | | | 708,750.00 |
| 13-24 | Various Sewer Utility Improvements | 09/18/13 | 1,075,000.00 | | | | | | 1,075,000.00 |
| 14-24 | Various Sewer Utility Improvements | 08/21/14 | 2,000,000.00 | | | | | | 2,000,000.00 |
| 15-23 | Various Sewer Utility Improvements | 09/15/15 | 580,000.00 | | | | | | 580,000.00 |
| 16-17 | Various Sewer Utility Improvements | 07/19/16 | | \$ 1,087,000.00 | | | | | 1,087,000.00 |
| 16-27 | Troy Meadows Interceptor Repairs | 11/22/16 | | 1,500,000.00 | | | | | 1,500,000.00 |
| | | | <u>\$ 15,314,808.37</u> | <u>\$ 2,587,000.00</u> | <u>\$ 990,935.48</u> | <u>\$ 361,000.00</u> | <u>\$ 220,250.00</u> | <u>\$ 236,000.00</u> | <u>\$ 18,797,493.85</u> |
| | | | E | | | | | | E |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|---|-------------|--------------------------|
| Balance December 31, 2015 | E | \$ 135,479,404.94 |
| Increased by: | | |
| Sewer Utility Operating Budget: | | |
| Serial Bonds | | \$ 1,020,000.00 |
| Payment of Bond Anticipation Notes | | 30,000.00 |
| Transfer from Deferred Reserve for Amortization | | <u>220,250.00</u> |
| | | <u>1,270,250.00</u> |
| Balance December 31, 2016 | E | <u>\$ 136,749,654.94</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Balance Dec. 31, 2015 | Issued | Matured | Balance Dec. 31, 2016 |
|----------|------------------------------------|----------------|----------|----------|---------------|-------------------------|------------------------|-------------------------|------------------------|
| | | Original Issue | Issue | Maturity | | | | | |
| 09-26 | Various Sewer Utility Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | \$ 777,000.00 | | \$ 777,000.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | \$ 747,000.00 | | \$ 747,000.00 |
| 10-15 | Various Sewer Utility Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 1,778,000.00 | | 1,778,000.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 1,509,332.00 | | 1,509,332.00 |
| 11-09 | Various Sewer Utility Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 1,834,000.00 | | 1,834,000.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | | | |
| 12-26 | Various Sewer Utility Improvements | 10/04/12 | 09/24/15 | 09/23/16 | 2.00% | 6,046,000.00 | | 6,046,000.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 3,829,000.00 | | 3,829,000.00 |
| 13-24 | Various Sewer Utility Improvements | 09/25/14 | 09/24/15 | 09/23/16 | 2.00% | 3,325,000.00 | | 3,325,000.00 | |
| | | 09/25/14 | 09/22/16 | 09/21/17 | 2.00% | | 1,325,000.00 | | 1,325,000.00 |
| | | | | | | <u>\$ 13,760,000.00</u> | <u>\$ 7,410,332.00</u> | <u>\$ 13,760,000.00</u> | <u>\$ 7,410,332.00</u> |
| | | | | | | <u>Ref.</u> | E | | E |
| | | | | | | | \$ 7,410,332.00 | \$ 7,410,332.00 | |
| | | | | | | | | 391,000.00 | |
| | | | | | | | | 5,958,668.00 | |
| | | | | | | | <u>\$ 7,410,332.00</u> | <u>\$ 13,760,000.00</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|--------------------|---------------|----------------|---------------------------------|--------------|---------------|------------------------|----------------------|------------------------|
| | | | December 31, 2016 Date | Amount | | | | |
| Sewer Improvements | 7/1/2008 | \$ 800,000.00 | 7/1/2017 | \$ 80,000.00 | 3.75% | \$ 360,000.00 | \$ 80,000.00 | \$ 280,000.00 |
| | | | 7/1/2018 | 100,000.00 | 4.00% | | | |
| | | | 7/1/2019 | 100,000.00 | 4.00% | | | |
| Sewer Improvements | 10/26/2010 | 4,003,300.00 | 11/1/2017 | 310,000.00 | 2.25% | 2,755,000.00 | 310,000.00 | 2,445,000.00 |
| | | | 11/1/2018 | 325,000.00 | 2.50% | | | |
| | | | 11/1/2019 | 350,000.00 | 2.75% | | | |
| | | | 11/1/2020 | 350,000.00 | 3.00% | | | |
| | | | 11/1/2021 | 370,000.00 | 3.00% | | | |
| | | | 11/1/2022 | 370,000.00 | 3.00% | | | |
| | | | 11/1/2023 | 370,000.00 | 3.00% | | | |
| | | | | | | | | |
| | | | | | | <u>\$ 3,115,000.00</u> | <u>\$ 390,000.00</u> | <u>\$ 2,725,000.00</u> |
| | | | | | | E | | E |
| | | | | <u>Ref.</u> | | | | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF REFUNDING BONDS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|----------------------------------|---------------|-----------------|---------------------------------|---------------|---------------|------------------------|----------------------|-----------------------|
| | | | Date | Amount | | | | |
| Sanitary Sewer Collection System | 4/28/2009 | \$ 2,871,000.00 | 12/1/2017 | \$ 330,000.00 | 4.125% | \$ 660,000.00 | \$ 330,000.00 | \$ 330,000.00 |
| | | | | | | | | |
| Sewer Improvements | 5/4/2010 | 1,374,000.00 | 10/1/2017 | 5,000.00 | 3.00% | 430,000.00 | 210,000.00 | 220,000.00 |
| | | | 10/1/2017 | 215,000.00 | 5.00% | | | |
| Sewer Improvements | 5/15/2012 | 680,000.00 | 7/15/2017 | 95,000.00 | 4.00% | 500,000.00 | 90,000.00 | 410,000.00 |
| | | | 7/15/2018 | 100,000.00 | 3.00% | | | |
| | | | 7/15/2019 | 105,000.00 | 5.00% | | | |
| | | | 7/15/2020 | 110,000.00 | 4.00% | | | |
| | | | | | | <u>\$ 1,590,000.00</u> | <u>\$ 630,000.00</u> | <u>\$ 960,000.00</u> |
| | | | | <u>Ref.</u> | | E | | E |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE #1

| | <u>Ref.</u> | |
|---------------------------------|-------------|---------------|
| Balance December 31, 2015 | E | \$ 127,659.95 |
| Less: 2016 Payment of Principal | | 8,653.63 |
| Balance December 31, 2016 | E | \$ 119,006.32 |

Schedule of Principal and Interest Payments Outstanding December 31, 2016
Trust Loan - February 2010 Issue

| <u>Due Date</u> | <u>Interest</u> | <u>Principal</u> | <u>Loan Balance</u> |
|-----------------|-----------------|------------------|---------------------|
| | | | \$ 33,155.99 |
| 2/1/2017 | \$ 587.92 | | |
| 8/1/2017 | 587.92 | \$ 2,096.52 | 31,059.47 |
| 2/1/2018 | 560.98 | | |
| 8/1/2018 | 560.98 | 2,150.40 | 28,909.07 |
| 2/1/2019 | 531.41 | | |
| 8/1/2019 | 531.41 | 2,209.54 | 26,699.53 |
| 2/1/2020 | 498.82 | | |
| 8/1/2020 | 498.82 | 2,274.72 | 24,424.81 |
| 2/1/2021 | 463.11 | | |
| 8/1/2021 | 463.11 | 2,346.14 | 22,078.67 |
| 2/1/2022 | 424.75 | | |
| 8/1/2022 | 424.75 | 2,422.86 | 19,655.81 |
| 2/1/2023 | 382.84 | | |
| 8/1/2023 | 382.84 | 2,506.69 | 17,149.12 |
| 2/1/2024 | 337.72 | | |
| 8/1/2024 | 337.72 | 2,596.93 | 14,552.19 |
| 2/1/2025 | 289.80 | | |
| 8/1/2025 | 289.80 | 2,692.76 | 11,859.43 |
| 2/1/2026 | 238.77 | | |
| 8/1/2026 | 238.77 | 2,794.82 | 9,064.61 |
| 2/1/2027 | 184.42 | | |
| 8/1/2027 | 184.42 | 2,903.54 | 6,161.07 |
| 2/1/2028 | 126.63 | | |
| 8/1/2028 | 126.63 | 3,019.10 | 3,141.97 |
| 2/1/2029 | 65.20 | | |
| 8/1/2029 | 65.20 | 3,141.97 | |
| | \$ 10,646.32 | \$ 33,155.99 | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE #1
(Continued)

Schedule of Principal and Interest Payments Outstanding December 31, 2016
Trust Loan - February 2010 Issue

| <u>Due Date</u> | <u>Principal</u> | <u>Loan Balance</u> |
|-----------------|---------------------|---------------------|
| | | \$ 85,850.33 |
| 2/1/2017 | \$ 2,201.28 | 83,649.05 |
| 8/1/2017 | 4,402.57 | 79,246.48 |
| 2/1/2018 | 2,201.28 | 77,045.20 |
| 8/1/2018 | 4,402.57 | 72,642.63 |
| 2/1/2019 | 2,201.28 | 70,441.35 |
| 8/1/2019 | 4,402.57 | 66,038.78 |
| 2/1/2020 | 2,201.28 | 63,837.50 |
| 8/1/2020 | 4,402.57 | 59,434.93 |
| 2/1/2021 | 2,201.28 | 57,233.65 |
| 8/1/2021 | 4,402.57 | 52,831.08 |
| 2/1/2022 | 2,201.28 | 50,629.80 |
| 8/1/2022 | 4,402.57 | 46,227.23 |
| 2/1/2023 | 2,201.28 | 44,025.95 |
| 8/1/2023 | 4,402.57 | 39,623.38 |
| 2/1/2024 | 2,201.28 | 37,422.10 |
| 8/1/2024 | 4,402.57 | 33,019.53 |
| 2/1/2025 | 2,201.28 | 30,818.25 |
| 8/1/2025 | 4,402.57 | 26,415.68 |
| 2/1/2026 | 2,201.28 | 24,214.40 |
| 8/1/2026 | 4,402.57 | 19,811.83 |
| 2/1/2027 | 2,201.28 | 17,610.55 |
| 8/1/2027 | 4,402.57 | 13,207.98 |
| 2/1/2028 | 2,201.28 | 11,006.70 |
| 8/1/2028 | 4,402.57 | 6,604.13 |
| 2/1/2029 | 2,201.28 | 4,402.85 |
| 8/1/2029 | 4,402.85 | |
| | <u>\$ 85,850.33</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE #2

| | <u>Ref.</u> | |
|---------------------------------|-------------|-------------------------|
| Balance December 31, 2015 | E | \$ 14,991,946.18 |
| Less: 2016 Payment of Principal | | <u>982,281.85</u> |
| Balance December 31, 2016 | E | <u>\$ 14,009,664.33</u> |

Schedule of Principal and Interest Payments Outstanding December 31, 2016
Trust Loan - March 2010 Issue

| <u>Due Date</u> | <u>Interest</u> | <u>Principal</u> | <u>Loan Balance</u> |
|-----------------|------------------------|------------------------|---------------------|
| | | | \$ 4,750,000.00 |
| 2/1/2017 | \$ 96,750.00 | | |
| 8/1/2017 | 96,750.00 | \$ 280,000.00 | 4,470,000.00 |
| 2/1/2018 | 89,750.00 | | |
| 8/1/2018 | 89,750.00 | 295,000.00 | 4,175,000.00 |
| 2/1/2019 | 82,375.00 | | |
| 8/1/2019 | 82,375.00 | 310,000.00 | 3,865,000.00 |
| 2/1/2020 | 76,175.00 | | |
| 8/1/2020 | 76,175.00 | 320,000.00 | 3,545,000.00 |
| 2/1/2021 | 68,175.00 | | |
| 8/1/2021 | 68,175.00 | 340,000.00 | 3,205,000.00 |
| 2/1/2022 | 63,075.00 | | |
| 8/1/2022 | 63,075.00 | 350,000.00 | 2,855,000.00 |
| 2/1/2023 | 56,075.00 | | |
| 8/1/2023 | 56,075.00 | 365,000.00 | 2,490,000.00 |
| 2/1/2024 | 48,775.00 | | |
| 8/1/2024 | 48,775.00 | 375,000.00 | 2,115,000.00 |
| 2/1/2025 | 41,275.00 | | |
| 8/1/2025 | 41,275.00 | 390,000.00 | 1,725,000.00 |
| 2/1/2026 | 33,475.00 | | |
| 8/1/2026 | 33,475.00 | 410,000.00 | 1,315,000.00 |
| 2/1/2027 | 26,300.00 | | |
| 8/1/2027 | 26,300.00 | 420,000.00 | 895,000.00 |
| 2/1/2028 | 17,900.00 | | |
| 8/1/2028 | 17,900.00 | 440,000.00 | 455,000.00 |
| 2/1/2029 | 9,100.00 | | |
| 8/1/2029 | 9,100.00 | 455,000.00 | |
| | <u>\$ 1,638,150.00</u> | <u>\$ 4,750,000.00</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE #2
(Continued)

Schedule of Principal and Interest Payments Outstanding December 31, 2016
Trust Loan - March 2010 Issue

| <u>Due Date</u> | <u>Principal</u> | <u>Loan Balance</u> |
|-----------------|------------------------|---------------------|
| | | \$ 9,259,664.33 |
| 2/1/2017 | \$ 237,427.28 | 9,022,237.05 |
| 8/1/2017 | 474,854.57 | 8,547,382.48 |
| 2/1/2018 | 237,427.28 | 8,309,955.20 |
| 8/1/2018 | 474,854.57 | 7,835,100.63 |
| 2/1/2019 | 237,427.28 | 7,597,673.35 |
| 8/1/2019 | 474,854.57 | 7,122,818.78 |
| 2/1/2020 | 237,427.28 | 6,885,391.50 |
| 8/1/2020 | 474,854.57 | 6,410,536.93 |
| 2/1/2021 | 237,427.28 | 6,173,109.65 |
| 8/1/2021 | 474,854.57 | 5,698,255.08 |
| 2/1/2022 | 237,427.28 | 5,460,827.80 |
| 8/1/2022 | 474,854.57 | 4,985,973.23 |
| 2/1/2023 | 237,427.28 | 4,748,545.95 |
| 8/1/2023 | 474,854.57 | 4,273,691.38 |
| 2/1/2024 | 237,427.28 | 4,036,264.10 |
| 8/1/2024 | 474,854.57 | 3,561,409.53 |
| 2/1/2025 | 237,427.28 | 3,323,982.25 |
| 8/1/2025 | 474,854.57 | 2,849,127.68 |
| 2/1/2026 | 237,427.28 | 2,611,700.40 |
| 8/1/2026 | 474,854.57 | 2,136,845.83 |
| 2/1/2027 | 237,427.28 | 1,899,418.55 |
| 8/1/2027 | 474,854.57 | 1,424,563.98 |
| 2/1/2028 | 237,427.28 | 1,187,136.70 |
| 8/1/2028 | 474,854.57 | 712,282.13 |
| 2/1/2029 | 237,427.28 | 474,854.85 |
| 8/1/2029 | 474,854.85 | |
| | <u>\$ 9,259,664.33</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

| Ord. No. | Improvement Description | Balance Dec.31, 2015 | Bond Anticipation Notes Redeemed | Authorizations Cancelled | Balance Dec.31, 2016 |
|-------------|--|-------------------------|---|-----------------------------|-------------------------|
| 07-20 | Various Major Information Technology and Telecommunications Equipment | \$ 41,115.00 | | | \$ 41,115.00 |
| 09-28 | Improvements to the Township's Waste Water Treatment Plant | 8,011,790.00 | | | 8,011,790.00 |
| 10-15 | Various Sewer Utility Improvements | 750.00 | \$ 194,668.00 | \$ 194,668.19 | 749.81 |
| 11-09 | Various Sewer Utility Improvements | | 1,764,000.00 | 1,764,000.00 | |
| 12-26 | Improvements to Sewer Utility System | 97,250.00 | 2,000,000.00 | 1,998,452.50 | 98,797.50 |
| 13-24 | Various Sewer Utility Improvements | | 2,000,000.00 | 1,998,410.50 | 1,589.50 |
| 14-24 | Various Sewer Utility Improvements | 1,152,653.00 | | | 1,152,653.00 |
| | | <u>\$ 9,303,558.00</u> | <u>\$ 5,958,668.00</u> | <u>5,955,531.19</u> | <u>\$ 9,306,694.81</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
GOLF AND RECREATION UTILITY FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY FUND
SCHEDULE OF CASH AND INVESTMENTS -TREASURER

| | <u>Ref.</u> | <u>Operating</u> | | <u>Capital</u> |
|--|-------------|------------------------|--------------|------------------------|
| Balance December 31, 2015 | F | \$ 1,046,887.73 | | \$ 847,827.65 |
| Increased by Receipts: | | | | |
| Consumer Accounts Receivable | | \$ 3,056,105.02 | | |
| Concession Fees | | 660,000.00 | | |
| Interest on Investments | | 18,183.01 | | |
| Utilities - Concessions | | 33,657.85 | | |
| Membership Overpayments | | 1,101.78 | | |
| Due from Golf and Recreation Utility Capital Fund | | 29,069.04 | | |
| Miscellaneous Revenue | | 1,184.01 | | |
| Due from Current Fund | | | \$ 26,943.36 | |
| Sales Tax Payable | | 41,230.58 | | |
| Received from Golf and Recreation Utility Operating Fund Budget Appropriation: | | | | |
| Capital Improvement Fund | | | 5,959.00 | |
| Bond Anticipation Notes Payable | | | 25,000.00 | |
| Bond Anticipation Notes Issued | | | 2,133,000.00 | |
| | | <u>3,840,531.29</u> | | <u>2,190,902.36</u> |
| | | 4,887,419.02 | | 3,038,730.01 |
| Decreased by Disbursements: | | | | |
| 2016 Appropriation Expenditures | | 2,960,150.76 | | |
| 2015 Appropriation Reserves | | 88,811.71 | | |
| Interest on Bonds | | 40,912.50 | | |
| Interest on Notes | | 18,149.44 | | |
| Change Funds | | 1,800.00 | | |
| Refund of Prior Year Revenue | | 1,563.00 | | |
| Sales Tax Payable | | 40,986.58 | | |
| Due to Current Fund | | 14,075.34 | | |
| Due to Golf and Recreation Utility Operating Fund | | | 29,069.04 | |
| Bond Anticipation Notes Matured | | | 910,000.00 | |
| Improvement Authorizations | | | 274,154.81 | |
| | | <u>3,166,449.33</u> | | <u>1,213,223.85</u> |
| Balance December 31, 2016 | F | <u>\$ 1,720,969.69</u> | | <u>\$ 1,825,506.16</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
 GOLF AND RECREATION UTILITY CAPITAL FUND
 ANALYSIS OF GOLF AND RECREATION CAPITAL CASH

| | Balance (Deficit) Dec. 31, 2015 | Receipts | | | Disbursements | | | Transfers | | Balance (Deficit) Dec. 31, 2016 |
|---|---|---------------------------------|-------------------------|---------------------|---------------------------------|------------------------------------|---------------------|---------------------|---------------------|---------------------------------------|
| | | Bond Anti- cipation Notes | Budget Appropriation | Miscel- laneous | Bond Anti- cipation Notes | Improvement Authori- zations | Miscel- laneous | From | To | |
| Fund Balance | \$ 45,070.70 | | | | | | | | | \$ 45,070.70 |
| Capital Improvement Fund | 181,593.05 | | \$ 5,959.00 | | | | | \$ 25,959.00 | | 161,593.05 |
| Due to Current Fund | (26,943.36) | | | \$ 26,943.36 | | | | | | |
| Due from Golf and Recreation Operating Fund | 29,069.04 | | | 25,000.00 | | | \$ 29,069.04 | 25,000.00 | | |
| Preliminary Expenses - Miniature Golf Recreation Facility | | | | | | | | | \$ 20,000.00 | 20,000.00 |
| Ord. No. | | General Improvements | | | | | | | | |
| 07-21 | Various Improvements and Equipment | 367.79 | | | | \$ 367.79 | | | | |
| 08-16 | Various Improvements and Equipment | | \$ 44,000.00 | | \$ 47,000.00 | | | 3,000.00 | | |
| 09-27 | Various Improvements and Equipment | | 38,000.00 | | 40,000.00 | | | 2,000.00 | | |
| 10-16 | Various Improvements and Equipment | 81,678.52 | 272,750.00 | | 278,750.00 | 51,928.52 | | 6,000.00 | | 29,750.00 |
| 11-10 | Golf Course and Recreation Utility Improvements | 71,868.11 | 174,500.00 | | 183,500.00 | 30,971.40 | | 9,000.00 | | 40,896.71 |
| 12-27 | Golf Course and Recreation Utility Improvements | 67,155.30 | 118,250.00 | | 123,250.00 | | | 5,000.00 | | 67,155.30 |
| 13-12 | Golf Course and Recreation Utility Improvements | 248,148.50 | 237,500.00 | | 237,500.00 | | | | | 248,148.50 |
| 15-20 | Golf Course and Recreation Utility Improvements | 149,820.00 | 1,248,000.00 | | | 99,302.12 | | | | 1,298,517.88 |
| 16-19 | Golf Course and Recreation Utility Improvements | | | | | 91,584.98 | | 5,959.00 | | (85,625.98) |
| | | <u>\$ 847,827.65</u> | <u>\$ 2,133,000.00</u> | <u>\$ 51,943.36</u> | <u>\$ 910,000.00</u> | <u>\$ 274,154.81</u> | <u>\$ 29,069.04</u> | <u>\$ 50,959.00</u> | <u>\$ 50,959.00</u> | <u>\$ 1,825,506.16</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | |
|---------------------------|-------------|---------------|
| Balance December 31, 2015 | F | \$ 81,678.47 |
| Increased by: | | |
| Revenue: | | |
| Membership Fees | | \$ 739,406.11 |
| Other Fees | | 1,713,493.52 |
| Cart Rentals | | 576,571.79 |
| | | 3,029,471.42 |
| | | 3,111,149.89 |
| Decreased by: | | |
| Collections: | | |
| Collections | | 3,056,105.02 |
| Prepaid Revenue Applied | | 1,500.00 |
| Overpayments Applied | | 263.38 |
| | | 3,057,868.40 |
| Balance December 31, 2016 | F | \$ 53,281.49 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

| | <u>Ref.</u> | |
|---------------------------|-------------|----------------------------|
| Net Inventory Increase | | <u>\$ 51,159.00</u> |
| Balance December 31, 2016 | F | <u><u>\$ 51,159.00</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | Balance Dec. 31, 2015 | Additions by Ordinance | Balance Dec. 31, 2016 |
|---|--------------------------|------------------------------|--------------------------|
| Building Renovations | \$ 687,336.18 | | \$ 687,336.18 |
| Improvement of the Property of the ParsIPPany-Troy Hills Golf and Recreation Utility | 1,512,536.41 | | 1,512,536.41 |
| Improvement of the Knoll Country Club | 2,154,800.00 | | 2,154,800.00 |
| Various Capital Improvements | 2,613,760.66 | \$ 1,160,000.00 | 3,773,760.66 |
| Reconstruction of the Knoll Country Club West | 2,465,000.00 | | 2,465,000.00 |
| Construction of the West Tee House | 210,000.00 | | 210,000.00 |
| Acquisition of Furniture and Equipment | 152,638.16 | | 152,638.16 |
| Acquisition of Vehicles | 95,450.00 | | 95,450.00 |
| Acquisition of Equipment | 941,867.00 | | 941,867.00 |
| Acquisition of Various Vehicles and Equipment | 655,936.70 | | 655,936.70 |
| Supplemental Appropriation for the Construction of the Tee House | 26,500.00 | | 26,500.00 |
| Acquisition of Property Known as Knoll Country Club | 5,000,000.00 | | 5,000,000.00 |
| Reconstruction of the West Course Main Building | 7,150,000.00 | | 7,150,000.00 |
| Installation of Sewer Lines to all Knoll Buildings | 401,000.00 | | 401,000.00 |
| Issuance Cost | 186,451.50 | | 186,451.50 |
| | <u>\$ 24,253,276.61</u> | <u>\$ 1,160,000.00</u> | <u>\$ 25,413,276.61</u> |
| | F | | F |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Improvement Description</u> | <u>Ord. No.</u> | <u>Balance Dec.31, 2015</u> | <u>2016 Authorizations</u> | <u>Costs to Fixed Capital</u> | <u>Balance Dec.31, 2016</u> |
|---|---------------------|---------------------------------|--------------------------------|---------------------------------------|---------------------------------|
| Various Improvements and Equipment | 07-21 | \$ 1,160,000.00 | | \$ 1,160,000.00 | |
| Various Improvements and Equipment | 10-16 | 300,000.00 | | | \$ 300,000.00 |
| Golf Course and Recreation Utility Improvements | 11-10 | 202,677.00 | | | 202,677.00 |
| Golf Course and Recreation Utility Improvements | 12-27 | 135,000.00 | | | 135,000.00 |
| Golf Course and Recreation Utility Improvements | 13-12 | 250,000.00 | | | 250,000.00 |
| Golf Course and Recreation Utility Improvements | 15-20 | 3,006,403.00 | | | 3,006,403.00 |
| Golf Course and Recreation Utility Improvements | 16-19 | | \$ 119,177.00 | | 119,177.00 |
| | | <u>\$ 5,054,080.00</u> | <u>\$ 119,177.00</u> | <u>\$ 1,160,000.00</u> | <u>\$ 4,013,257.00</u> |
| <u>Ref.</u> | | F | | | F |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

| | Balance Dec. 31, 2015 | Balance After Modification | Paid or Charged | Balance Lapsed |
|----------------------------|--------------------------|-------------------------------|--------------------|-------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 9,133.56 | \$ 20,133.56 | \$ 19,438.66 | \$ 694.90 |
| Other Expenses | 157,302.77 | 146,302.77 | 68,114.13 | 78,188.64 |
| Statutory Expenditures: | | | | |
| Contribution to: | | | | |
| Social Security (O.A.S.I.) | 24,240.78 | 24,240.78 | 1,258.92 | 22,981.86 |
| | \$ 190,677.11 | \$ 190,677.11 | \$ 88,811.71 | \$ 101,865.40 |

Analysis of Balance December 31, 2015

| | <u>Ref.</u> | | |
|--------------|-------------|----|------------|
| Unencumbered | F | \$ | 136,262.79 |
| Encumbered | F | | 54,414.32 |
| | | \$ | 190,677.11 |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2015 | | 2016 Improvement Authorizations | | Balance Dec. 31, 2016 | | |
|----------|---|-------------|-----------------|-----------------------|------------------------|---------------------------------|------------------------------------|-----------------------|---------------------|------------------------|
| | | Date | Amount | Funded | Unfunded | Capital Improvement Fund | Deferred Charges to Future Revenue | Paid or Charged | Funded | Unfunded |
| 07-21 | Various Improvements and Equipment | 07/24/07 | \$ 1,160,000.00 | \$ 367.79 | | | | \$ 367.79 | | |
| 10-16 | Various Improvements and Equipment | 07/20/10 | 300,000.00 | | \$ 81,928.52 | | | 51,928.52 | | \$ 30,000.00 |
| 11-10 | Golf Course and Recreation Utility Improvements | 06/21/11 | 202,677.00 | | 71,911.11 | | | 30,971.40 | | 40,939.71 |
| 12-27 | Golf Course and Recreation Utility Improvements | 06/19/12 | 135,000.00 | | 67,155.30 | | | | | 67,155.30 |
| 13-12 | Golf Course and Recreation Utility Improvements | 06/19/13 | 250,000.00 | 10,648.50 | 237,500.00 | | | | \$ 10,648.50 | 237,500.00 |
| 15-20 | Golf Course and Recreation Utility Improvements | 09/15/15 | 3,006,403.00 | 149,820.00 | 2,856,083.00 | | | 99,302.12 | 50,517.88 | 2,856,083.00 |
| 16-19 | Golf Course and Recreation Utility Improvements | 07/19/16 | 119,177.00 | | | \$ 5,959.00 | \$ 113,218.00 | 91,584.98 | | 27,592.02 |
| | | | | <u>\$ 160,836.29</u> | <u>\$ 3,314,577.93</u> | <u>\$ 5,959.00</u> | <u>\$ 113,218.00</u> | <u>\$ 274,154.81</u> | <u>\$ 61,166.38</u> | <u>\$ 3,259,270.03</u> |
| | | <u>Ref.</u> | | F | F | | | | F | F |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|---|-------------|----------------------|
| Balance December 31, 2015 | F | \$ 181,593.05 |
| Increased by: | | |
| Golf and Recreation Utility Operating Fund Budget Appropriation | | <u>5,959.00</u> |
| | | 187,552.05 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | \$ | 5,959.00 |
| Preliminary Expenses - Miniature Golf Recreation Facility | | <u>20,000.00</u> |
| | | <u>25,959.00</u> |
| Balance December 31, 2016 | F | <u>\$ 161,593.05</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|---|-------------|-------------------------|
| Balance December 31, 2015 | F | \$ 23,858,776.61 |
| Increased by: | | |
| Golf and Recreation Utility Operating Budget: | | |
| Serial Bonds | | 215,000.00 |
| Bond Anticipation Notes Payable | | 5,000.00 |
| Transfer from Deferred Reserve for Amortization | | <u>257,500.00</u> |
| Balance December 31, 2016 | F | <u>\$ 24,336,276.61</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ord. No. | Improvement Description | Date of Ordinance | Balance Dec. 31, 2015 | 2016 Authorizations | Funded by Operating Budget | Amortization Fixed Capital | Balance Dec. 31, 2016 |
|-------------|---|----------------------|-----------------------------|------------------------|----------------------------------|----------------------------------|--------------------------|
| 07-21 | Various Improvements and Equipment | 07/24/07 | \$ 257,500.00 | | | \$ 257,500.00 | |
| 10-16 | Various Improvements and Equipment | 07/20/10 | 21,000.00 | | \$ 6,000.00 | | \$ 27,000.00 |
| 11-10 | Golf Course and Recreation Utility Improvements | 06/21/11 | 19,134.00 | | 9,000.00 | | 28,134.00 |
| 12-27 | Golf Course and Recreation Utility Improvements | 06/19/12 | 6,750.00 | | 5,000.00 | | 11,750.00 |
| 13-12 | Golf Course and Recreation Utility Improvements | 06/19/13 | 12,500.00 | | | | 12,500.00 |
| 15-20 | Golf Course and Recreation Utility Improvements | 09/15/15 | 150,320.00 | | | | 150,320.00 |
| 16-19 | Golf Course and Recreation Utility Improvements | 07/19/16 | <u> </u> | \$ 5,959.00 | <u> </u> | <u> </u> | <u>5,959.00</u> |
| | | | <u>\$ 467,204.00</u> | <u>\$ 5,959.00</u> | <u>\$ 20,000.00</u> | <u>\$ 257,500.00</u> | <u>\$ 235,663.00</u> |
| | <u>Ref.</u> | | F | | | | F |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | | Interest Rate | Balance | Issued | Matured | Balance |
|----------|---|----------------|----------|----------|---------------|----------------------|------------------------|----------------------|------------------------|
| | | Original Issue | Issue | Maturity | | Dec. 31, 2015 | | | Dec. 31, 2016 |
| 08-16 | Various Improvements and Equipment | 10/01/13 | 09/24/15 | 09/25/16 | 2.00% | \$ 47,000.00 | | \$ 47,000.00 | |
| | | 10/01/13 | 09/22/16 | 09/21/17 | 2.00% | | \$ 44,000.00 | | \$ 44,000.00 |
| 09-27 | Various Improvements and Equipment | 10/01/13 | 09/24/15 | 09/25/16 | 2.00% | 20,000.00 | | 20,000.00 | |
| | | 09/24/15 | 09/24/15 | 09/25/16 | 2.00% | 20,000.00 | | 20,000.00 | |
| | | 10/01/13 | 09/22/16 | 09/21/17 | 2.00% | | 19,000.00 | | 19,000.00 |
| | | 09/24/15 | 09/22/16 | 09/21/17 | 2.00% | | 19,000.00 | | 19,000.00 |
| 10-16 | Various Improvements and Equipment | 10/04/12 | 09/24/15 | 09/25/16 | 2.00% | 115,500.00 | | 115,500.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 109,500.00 | | 109,500.00 |
| | | 10/01/13 | 09/24/15 | 09/25/16 | 2.00% | 30,250.00 | | 30,250.00 | |
| | | 09/24/15 | 09/24/15 | 09/25/16 | 2.00% | 133,000.00 | | 133,000.00 | |
| | | 10/01/13 | 09/22/16 | 09/21/17 | 2.00% | | 30,250.00 | | 30,250.00 |
| | | 09/24/15 | 09/22/16 | 09/21/17 | 2.00% | | 133,000.00 | | 133,000.00 |
| 11-10 | Golf Course and Recreation Utility Improvements | 10/04/12 | 09/24/15 | 09/25/16 | 2.00% | 183,500.00 | | 183,500.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 174,500.00 | | 174,500.00 |
| 12-27 | Golf Course and Recreation Utility Improvements | 10/04/12 | 09/24/15 | 09/25/16 | 2.00% | 123,250.00 | | 123,250.00 | |
| | | 10/04/12 | 09/22/16 | 09/21/17 | 2.00% | | 118,250.00 | | 118,250.00 |
| 13-12 | Golf Course and Recreation Utility Improvements | 09/25/14 | 09/24/15 | 09/25/16 | 2.00% | 237,500.00 | | 237,500.00 | |
| | | 09/25/14 | 09/22/16 | 09/21/17 | 2.00% | | 237,500.00 | | 237,500.00 |
| 15-20 | Golf Course and Recreation Utility Improvements | 09/22/16 | 09/22/16 | 09/21/17 | 2.00% | | 1,248,000.00 | | 1,248,000.00 |
| | | | | | | <u>\$ 910,000.00</u> | <u>\$ 2,133,000.00</u> | <u>\$ 910,000.00</u> | <u>\$ 2,133,000.00</u> |
| | | | | | | Ref. | F | | F |
| | | | | | | | \$ 1,248,000.00 | | |
| | | | | | | | 885,000.00 | \$ 885,000.00 | |
| | | | | | | | | 25,000.00 | |
| | | | | | | | <u>\$ 2,133,000.00</u> | <u>\$ 910,000.00</u> | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance Dec. 31, 2015 | Matured | Balance Dec. 31, 2016 |
|------------------------|---------------|-----------------|---------------------------------|---------------|---------------|-----------------------|------------------------|-----------------------|
| | | | Date | Amount | | | | |
| General Improvement | 7/1/2008 | \$ 1,500,000.00 | 7/1/2017 | \$ 170,000.00 | 3.75% | \$ 670,000.00 | \$ 160,000.00 | \$ 510,000.00 |
| | | | 7/1/2018 | 170,000.00 | 4.00% | | | |
| | | | 7/1/2019 | 170,000.00 | 4.00% | | | |
| General Improvement | 10/26/2010 | 758,700.00 | 11/1/2017 | 55,000.00 | 2.25% | 545,000.00 | 55,000.00 | 490,000.00 |
| | | | 11/1/2018 | 60,000.00 | 2.50% | | | |
| | | | 11/1/2019 | 60,000.00 | 2.75% | | | |
| | | | 11/1/2020 | 75,000.00 | 3.00% | | | |
| | | | 11/1/2021 | 80,000.00 | 3.00% | | | |
| | | | 11/1/2022 | 80,000.00 | 3.00% | | | |
| | | | 11/1/2023 | 80,000.00 | 3.00% | | | |
| <u>\$ 1,215,000.00</u> | | | | | | <u>\$ 215,000.00</u> | <u>\$ 1,000,000.00</u> | |
| <u>Ref.</u> | | | | | F | Ref. | F | |

TOWNSHIP OF PARSIPPANY-TROY HILLS
GOLF AND RECREATION UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| Ord. No. | Improvement Description | Balance Dec.31, 2015 | 2016 Authorizations | Bond Anticipation Notes Issued | Balance Dec.31, 2016 |
|-------------|---|-------------------------|------------------------|---|-------------------------|
| 10-16 | Various Improvements and Equipment | \$ 250.00 | | | \$ 250.00 |
| 11-10 | Golf Course and Recreation Utility Improvements | 43.00 | | | 43.00 |
| 15-20 | Golf Course and Recreation Utility Improvements | 2,856,083.00 | | \$ 1,248,000.00 | 1,608,083.00 |
| 16-19 | Golf Course and Recreation Utility Improvements | | \$ 113,218.00 | | 113,218.00 |
| | | <u>\$ 2,856,376.00</u> | <u>\$ 113,218.00</u> | <u>\$ 1,248,000.00</u> | <u>\$ 1,721,594.00</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|---|---------------|----------------------------|
| Balance December 31, 2015 | G | \$ 75,064.17 |
| Increased by Receipts: | | |
| Donations | \$ 9,728.99 | |
| Interest on Investments | <u>109.62</u> | |
| | | <u>9,838.61</u> |
| | | 84,902.78 |
| Decreased by Disbursements: | | |
| Reserve for Public Assistance Trust Fund Expenditures | 3,612.72 | |
| Due to Current Fund | <u>109.62</u> | |
| | | <u>3,722.34</u> |
| Balance December 31, 2016 | G | <u><u>\$ 81,180.44</u></u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF PARSIPPANY-TROY HILLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2016

| Name of Federal Agency or Department, Pass Through Grantor, and Cluster Title | C.F.D.A. Account Number | Project Number or State Account Number | Grant Period | | Grant Award Amount | Amount Received | Amount of Expenditures | Cumulative Expenditures | Amount Provided to Subrecipients | |
|--|-------------------------|---|---------------|-------------------|--------------------|-----------------|------------------------|-------------------------|----------------------------------|---------------|
| | | | From | To | | | | | | |
| U.S. Department of Housing and Urban Development: CDBG - Entitlement Grants Cluster (Passed through Morris County Office of Community Development) | | Community Development Block Grant- | | | | | | | | |
| | 14.218 | Housing Rehabilitation | B12-MC34-0113 | 07/01/13 | 06/30/16 | \$ 174,798.00 | \$ 58,446.84 | \$ 58,446.84 | \$ 174,798.00 | |
| | 14.218 | Housing Rehabilitation | B13-MC34-0113 | 07/01/14 | 06/30/17 | 154,120.00 | 9,726.75 | 9,726.75 | 13,999.77 | |
| | 14.218 | Housing Rehabilitation | B14-MC34-0113 | 07/01/15 | 06/30/17 | 101,560.00 | 3,256.59 | 3,256.59 | 3,256.59 | |
| | 14.218 | Program Administration | B13-MC34-0113 | 07/01/14 | 06/30/16 | 38,000.00 | 10,757.56 | 10,757.56 | 38,000.00 | |
| | 14.218 | Program Administration | B14-MC34-0113 | 07/01/15 | 06/30/16 | 35,000.00 | 35,000.00 | 35,000.00 | 35,000.00 | |
| | 14.218 | Vehicle Purchase | B14-MC34-0113 | 07/01/15 | 06/30/16 | 25,000.00 | 25,000.00 | 25,000.00 | 25,000.00 | |
| | 14.218 | Senior Center Improvements | B14-MC34-0113 | 07/01/15 | 06/30/17 | 25,000.00 | 25,000.00 | 24,515.19 | 24,515.19 | |
| | 14.218 | ADA Accessible Improvements | B14-MC34-0113 | 07/01/15 | 06/30/17 | 30,000.00 | 27,600.00 | 27,600.00 | 27,600.00 | |
| Total U.S. Department of Housing and Urban Development/ CDBG Entitlement Grants Cluster | | | | | | | 194,787.74 | 194,302.93 | 342,169.55 | |
| Environmental Protection Agency: (Passed through New Jersey Department of Environmental Protection) | | NJ Environmental Infrastructure Trust Loan: Improvements to Waste Water Treatment Plant (Ordinance #09-28) | 66.458 | 042-4860-711-002 | 01/01/09 | 12/31/17 | 14,008,210.00 | 519,676.00 | 128,230.75 | 13,593,079.32 |
| Total Environmental Protection Agency | | | | | | | 519,676.00 | 128,230.75 | 13,593,079.32 | |
| U.S. Department of Homeland Security of Law and Public Safety) | | F.E.M.A. Disaster Grants - Public Assistance | 97.036 | N/A | 01/01/12 | 12/31/16 | 397,781.29 | 397,781.29 | 397,781.29 | 397,781.29 |
| | 97.039 | Hazard Mitigation Grant (Ordinance #13-31) | 97.039 | N/A | 01/01/12 | 12/31/17 | 7,220,206.00 | 1,077,567.03 | 6,173,933.79 | |
| Total U.S. Department of Homeland Security | | | | | | | 397,781.29 | 1,475,348.32 | 6,571,715.08 | |
| Highway Safety Cluster (Passed through New Jersey Department of Law and Public Safety) | | Drive Sober or Get Pulled Over | 20.602 | N/A | 01/01/15 | 12/31/16 | | 6,200.00 | 6,200.00 | |
| | | | | | 01/01/16 | 12/31/16 | | 4,700.00 | 2,050.00 | |
| | 20.602 | Click-It or Ticket | 20.602 | 066-1160-100-0113 | 01/01/15 | 12/31/17 | 4,000.00 | 4,600.00 | | |
| | 20.616 | Aggressive Driving | 20.616 | N/A | 01/01/16 | 12/31/17 | 8,347.41 | 6,645.77 | | |
| Total Highway Safety Cluster | | | | | | | 15,945.77 | 8,250.00 | 8,250.00 | |
| Highway Planning and Construction Cluster: (Passed through New Jersey Department of Transportation) | | Municipal Aid - Vail Road | 20.205 | 078-6320-480-XXX | 01/01/14 | 12/31/15 | 225,000.00 | 222,823.65 | 225,000.00 | |
| Total U.S. Department of Transportation | | | | | | | 238,769.42 | 8,250.00 | 233,250.00 | |
| TOTAL FEDERAL AWARDS | | | | | | | \$ 1,351,014.45 | \$ 1,806,132.00 | \$ 6,804,965.08 | \$ -0- |

N/A - Not Applicable/Available

TOWNSHIP OF PARSIPPANY-TROY HILLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

| Name of State Agency or Department | Name of Program | Name of Project | Grant I.D. No. | Grant Period | | Grant Award Amount | Amount Received | Amount of Expenditures | Cumulative Expenditures |
|--|--|--|----------------------------|-------------------|-------------------|--------------------|----------------------|------------------------|-------------------------|
| | | | | From | To | | | | |
| Department of Health & Senior Services | Passed- Through County of Morris: Municipal Alliance | Municipal Alliance Program | 100-082-001-044 | 07/01/15 | 06/30/17 | \$ 28,143.00 | | 7,198.10 | 14,586.28 |
| | | | | 07/01/15 | 06/30/17 | 26,843.00 | 26,843.00 | 18,403.33 | 25,791.51 |
| | | | | | | | <u>26,843.00</u> | <u>25,601.43</u> | <u>40,377.79</u> |
| Department of Law and Public Safety | Drunk Driving Enforcement Fund | Drunk Driving Enforcement Fund | 100-078-6400-260-YYYY | 01/01/14 | 12/31/17 | 19,499.82 | | 4,400.00 | 16,388.14 |
| | | | | 01/01/16 | 12/31/17 | 9,660.07 | 9,660.07 | 4,400.00 | 16,388.14 |
| | Body Armor Replacement Program | Body Armor Replacement Program | 066-1020-718-001 | 01/01/14 | 12/31/16 | 8,766.43 | | 1,946.11 | 8,766.43 |
| | | | | 01/01/15 | 12/31/16 | 8,330.08 | | 8,330.08 | 8,330.08 |
| | | | | 01/01/15 | 12/31/17 | 8,600.06 | 8,600.06 | 1,945.81 | 1,945.81 |
| | | | | | | | <u>8,600.06</u> | <u>12,222.00</u> | <u>19,042.32</u> |
| Total Department of Law and Public Safety | | | | | | | <u>18,260.13</u> | <u>16,622.00</u> | <u>35,430.46</u> |
| Department of Community Affairs | Handicapped Person's Recreational Opportunities Act | Recreation Opportunities for Individuals with Disabilities | 2016-05157-0353-00 | 01/01/15 | 12/31/16 | 20,000.00 | | 20,000.00 | 20,000.00 |
| | | | | 01/01/16 | 12/31/16 | 20,000.00 | 20,000.00 | 20,000.00 | 20,000.00 |
| | | | | | | | <u>20,000.00</u> | <u>40,000.00</u> | <u>40,000.00</u> |
| Department of Environmental Protection | Clean Communities Program | Clean Communities Program | 765-042-4900-004-V42Y-6020 | 01/01/14 | 12/31/16 | 111,553.38 | | 16,600.65 | 111,553.38 |
| | | | | 01/01/14 | 12/31/17 | 127,591.48 | 127,591.48 | 85,363.62 | 85,363.62 |
| | | | | <u>127,591.48</u> | <u>101,964.27</u> | <u>196,917.00</u> | | | |
| | Passed through- Rutgers University | Troy Brook Watershed Implementation Project | | 07/01/15 | 12/31/17 | 55,000.00 | 55,000.00 | 8,697.84 | 8,697.84 |
| | Stream Cleaning Grant | Bur Coastal Engineering | | 01/01/16 | 12/31/17 | 300,000.00 | 300,000.00 | | |
| | | | | 01/01/05 | 12/31/16 | 28,449.29 | | 1,108.00 | 28,449.29 |
| | | | | 01/01/06 | 12/31/16 | 22,796.80 | | 288.00 | 22,796.80 |
| | Recycling Tonnage Grant | Recycling Tonnage Grant | 752-042-4900-001-V42Y-6020 | 01/01/14 | 12/31/16 | 85,203.04 | | 85,203.04 | 85,203.04 |
| | | | | 01/01/16 | 12/31/17 | 50,378.24 | 50,378.24 | 5,500.00 | 5,500.00 |
| | | | | | | <u>50,378.24</u> | <u>92,099.04</u> | <u>141,949.13</u> | |
| Community Forestry | No Net Loss | | 01/01/15 | 12/31/17 | 50,954.00 | | 29,062.29 | 32,108.29 | |
| Total Department of Environmental Protection | | | | | | | <u>177,969.72</u> | <u>223,125.60</u> | <u>6,550,974.42</u> |
| TOTAL STATE AWARDS | | | | | | | <u>\$ 223,072.85</u> | <u>\$ 265,349.03</u> | <u>\$ 6,633,075.95</u> |

TOWNSHIP OF PARSIPPANY-TROY HILLS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

Note A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township of Parsippany-Troy Hills under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the 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 B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note C. 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.

Note D. STATE LOANS OUTSTANDING

The Township of Parsippany-Troy Hills has the following loans outstanding as of December 31, 2016:

| | | |
|---------------------------------|----|------------|
| Green Trust Loan Payable | \$ | 20,455 |
| NJ Environmental Infrastructure | | |
| Loan Payable: | | |
| Water Utility Capital Fund | | 148,164 |
| Sewer Utility Capital Fund | | 14,128,670 |
| | | 14,128,670 |
| | \$ | 14,317,745 |

Currently the Township is in the process of repaying the loan balances. The Township has drawn down \$24,874,581 of the \$25,344,280 loan funds. The NJ Environmental Infrastructure which relates to the loans is in progress.



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

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Council
 Township of Parsippany-Troy Hills
 Parsippany, 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 Parsippany-Troy Hills, in the County of Morris (the "Township") as of and for the years ended December 31, 2016 and December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated June 5, 2017. 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.

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 consider 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 Parsippany-Troy Hills
Page 2

Compliance and Other Matters

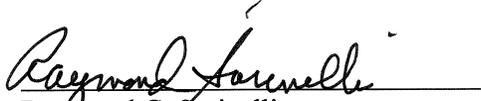
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

Mt Arlington, NJ
June 5, 2017

NISIVOCCIA LLP



Raymond G. Sarinelli

Certified Public Accountant
Registered Municipal Accountant No. 383



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

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Council
 Township of Parsippany-Troy Hills
 Parsippany, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Township of Parsippany-Troy Hills' (the "Township's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2016. The Township's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards, and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Township's compliance.

The Honorable Mayor and Members
of the Township Council
Township of Parsippany-Troy Hills
Parsippany, New Jersey
Page 2

Opinion on Each Major Federal Program

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mt Arlington, New Jersey
June 5, 2016

NISIVOCCIA LLP



Raymond G. Sarinelli

Certified Public Accountant

Registered Municipal Accountant No. 383

TOWNSHIP OF PARSIPPANY-TROY HILLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major federal program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance*
- The Township was not subject to the single audit provisions of New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as state grant expenditures were less than the single audit threshold of \$750,000 identified in the NJOMB 15-08.
- The auditor's report on compliance for the major federal program for the Township expresses an unmodified opinion on the major federal program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The threshold for distinguishing between Type A and B federal programs was \$750,000.
- The Township was determined to be a "low-risk" auditee for federal programs.
- The Township's major federal program for the current year was:

| <u>Federal</u> | <u>CFDA #</u> | <u>Grant Expenditures</u> |
|--|---------------|---------------------------|
| U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety) F.E.M.A. Hazard Mitigation Grant | 97.039 | 1,077,567 |

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.

TOWNSHIP OF PARSIPPANY-TROY HILLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Status of Prior Year Findings:

There were no findings in the prior year audit report.

TOWNSHIP OF PARSIPPANY-TROY HILLS

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 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 (C.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 (C.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 (C.40A11-2), 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. 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 Township of Parsippany-Troy Hills has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, utility charges or assessments on or before the date when they would become delinquent.

On January 6, 2016, the governing body adopted the following resolution authorizing interest to be charged on delinquent tax, assessment and utility charges:

BE IT RESOLVED by the Township Council of the Township of Parsippany-Troy Hills, Morris County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes, utilities or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax, utility or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes, utilities or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

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

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 18, 2015.

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

| <u>Year</u> | <u>Tax Title Liens</u> |
|-------------|------------------------|
| 2016 | 10 |
| 2015 | 5 |
| 2014 | 6 |

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

Verification of Delinquent Taxes and Other Charges

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

| <u>Type</u> | <u>Number Mailed</u> |
|--|----------------------|
| Payment of 2016 Taxes | 20 |
| Payment of 2017 Taxes | 20 |
| Delinquent Taxes | 15 |
| Tax Title Liens | 2 |
| Payment of 2016 and 2017 Water/Sewer Utility Charges | 20 |
| Delinquent Sewer Utility Charges | 10 |
| Delinquent Water Utility Charges | 10 |
| Delinquent Sludge Charges | 7 |

Accounting Requirements under New Jersey Administrative Code

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

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

The Township is in compliance with these technical accounting directives.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMMENTS AND RECOMMENDATIONS
(Continued)

Accounting Requirements under New Jersey Administrative Code (Cont'd)

Management Response

The Township will ensure the outside vendor provided an updated fixed asset inventory annually.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2016.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

| | Balance Dec. 31, 2015 | Receipts | Disbursements | Balance Dec. 31, 2016 |
|-----------------------|--------------------------|------------------------|------------------------|--------------------------|
| Municipal Treasurer: | | | | |
| Fines and Costs | \$ 41,474.86 | \$ 569,214.77 | \$ 570,148.33 | \$ 40,541.30 |
| Animal | 225.00 | 984.00 | 1,209.00 | |
| Restitution | 325.00 | 2,456.83 | 2,556.83 | 225.00 |
| POAA FTA | 24.00 | 510.00 | 502.00 | 32.00 |
| Public Defender | 1,496.00 | 21,321.50 | 21,000.50 | 1,817.00 |
| Conditional Discharge | 121.00 | 1,436.00 | 1,457.00 | 100.00 |
| Fish and Game | | | | |
| County: | | | | |
| Fines | 13,353.03 | 214,490.28 | 211,449.83 | 16,393.48 |
| State: | | | | |
| Fines and Costs | 42,336.67 | 672,010.05 | 682,732.99 | 31,613.73 |
| Weights and Measures | 18,500.00 | 105,968.00 | 110,718.00 | 13,750.00 |
| Conditional Dismissal | | 470.00 | 470.00 | |
| Collections | 157.72 | 2,861.39 | 2,906.91 | 112.20 |
| Bail | 13,008.00 | 182,610.00 | 183,723.00 | 11,895.00 |
| | | | | |
| TOTAL | <u>\$ 131,021.28</u> | <u>\$ 1,774,332.82</u> | <u>\$ 1,788,874.39</u> | <u>\$ 116,479.71</u> |

Inherent internal control problems exist throughout the State for the municipal court system. Throughout the State there is the possibility that court employees can recall warrants, postpone court cases, set bail and lift suspensions of licenses. However, our review of the records of the Municipal Court did not appear to reveal any internal control deficiencies.

Police Outside Services

During our review of the Other Trust Funds, we noted some improvement in the police outside service records was made, however not all accounting issues were resolved.

It is recommended that continued improvement be made in the accounting records of the police outside services.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMMENTS AND RECOMMENDATIONS
(Continued)

Police Outside Services (Cont'd)

Management's Response

Police outside service will continue to be improved until accounting issues are resolved.

Federal and State Grants

The Federal and State Grant Fund and the General Capital Fund balance sheets include grants receivable balances and unexpended appropriated reserves from prior years. The Township has made improvements, and cancelled older grant balances, however, grant receivable balances and appropriated reserves should be reviewed for disposition. It is recommended that grant receivable and appropriated reserve balances be reviewed for disposition.

Management's Response

All grants receivable and appropriated reserve balances will be reviewed for proper disposition.

Payments Processing

The processing and payment of claims are administered by a third-party administrator. The American Institute of Certified Public Accountants (AICPA) issues standards for audits of service management companies. Statement of Standards for Attest Engagements (SSAE) specifically number 16, sets standards for audits of service management organizations in what is referred to as Service Organization Control (SOC). SOC audits examine the system processes, controls, etc. and tests those controls to insure the controls are being followed. NJAC 5:30-17.5 establishes conditions and requirements that Service Management Organizations must meet. It specifically lists Statement on Auditing Standards (SAS) No. 70. The SOC report has superseded SAS 70 and is now the required report. The third-party administrator and its subcontractors, did not provide the required SOC report. It is recommended that all service management companies, including their subcontractors, provide the Township with a required SOC report and bridge letter covering entire year of audit.

Management's Response

Effective January 1, 2017 the Township entered into an agreement with a new third-party administrator. This new company has a SOC report, prepared annually and has provided the Township with a copy of its 2016 report, and has represented that a SOC report will be presented for 2017.

Employee Health Benefits Self Insurance Fund

During 2016 the Township received approval of the Dedication by Rider for Employee Health Benefit Self Insurance. The Township implemented the use of an Other Trust Fund for this purpose during 2016. Budgeted funds were transferred to the new account during 2016, and the Board of Commissioners initiated the appropriate process for payment of claims. It was noted that sufficient funds were not transferred to the Trust Fund as of December 31, 2016 to cover the incurred but not reported (IBNR) claims. Funds were transferred to the trust account in 2017, after appropriate transfers, from the 2016 appropriate reserves of the Current and Utility Funds.

It is recommended that the Township complete the implementation of the Employee Health Benefit Self Insurance Trust Fund, and insure that adequate funds are provided and moved into the Trust fund as of December 31, to cover all incurred but not reported claims.

TOWNSHIP OF PARSIPPANY-TROY HILLS
COMMENTS AND RECOMMENDATIONS
(Continued)

Employee Health Benefits Self Insurance Fund (Cont'd)

Management Response

The Township will continue and finalize the implementation of the Employee Health Benefit Self Insurance Trust Fund and monitor budget appropriations and experience rates to ensure sufficient funding has been provided, and that adequate deposits have been made into the self insurance trust fund as of December 31.

Payroll

During our review of payroll, it was noted that though the Township maintains an analysis of the balance in the payroll account, it is not completely accurate.

It is recommended that the Township maintain a complete, analysis of balance, in the payroll account.

Management's Response

The Township will ensure that an accurate analysis of balance for the payroll account is maintained.

Suggestions to Management:

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the Borough will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the State of New Jersey.

Status of Prior Year Recommendations

The Township initiated a corrective action plan to resolve the comments and recommendations from the 2015 audit report. Recommendations 1, 3, 4, 6 and 8 regarding Dedication by Rider, minutes, purchase orders, interfunds and the Dog Fund have been resolved, however recommendations 2, 5, 7 and 9 still remain and The Township is in the process of implementing procedures to resolve the remaining comments from the 2015 audit report, where possible.

TOWNSHIP OF PARSIPPANY-TROY HILLS
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. A continued improvement be made in the accounting records of the police outside services.
2. Grant receivable and appropriated reserve balances continue to be reviewed for disposition.
3. A. All service management companies, including their subcontractors, provide the Township with a required SOC report and bridge letter covering entire year of audit.

B. The Township complete the implementation of the Employee Health Benefit Self Insurance Trust Fund, and insure that adequate funds are provided and moved into the Trust fund as of December 31, to cover all incurred but not reported claims.
4. The Township maintain a complete, analysis of balance, in the payroll account.

* * * * *