

*TOWNSHIP OF  
PARSIPPANY-TROY HILLS*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2017*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF PARSIPPANY-TROY HILLS

COUNTY OF MORRIS

REPORT OF AUDIT

2017

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TOWNSHIP OF PARSIPPANY-TROY HILLS

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

## 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, 2017 and 2016, 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  
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### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

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

### ***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, 2017 and 2016, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

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

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

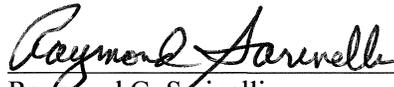
Honorable Mayor and Members  
of the Township Council  
Township of Parsippany-Troy Hills  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018 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  
May 4, 2018

NISIVOCCIA LLP



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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
CURRENT FUND

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

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents		\$ 15,312,133.20	\$ 5,991,881.02
Investments		7,070,787.24	7,035,222.87
	A-4	22,382,920.44	13,027,103.89
Change Funds		815.00	815.00
Due from State of N.J. for Veterans' and Senior Citizens' Deductions		60,268.36	34,346.30
		22,444,003.80	13,062,265.19
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,115,322.00	1,271,355.14
Tax Title Liens Receivable	A-8	172,752.53	137,240.46
Property Acquired for Taxes at Assessed Valuation		1,428,800.00	1,428,800.00
Revenue Accounts Receivable	A-9	281,615.94	176,123.95
Other Liens Receivable	A-10	189,373.06	189,373.06
Due from:			
Animal Control Fund	B	25,752.54	
Other Trust Funds	B	258,433.42	
Water Utility Operating Fund	D		66.52
Sewer Utility Operating Fund	E		107.22
Payroll		28,797.83	
		3,500,847.32	3,203,066.35
Total Receivables and Other Assets With Full Reserves			
Deferred Charges:			
Emergency Authorization (40A:4-46)		520,000.00	
Special Emergency Authorization		1,606,459.41	2,463,342.04
		2,126,459.41	2,463,342.04
Total Deferred Charges		2,126,459.41	2,463,342.04
Total Regular Fund		28,071,310.53	18,728,673.58
Federal and State Grant Fund:			
Due from Current Fund	A	639,512.95	549,053.98
Due Other Trust Funds - Open Space	B	55,612.00	
Federal and State Grants Receivable	A-14	320,670.26	64,884.56
		1,015,795.21	613,938.54
Total Federal and State Grant Fund		1,015,795.21	613,938.54
<u>TOTAL ASSETS</u>		<u>\$ 29,087,105.74</u>	<u>\$ 19,342,612.12</u>

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

	Ref.	December 31	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 1,453,202.96	\$ 970,655.59
Unencumbered	A-3;A-11	2,743,144.42	3,924,063.03
		<u>4,196,347.38</u>	<u>4,894,718.62</u>
Accounts Payable - Vendors		44,813.90	44,551.39
County Taxes Payable		119,841.69	89,190.17
Local School Taxes Payable	A-12	4.00	
Special Emergency Notes Payable	A-13	1,606,000.00	764,518.00
Prepaid Taxes		10,668,216.87	1,370,907.00
Tax Overpayments		54,200.59	51,520.85
Reserve for Tax Appeals		1,471,223.20	1,586,141.70
Prepaid Revenue		82,803.14	75,090.14
Due to State of New Jersey:			
Construction Code Fees		34,066.00	22,486.00
Marriage License Fees		1,475.00	3,100.00
Burial Fees			25.00
Due to:			
Federal and State Grant Fund	A	639,512.95	549,053.98
Animal Control Fund	B		2.43
Other Trust Fund	B		8,379.41
Water Utility Operating Fund	D	2,841.32	
Sewer Utility Operating Fund	E	5,772.29	
Payroll			24,409.86
Reserve for:			
Accumulated Revenue Unappropriated - Watershed Moratorium		55,178.00	55,178.00
		<u>18,982,296.33</u>	<u>9,539,272.55</u>
Reserve for Receivables and Other Assets	A	3,500,847.32	3,203,066.35
Fund Balance	A-1	5,588,166.88	5,986,334.68
Total Regular Fund		<u>28,071,310.53</u>	<u>18,728,673.58</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-15	159,962.22	314,260.07
Appropriated Reserves	A-16	855,832.99	299,678.47
Total Federal and State Grant Fund		<u>1,015,795.21</u>	<u>613,938.54</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 29,087,105.74</u>	<u>\$ 19,342,612.12</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,	
		2017	2016
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 3,700,000.00	\$ 3,700,000.00
Miscellaneous Revenue Anticipated		20,527,551.18	18,735,707.17
Receipts from:			
Delinquent Taxes		1,280,588.43	1,232,504.48
Current Taxes		205,932,405.52	201,086,010.11
Nonbudget Revenue		347,741.92	797,030.64
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,313,478.24	1,299,007.07
Other Liens Receivable Realized			2,553.89
Tax Overpayments Canceled		48,524.42	32,577.93
Accounts Payable Canceled		42,313.52	
Special District Taxes Canceled			25,396.92
Prior Year Senior Citizens Deductions Allowed		2,500.00	
Federal and State Grants Receivable Canceled		0.35	
Due to State of New Jersey Burial Fees Canceled		25.00	
Interfunds and Other Receivables Returned		173.74	1,347,208.15
		233,195,302.32	228,257,996.36
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		70,030,925.48	66,921,002.28
County Taxes		22,602,365.16	21,787,023.90
Local School District Taxes		132,965,271.00	129,643,891.00
Open Space Taxes		1,445,612.05	1,432,366.00
Special District Taxes		3,425,391.00	3,305,254.92
Reserve for Pending Tax Appeals			800,000.00
Prior Year Senior Citizens Deductions Disallowed		21,129.45	22,341.80
Refund of Prior Year Revenue		11,735.56	9,692.04
Interfunds and Other Receivables Advanced		312,983.79	173.74
		230,815,413.49	223,921,745.68
Excess in Revenue		2,379,888.83	4,336,250.68
Adjustments to Excess Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		921,943.37	607,956.04
Statutory Excess to Fund Balance		3,301,832.20	4,944,206.72
<u>Fund Balance</u>			
Balance January 1		5,986,334.68	4,742,127.96
		9,288,166.88	9,686,334.68
Decreased by:			
Utilized as Anticipated Revenue		3,700,000.00	3,700,000.00
Balance December 31	A	\$ 5,588,166.88	\$ 5,986,334.68

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, 2017

	Budget	Added by NJS A 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 3,700,000.00		\$ 3,700,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	88,000.00		97,980.00	\$ 9,980.00
Other	264,000.00		227,353.80	36,646.20 *
Fees and Permits	1,060,000.00		1,196,505.71	136,505.71
Fines and Costs:				
Municipal Court	540,000.00		733,805.55	193,805.55
Interest and Costs on Taxes	286,000.00		348,415.11	62,415.11
Interest of Investments and Deposits	75,000.00		235,089.88	160,089.88
Garbage and Trash Removal	1,470,000.00		1,408,957.02	61,042.98 *
Community Center Revenue - Concession Rents	195,000.00		219,407.00	24,407.00
Hotel Tax	2,501,000.00		2,506,368.74	5,368.74
Ambulance Service Billing	799,000.00		858,517.83	59,517.83
Lease of Township Assets	500,000.00		641,667.80	141,667.80
Consolidated Municipal Property Tax Relief Aid	381,295.00		381,295.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	4,113,728.00		4,113,728.00	
Watershed Moratorium	55,178.00		55,178.00	
Uniform Construction Code Fees	2,500,000.00		2,055,579.25	444,420.75 *
Uniform Fire Safety Act - Ch. 383, P.L. 1985	154,755.00		162,236.85	7,481.85
General Capital Fund Balance	600,000.00		600,000.00	
Water Utility Operating Surplus of Prior Year	700,000.00		700,000.00	
Sewer Utility Operating Surplus of Prior Year	2,500,000.00		2,500,000.00	
Cablevision Franchise Fees	307,075.00		307,075.48	0.48
Payment in Lieu of Taxes - BT Property LLC (UPS)	78,000.00		313,220.00	235,220.00
State of New Jersey:				
Recycling Tonnage Grant	97,883.00		97,883.00	
ROID Grant	20,000.00		20,000.00	
Municipal Alliance Grant 2016/2017	28,143.00		28,143.00	

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue (Cont'd):				
State of New Jersey (Cont'd):				
Municipal Alliance Grant 2017/2018	\$ 28,143.00		\$ 28,143.00	
Drunk Driving Enforcement Fund		\$ 9,660.07	9,660.07	
Drive Sober or Get Pulled Over		5,500.00	5,500.00	
Click It or Ticket		10,100.00	10,100.00	
Body Armor Replacement Fund		8,695.20	8,695.20	
Clean Communities Program		108,396.98	108,396.98	
Highway Safety - Aggressive Driving Grant	4,600.00		4,600.00	
Highway Safety - Safe Corridors		3,099.91	3,099.91	
Stream Cleaning and Desnagging	300,000.00		300,000.00	
Federal Emergency Management Agency:				
Emergency Management Performance Guarantee	7,000.00		7,000.00	
Distracted Driving Crackdown 2017	5,500.00		5,500.00	
Senior Citizen of the Year Award - Charitable Trust Donation	6,000.00		6,000.00	
Smith-Baldwin House Renovation:				
Grant Funds		222,449.00	222,449.00	
Total Miscellaneous Revenue	19,665,300.00	367,901.16	20,527,551.18	\$ 494,350.02
Receipts from Delinquent Taxes	1,278,301.00		1,280,588.43	2,287.43
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	42,778,836.00		44,172,749.31	1,393,913.31
Minimum Library Tax	2,871,017.00		2,871,017.00	
Budget Totals	45,649,853.00		47,043,766.31	1,393,913.31
Nonbudget Revenue	70,293,454.00	367,901.16	72,551,905.92	\$ 1,890,550.76
	347,741.92		347,741.92	
	\$ 70,293,454.00	\$ 367,901.16	\$ 72,899,647.84	

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

Allocation of Current Tax Collections:

Collection of Current Taxes	\$ 205,932,405.52
Allocated to Local School, Municipal Open Space, Special District and County Taxes	160,438,639.21
	45,493,766.31
Add: Appropriation "Reserve for Uncollected Taxes"	1,550,000.00
	\$ 47,043,766.31

Miscellaneous Revenue Not Anticipated:

Reimbursements	\$ 107,520.11	
Insurance Claims	67,057.20	
Shared Services - Clerk	37,828.26	
Tax Court	34,800.00	
False Alarms	22,175.00	
Fire Prevention	10,560.00	
Fall Festival	10,349.90	
Fines	5,988.75	
Sale of Township Assets	5,410.00	
Administrative Fee - Senior Citizens and Veterans Deductions	5,369.63	
Administrative Fee - Homestead Rebate	1,858.80	
Certified List	2,450.00	
Ambulance Standby Fee	2,250.00	
Restitution	1,800.00	
Victory Gardens Community Garden	1,780.00	
Scrap Metal/Recycle	1,149.08	
Wellness	1,000.00	
Returned Checks	520.00	
Duplicate Tax Certificates	450.00	
Unclaimed Property	450.00	
Police - Towing	350.00	
ATM Fees	318.50	
Photostats -All Departments	261.75	
Sale of Maps - Assessor & Clerk	129.20	
Health Clinic	150.00	
Postage	4.20	
		\$ 321,980.38
Due from Animal Control Fund - Statutory Excess in Reserve for Animal Control Fund Expenditures		25,761.54
		\$ 347,741.92

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

Analysis of Fees and Permits:

Registrar	\$ 14,286.00
Zoning	79,684.84
Engineering	26,483.56
Fire Prevention	258,578.00
Police	8,912.30
Planning Board	27,395.08
Off Duty Police	113,605.00
Recreation	345,301.73
Board of Housing	164,560.00
Department of Public Works	148,574.20
Purchasing	9,750.00
Tax Collector	730.00
	1,197,860.71
Less: Refunds	1,355.00
	\$ 1,196,505.71

Analysis of Other Licenses:

Clerk	\$ 79,743.80
Health	147,610.00
	\$ 227,353.80

Analysis of Uniform Construction Code Fees

Construction Code Official:	\$ 2,056,640.00
Less: Refunds	1,060.75
	\$ 2,055,579.25

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 724,118.00	\$ 674,118.00	\$ 626,019.25	\$ 48,098.75	
Other Expenses	66,840.00	66,840.00	65,565.03	1,274.97	
Township Council:					
Salaries and Wages	47,219.00	47,219.00	46,144.76	1,074.24	
Other Expenses	3,000.00	3,000.00		3,000.00	
Municipal Clerk:					
Salaries and Wages	163,885.00	166,385.00	166,385.00		
Other Expenses	104,700.00	104,700.00	68,616.49	36,083.51	
Treasury:					
Salaries and Wages	214,037.00	214,037.00	189,970.68	24,066.32	
Other Expenses	46,180.00	66,180.00	50,142.26	16,037.74	
Audit	78,750.00	78,750.00	68,306.00	10,444.00	
Tax Collection:					
Salaries and Wages	82,676.00	93,676.00	93,285.64	390.36	
Other Expenses	32,300.00	32,300.00	25,963.47	6,336.53	
Tax Assessment Administration:					
Salaries and Wages	282,248.00	284,448.00	284,390.59	57.41	
Other Expenses	56,200.00	56,200.00	53,853.36	2,346.64	
Legal Services and Costs:					
Other Expenses	802,900.00	802,900.00	631,913.78	170,986.22	
Engineering Services and Costs:					
Salaries and Wages	542,199.00	542,199.00	534,721.22	7,477.78	
Other Expenses	56,600.00	56,600.00	30,318.65	26,281.35	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (continued):					
Department of Planning:					
Salaries and Wages	\$ 53,596.00	\$ 63,596.00	\$ 63,514.99	\$ 81.01	
Other Expenses	107,950.00	72,950.00	40,879.86	32,070.14	
Board of Adjustment:					
Salaries and Wages	64,771.00	64,771.00	64,762.17	8.83	
Other Expenses	20,980.00	20,980.00	15,495.15	5,484.85	
Housing and Zoning Code Enforcement:					
Salaries and Wages	484,888.00	454,888.00	437,438.41	17,449.59	
Other Expenses	30,900.00	30,900.00	22,525.36	8,374.64	
Insurance:					
Unemployment Insurance	144,000.00	144,000.00		144,000.00	
Liability Insurance	605,403.00	605,403.00	526,590.79	78,812.21	
Worker Compensation	719,688.00	719,688.00	719,049.53	638.47	
Employee Group Health	9,680,894.00	9,680,894.00	9,288,924.56	391,969.44	
Library Medical	254,700.00	254,700.00	254,691.84	8.16	
Police Department:					
Salaries and Wages	15,081,036.00	15,081,036.00	15,079,981.58	1,054.42	
Other Expenses	874,774.00	874,774.00	777,627.71	97,146.29	
Office of Emergency Management:					
Salaries and Wages	35,792.00	35,792.00	23,760.00	12,032.00	
Other Expenses	42,100.00	42,100.00	41,532.48	567.52	
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, 2017  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY (Cont'd):					
Fire Prevention Bureau:					
Salaries and Wages	\$ 339,778.00	\$ 343,778.00	\$ 332,499.66	\$ 11,278.34	
Other Expenses	62,848.00	62,848.00	42,955.58	19,892.42	
Municipal Court:					
Salary and Wages	425,214.00	423,914.00	403,475.35	20,438.65	
Other Expenses	31,475.00	32,775.00	31,025.56	1,749.44	
Prosecutor:					
Other Expenses	65,500.00	65,500.00	60,259.01	5,240.99	
PUBLIC WORKS:					
Streets and Road Maintenance:					
Salaries and Wages	1,836,026.00	1,836,026.00	1,736,171.69	99,854.31	
Other Expenses	787,910.00	787,910.00	726,750.27	61,159.73	
Garbage and Trash Removal:					
Salary and Wages	2,090,000.00	2,090,000.00	2,002,025.44	87,974.56	
Other Expenses	400,200.00	400,200.00	332,118.30	68,081.70	
Buildings and Grounds:					
Salary and Wages	360,971.00	362,971.00	362,767.95	203.05	
Other Expenses	243,500.00	243,500.00	217,461.94	26,038.06	
Vehicle Maintenance:					
Other Expenses	718,725.00	718,725.00	698,847.84	19,877.16	
Condominium Costs	270,000.00	270,000.00		270,000.00	
HEALTH AND HUMAN SERVICES::					
Public Health Services:					
Salaries and Wages	509,160.00	509,160.00	482,012.53	27,147.47	
Other Expenses	42,100.00	42,100.00	30,313.36	11,786.64	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
Senior Citizen Center:					
Salaries and Wages	\$ 187,972.00	\$ 191,972.00	\$ 191,972.00		
Other Expenses	53,000.00	53,000.00	51,982.07	\$ 1,017.93	
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		
Ambulance Services:					
Salaries and Wages	722,003.00	822,003.00	792,003.00	30,000.00	
Other Expenses	256,600.00	256,600.00	233,217.38	23,382.62	
RECREATION AND EDUCATION:					
Recreation Services:					
Salaries and Wages	543,350.00	543,350.00	501,631.41	41,718.59	
Other Expenses	189,900.00	189,900.00	184,950.09	4,949.91	
Maintenance of Parks:					
Salaries and Wages	1,822,055.00	1,802,055.00	1,650,072.87	151,982.13	
Other Expenses	281,800.00	281,800.00	276,399.24	5,400.76	
UTILITIES:					
Utilities and Gasoline	1,891,000.00	1,891,000.00	1,616,147.86	274,852.14	
Solid Waste Disposal Costs	1,735,000.00	1,735,000.00	1,735,000.00		
UNIFORM CONSTRUCTION CODE:					
Department of Buildings and Inspections:					
Salaries and Wages	1,356,489.00	1,356,489.00	1,340,438.50	16,050.50	
Other Expenses	210,500.00	245,500.00	218,979.45	26,520.55	
UNCLASSIFIED:					
Salary Adjustment	200,000.00	144,300.00	17,718.65	126,581.35	
Retirement Payout (Special Emergency + \$401,943.37)		401,943.37	401,943.37		
Total Operations Within "CAPS"	49,568,400.00	49,970,343.37	47,393,510.98	2,576,832.39	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
Contingent	\$ 15,000.00	\$ 15,000.00	\$ 7,929.47	\$ 7,070.53	
Total Operations Including Contingent Within "CAPS"	49,583,400.00	49,985,343.37	47,401,440.45	2,583,902.92	
Detail:					
Salaries and Wages	28,169,483.00	27,326,180.00	26,631,160.34	695,019.66	
Other Expenses (Including Contingent)	21,413,917.00	22,659,163.37	20,770,280.11	1,888,883.26	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	1,300,000.00	1,300,000.00	1,257,664.93	42,335.07	
Public Employees' Retirement System	1,466,602.00	1,466,504.89	1,451,601.35	14,903.54	
Police and Firemen's Retirement System of N.J.	2,661,750.00	2,661,750.00	2,661,747.55	2.45	
Defined Contribution Retirement Program	10,000.00	10,097.11	10,097.11		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	5,438,352.00	5,438,352.00	5,381,110.94	57,241.06	
Total General Appropriations for Municipal Purposes Within "CAPS"	55,021,752.00	55,423,695.37	52,782,551.39	2,641,143.98	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	\$ 2,898,017.00	\$ 2,898,017.00	\$ 2,871,016.92	\$ 27,000.08	
LOSAP:					
Other Expenses	75,000.00	75,000.00		75,000.00	
Shared Service Agreements:					
Shared Services Agreement - Health Office	70,386.00	70,386.00	70,385.64	0.36	
Public and Private Programs Offset by Revenues:					
Recycling Tonnage Grant	97,883.00	97,883.00	97,883.00		
Drive Sober or Get Pulled Over Grant (N.J.S.A. 40A:4-87 + \$5,500.00)		5,500.00	5,500.00		
Clean Communities Grant (N.J.S.A. 40A:4-87 + \$108,396.98)		108,396.98	108,396.98		
Body Armor Replacement Fund (N.J.S.A. 40A:4-87 + \$8,695.20)		8,695.20	8,695.20		
Highway Safety Fund - Safe Corridors (N.J.S.A. 40A:4-87 + \$3,099.91)		3,099.91	3,099.91		
Municipal Alliance Grant 2017-2018/2016-2017	56,286.00	56,286.00	56,286.00		
Municipal Alliance Grant - Match	14,072.00	14,072.00	14,072.00		
FEMA Emergency Management Performance Guarantee	7,000.00	7,000.00	7,000.00		
Click It or Ticket (N.J.S.A. 40A:4-87 + \$10,100.00)		10,100.00	10,100.00		
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 + \$9,660.07)		9,660.07	9,660.07		
Highway Safety - Aggressive Driving Grant	4,600.00	4,600.00	4,600.00		
ROID Grant	20,000.00	20,000.00	20,000.00		
ROID Grant Matching Share	4,000.00	4,000.00	4,000.00		
State of NJ Stream Cleaning and Desnagging	300,000.00	300,000.00	300,000.00		
Distracted Driving Crackdown	5,500.00	5,500.00	5,500.00		
Senior Citizen of the Year Award - Charitable Trust Donation	6,000.00	6,000.00	6,000.00		
Smith-Baldwin House Renovation (N.J.S.A. 40A:4-87 + \$222,449.00)		222,449.00	222,449.00		
Total Operations Excluded from "CAPS"	3,558,744.00	3,926,645.16	3,824,644.72	102,000.44	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Detail:					
Other Expenses	\$ 3,558,744.00	\$ 3,926,645.16	\$ 3,824,644.72	\$ 102,000.44	
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund (Emergency N.J.S.A. 40A:4-48 +\$520,000.00)	508,135.00	1,028,135.00	1,028,135.00		
Total Capital Improvements Excluded from "CAPS"	508,135.00	1,028,135.00	1,028,135.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	5,925,000.00	5,925,000.00	5,925,000.00		
Payment of Bond Anticipation Notes	635,000.00	635,000.00	635,000.00		
Interest on Bonds	1,043,700.00	1,043,700.11	1,043,700.11		
Interest on Notes	792,297.00	792,296.89	789,923.84		\$ 2,373.05
Total Municipal Debt Service Excluded from "CAPS"	8,395,997.00	8,395,997.00	8,393,623.95		2,373.05
Deferred Charges - Municipal - Excluded from "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S.A.40A:4-55):					
Retirement Payout 2013	18,406.00	18,406.00			
Retirement Payout 2014	746,112.00	746,112.00			
Retirement Payout 2015	372,717.00	372,717.00			
Retirement Payout 2016	121,591.00	121,591.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	1,258,826.00	1,258,826.00	1,258,826.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	13,721,702.00	14,609,603.16	14,505,229.67	102,000.44	2,373.05

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Subtotal General Appropriations	\$ 68,743,454.00	\$ 70,033,298.53	\$ 67,287,781.06	\$ 2,743,144.42	\$ 2,373.05
Reserve for Uncollected Taxes	1,550,000.00	1,550,000.00	1,550,000.00		
Total General Appropriations	\$ 70,293,454.00	\$ 71,583,298.53	\$ 68,837,781.06	\$ 2,743,144.42	\$ 2,373.05

Ref.

A

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

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 70,293,454.00	
Emergency Appropriation		520,000.00	
Special Emergency Authorization (40A:4-53)		401,943.37	
Added by NJSA 40A:4-87		367,901.16	
		\$ 71,583,298.53	
Cash Disbursed			\$ 63,927,702.97
Due to Federal and State Grant Fund			883,242.16
Due to Other Trust Funds:			
Reserve for Accumulated Sick and Vacation Compensation			328,000.00
Deferred Charges			1,258,826.00
Encumbrances	A		1,453,202.96
Reserve for Uncollected Taxes			1,550,000.00
			69,400,974.09
Less: Refunds			563,193.03
			\$ 68,837,781.06

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
TRUST FUNDS

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

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 107,982.52	\$ 68,433.41
Change Fund		50.00	50.00
Due from Current Fund	A		2.43
		<u>108,032.52</u>	<u>68,485.84</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	19,811,502.92	17,259,270.34
Assets in the Hands of Plan Administrator:			
Workers' Compensation Plan		87,757.14	105,899.32
Due from Municipal Court		2,302.00	2,280.50
Due from Current Fund	A		8,379.41
Due Payroll			2,178.12
Off Duty Police Receivable		75,939.00	58,319.00
Federal Grants Receivable		455,059.93	241,308.45
		<u>20,432,560.99</u>	<u>17,677,635.14</u>
<u>TOTAL ASSETS</u>		<u>\$ 20,540,593.51</u>	<u>\$ 17,746,120.98</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-5	\$ 58,851.40	\$ 48,931.76
Reserve for Donations		23,382.98	19,541.48
Due to State of NJ		45.60	12.60
Due to Current Fund	A	25,752.54	
		<u>108,032.52</u>	<u>68,485.84</u>
General Trust Funds:			
Due to Current Fund	A	258,433.42	
Due to Federal and State Grant Fund	A	55,612.00	
Due to Golf and Recreation Utility Operating Fund	F	31,610.70	
Reserve for:			
Special Deposits		7,760,434.26	6,641,316.03
Premiums on Tax Sale		816,424.00	729,364.90
Security Deposits		17,067.49	17,043.87
Off Duty Police		35,092.50	27,627.50
Municipal Open Space Preservation Trust Fund		6,027,708.97	7,899,862.36
Workers' Compensation - Self Insurance Fund - Municipal		680,866.11	
Workers' Compensation - Self Insurance Fund - Contractor		87,757.14	102,996.40
Police Explorer Program		12,972.74	15,569.50
Employee Health Benefit Self Insurance Fund - Municipal		2,459,656.45	942,440.25
Employee Health Benefit Self Insurance Fund - Contractor		386,031.19	253,840.28
State Unemployment Insurance Fund		307,834.09	94,265.60
Storm Recovery		400,000.00	400,000.00
Accumulated Sick and Vacation Compensation		640,000.00	312,000.00
Grant Trust Fund Expenditures		455,059.93	241,308.45
		<u>20,432,560.99</u>	<u>17,677,635.14</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 20,540,593.51</u>	<u>\$ 17,746,120.98</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, 2017

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, 2017

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 671,612.05	\$ 4,629,601.39
Grants Receivable:			
Federal Emergency Management Agency		2,123,079.60	4,123,208.90
New Jersey Department of Transportation		247,176.35	247,176.35
County of Morris Open Space		1,356,062.25	1,356,062.25
Deferred Charges to Future Taxation:			
Funded		65,432,000.00	27,550,455.26
Unfunded	C-4	29,245,020.69	52,438,261.01
<u>TOTAL ASSETS</u>		<u>\$ 99,074,950.94</u>	<u>\$ 90,344,765.16</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 54,727,000.00	\$ 13,750,000.00
Refunding Bonds Payable	C-8A	10,705,000.00	13,780,000.00
Green Acres Trust Acquisition Loan Payable	C-9		20,455.26
Bond Anticipation Notes Payable	C-7		38,663,000.00
Improvement Authorizations:			
Funded	C-5	5,964,590.03	3,205,586.11
Unfunded	C-5	25,500,414.54	19,097,924.10
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		1,575,593.62	25,730.00
Forge Pond Dam			600,000.00
Emergency Preparedness		122,442.50	122,442.50
Capital Improvement Fund	C-6	31,008.00	31,008.00
Fund Balance	C-1	107,829.38	707,546.32
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 99,074,950.94</u>	<u>\$ 90,344,765.16</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, 2016	C	\$ 707,546.32
Increased by:		
Improvement Authorizations Canceled		283.06
		<u>707,829.38</u>
Decreased by:		
Utilized as Anticipated Revenue in the Current Fund		600,000.00
		<u>600,000.00</u>
Balance December 31, 2017	C	<u>\$ 107,829.38</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
WATER UTILITY FUND

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 6,752,863.43	\$ 7,239,684.34
Due from Current Fund	A	2,841.32	
Due from Water Utility Capital Fund	D	12,867.51	
		<u>6,768,572.26</u>	<u>7,239,684.34</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	199,377.62	184,367.89
Water Utility Liens Receivable	D-6A	252.57	252.57
Inventory	D-6B	144,435.00	146,962.00
		<u>344,065.19</u>	<u>331,582.46</u>
Total Receivables and Inventory with Full Reserves		<u>344,065.19</u>	<u>331,582.46</u>
Total Operating Fund		<u>7,112,637.45</u>	<u>7,571,266.80</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	3,213,648.32	3,085,723.74
Fixed Capital	D-7	36,578,448.10	35,983,448.10
Fixed Capital Authorized and Uncompleted	D-8	6,570,000.00	6,090,000.00
		<u>46,362,096.42</u>	<u>45,159,171.84</u>
Total Capital Fund		<u>46,362,096.42</u>	<u>45,159,171.84</u>
<u>TOTAL ASSETS</u>		<u>\$ 53,474,733.87</u>	<u>\$ 52,730,438.64</u>

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

	Ref.	December 31,	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	D-3;D-9	\$ 168,132.76	\$ 161,041.33
Unencumbered	D-3;D-9	199,513.54	364,502.57
		<u>367,646.30</u>	<u>525,543.90</u>
Reserve for Water Master Plan		24,250.03	24,250.03
Accrued Interest on Bonds		50,054.86	23,607.29
Accrued Interest on Loans		1,416.67	1,729.17
Accrued Interest on Notes			20,245.00
Water Rent Overpayments		23,947.45	29,156.56
Due to Current Fund	A		66.52
Due to Sewer Utility Operating Fund	E		21.75
		<u>467,315.31</u>	<u>624,620.22</u>
Reserve for Receivables and Inventory	D	344,065.19	331,582.46
Fund Balance	D-1	6,301,256.95	6,615,064.12
		<u>6,301,256.95</u>	<u>6,615,064.12</u>
Total Operating Fund		<u>7,112,637.45</u>	<u>7,571,266.80</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-13		4,049,000.00
Serial Bonds Payable	D-14	6,569,000.00	1,825,000.00
Refunding Bonds Payable	D-14A	105,000.00	570,000.00
N.J. Environmental Infrastructure Loans Payable	D-15	120,827.30	148,163.66
Improvement Authorizations:			
Funded	D-10	2,604,251.61	945,775.50
Unfunded	D-10	61.00	1,638,480.04
Capital Improvement Fund	D-11	314,498.22	314,498.22
Due to Water Utility Operating Fund	D	12,867.51	
Reserve for:			
Payment of Debt Service		192,749.21	192,749.21
Amortization	D-12	34,392,819.80	33,350,234.44
Deferred Amortization	D-12A	1,960,740.00	2,035,989.00
Fund Balance	D-1a	89,281.77	89,281.77
		<u>89,281.77</u>	<u>89,281.77</u>
Total Capital Fund		<u>46,362,096.42</u>	<u>45,159,171.84</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</u>		<u>\$ 53,474,733.87</u>	<u>\$ 52,730,438.64</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,	
		2017	2016
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 700,000.00	\$ 700,000.00
Rents		8,316,772.55	8,043,164.66
Interest on Investments		41,591.34	55,225.84
Miscellaneous Revenue		66,507.74	53,377.02
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		164,602.59	205,288.14
		<u>9,289,474.22</u>	<u>9,057,055.66</u>
Total Income			
<u>Expenditures</u>			
Budget Expenditures:			
Operating		6,711,681.00	6,248,312.00
Capital Improvements			170,000.00
Debt Service		1,126,740.39	1,111,369.71
Statutory Expenditures		364,860.00	353,000.00
Prior Year Revenue Refunds			2,079.50
		<u>8,203,281.39</u>	<u>7,884,761.21</u>
Total Expenditures			
Excess in Revenue		1,086,192.83	1,172,294.45
<u>Fund Balance</u>			
Balance January 1		6,615,064.12	6,142,769.67
		<u>7,701,256.95</u>	<u>7,315,064.12</u>
Decreased by:			
Utilized as Anticipated Revenue		700,000.00	700,000.00
Prior Year Fund Balance Appropriated as Revenue - Current Fund		700,000.00	
		<u>700,000.00</u>	
Balance December 31	D	<u>\$ 6,301,256.95</u>	<u>\$ 6,615,064.12</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

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 89,281.77
Balance December 31, 2017	D	\$ 89,281.77

D-2

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Fund Balance Anticipated	\$ 700,000.00	\$ 700,000.00	
Water Rents	7,480,036.00	8,316,772.55	\$ 836,736.55
Interest on Investments	25,000.00	41,591.34	16,591.34
	8,205,036.00	9,058,363.89	853,327.89
Nonbudget Revenue		66,507.74	66,507.74
	\$ 8,205,036.00	\$ 9,124,871.63	\$ 919,835.63

Analysis of Water Rents

Cash Received	\$ 8,284,774.67
Due from Current Fund	2,841.32
Overpayments Applied	29,156.56
	\$ 8,316,772.55

Analysis of Miscellaneous Revenue

Interest on Water Rents	\$ 21,608.45
Final Fee	22,564.31
Off/On Fee	11,596.52
Emergency Call Out Fee	3,665.59
Return Check Fee	280.85
Tap Fee	5,952.02
Hydrant Permit Fee	840.00
	\$ 66,507.74

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, 2017

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 2,228,993.00	\$ 2,418,993.00	\$ 2,399,912.64	\$ 19,080.36	
Other Expenses	4,482,688.00	4,292,688.00	4,112,281.50	180,406.50	
Debt Service:					
Payment of Bond Principal	840,000.00	840,000.00	840,000.00		
Payment of Bond Anticipation Notes	82,970.00	100,000.00	100,000.00		
Interest on Bonds	75,000.00	98,197.17	96,442.56		\$ 1,754.61
Interest on Notes	99,350.00	60,492.06	60,492.06		
Environmental Infrastructure Loan	31,175.00	29,805.77	29,805.77		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	178,965.00	178,965.00	178,964.55	0.45	
Social Security (O.A.S.I.)	185,895.00	185,895.00	185,868.77	26.23	
	<u>\$ 8,205,036.00</u>	<u>\$ 8,205,036.00</u>	<u>\$ 8,003,767.85</u>	<u>\$ 199,513.54</u>	<u>\$ 1,754.61</u>

Ref.

D

Analysis of Paid or Charged

Cash Disbursed	\$ 7,679,835.27
Encumbrances Payable	168,132.76
Accrued Interest on Bonds	96,442.56
Accrued Interest on Loans	2,469.41
Accrued Interest on Notes	60,492.06
	<u>8,007,372.06</u>
Less: Refunds	<u>3,604.21</u>
	<u>\$ 8,003,767.85</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents		\$ 7,911,055.77	\$ 11,629,124.25
Investments		3,000,000.00	
	E-4	10,911,055.77	11,629,124.25
Due from Current Fund	A	5,772.29	
Due from Water Utility Operating Fund	D		21.75
		<u>10,916,828.06</u>	<u>11,629,146.00</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	E-6	1,376,550.84	1,241,793.45
Sewer Utility Liens Receivable	E-6A	721.81	721.81
Inventory	E-6B	77,549.00	64,068.00
		<u>1,454,821.65</u>	<u>1,306,583.26</u>
Deferred Charges:			
Emergency Authorization (40A:4-46)		666,250.00	376,250.00
		<u>13,037,899.71</u>	<u>13,311,979.26</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	10,965,855.63	11,767,110.06
NJ Environmental Infrastructure Trust Loan Receivable			469,699.00
Due Sewer Utility Operating Fund	E	300,000.00	
Fixed Capital	E-7	140,340,056.25	140,290,056.25
Fixed Capital Authorized and Uncompleted	E-8	46,201,000.00	49,787,790.00
		<u>197,806,911.88</u>	<u>202,314,655.31</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 210,844,811.59</u></u>	<u><u>\$ 215,626,634.57</u></u>

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

	Ref.	December 31	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-3;E-9	\$ 191,146.10	\$ 144,891.60
Unencumbered	E-3;E-9	1,061,585.63	1,726,930.09
		<u>1,252,731.73</u>	<u>1,871,821.69</u>
Accrued Interest on Bonds		70,122.92	28,319.79
Accrued Interest on Loans		72,579.98	81,114.94
Accrued Interest on Notes			37,051.66
Sewer Rent Overpayments		34,979.40	45,941.52
Prepaid Sewer Rents		2,180.54	141,330.79
Due to Current Fund	A		107.22
Due to Sewer Utility Capital Fund	E	300,000.00	
		<u>1,732,594.57</u>	<u>2,205,687.61</u>
Reserve for Receivables and Inventory	E	1,454,821.65	1,306,583.26
Fund Balance	E-1	9,850,483.49	9,799,708.39
		<u>13,037,899.71</u>	<u>13,311,979.26</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	E-13		7,410,332.00
Serial Bonds Payable	E-14	9,532,000.00	2,725,000.00
Refunding Bonds Payable	E-14A	315,000.00	960,000.00
NJ Environmental Infrastructure Trust Loans Payable #1	E-15	110,305.95	119,006.32
NJ Environmental Infrastructure Trust Loans Payable #2	E-15A	12,397,730.48	14,009,664.33
Improvement Authorizations:			
Funded	E-10	10,454,283.55	8,355,617.64
Unfunded	E-10	6,081,237.00	12,659,650.34
Capital Improvement Fund	E-11	466,000.00	166,000.00
Reserve for:			
Amortization	E-12	137,963,916.94	136,749,654.94
Deferred Amortization	E-12a	20,124,202.07	18,797,493.85
Fund Balance	E-1a	362,235.89	362,235.89
		<u>197,806,911.88</u>	<u>202,314,655.31</u>
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		<u>\$ 210,844,811.59</u>	<u>\$ 215,626,634.57</u>

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

	Year Ended December 31	
	2017	2016
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,000,000.00	\$ 1,000,000.00
Sewer and Other Rents	14,867,032.71	14,636,082.11
Septage Removal	857,944.16	682,480.72
Interest on Investments	124,071.18	159,679.85
Nonbudget Revenue	855,161.35	144,752.05
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,345,468.30	1,093,204.34
Total Income	<u>19,049,677.70</u>	<u>17,716,199.07</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	12,106,306.00	11,316,315.00
Capital Improvements	300,000.00	1,463,250.00
Debt Service	2,777,332.60	2,764,704.89
Deferred Charges and Statutory Expenditures	605,264.00	584,673.00
Refund of Prior Year Revenue		4,625.41
Total Expenditures	<u>15,788,902.60</u>	<u>16,133,568.30</u>
Excess in Revenue	3,260,775.10	1,582,630.77
Adjustments to Excess Before Fund Balance:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	290,000.00	376,250.00
Statutory Excess to Fund Balance	3,550,775.10	1,958,880.77
<u>Fund Balance</u>		
Balance January 1	9,799,708.39	11,340,827.62
	<u>13,350,483.49</u>	<u>13,299,708.39</u>
Decreased by:		
Utilization as Anticipated Revenue	1,000,000.00	1,000,000.00
Prior Year Fund Balance Appropriated as Revenue - Current Fund	2,500,000.00	2,500,000.00
Balance December 31	E \$ <u>9,850,483.49</u>	\$ <u>9,799,708.39</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

	<u>Ref.</u>	
Balance December 31, 2016	E	<u>\$ 362,235.89</u>
Balance December 31, 2017	E	<u><u>\$ 362,235.89</u></u>

E-2

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Fund Balance Anticipated	\$ 1,000,000.00	\$ 1,000,000.00	
Sewer Rents	13,883,013.00	14,705,149.71	\$ 822,136.71
Interest on Investments	37,000.00	124,071.18	87,071.18
Septage Removal	500,000.00	857,944.16	357,944.16
Other Rents	148,000.00	161,883.00	13,883.00
	<u>15,568,013.00</u>	<u>16,849,048.05</u>	<u>1,281,035.05</u>
Nonbudget Revenue		855,161.35	855,161.35
	<u><u>\$ 15,568,013.00</u></u>	<u><u>\$ 17,704,209.40</u></u>	<u><u>\$ 2,136,196.40</u></u>

Analysis of Sewer Rents:

Collections	\$ 14,521,800.60
Due from Current Fund	5,772.29
Prepaid Sewer Rents Applied	141,330.79
Overpayments Applied	36,246.03
	<u><u>\$ 14,705,149.71</u></u>

Analysis of Septage Removal:

Collections	\$ 857,738.79
Overpayments Applied	205.37
	<u><u>\$ 857,944.16</u></u>

Analysis of Miscellaneous Revenue:

Interest on Sewer Rents	\$ 29,039.55
Capacity/Connection Fees	826,494.68
	<u>855,534.23</u>
Less: Refunds	372.88
	<u><u>\$ 855,161.35</u></u>

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, 2017

	Appropriations		Expended by			Unexpended Balance Canceled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 3,776,533.00	\$ 3,776,533.00	\$ 3,633,953.42	\$ 142,579.58		
Other Expenses (Emergency Appr. + \$290,000)	8,039,773.00	8,329,773.00	7,411,064.91	918,708.09		
Capital Improvements:						
Capital Improvement Fund	300,000.00	300,000.00	300,000.00			
Debt Service:						
Payment of Bond Principal	1,035,000.00	1,035,000.00	1,035,000.00			
Payment of Bond Anticipation Notes	355,035.00	355,035.00	355,035.00			
Interest on Bonds	112,224.00	186,971.83	162,290.58		\$ 24,681.25	
Interest on Notes	154,382.00	110,710.36	110,710.36			
Environmental Infrastructure Loan	1,189,802.00	1,158,725.81	1,114,296.66		44,429.15	
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	298,274.00	298,274.25	298,274.25			
Social Security System (O.A.S.I.)	306,990.00	306,989.75	306,691.79	297.96		
	<u>\$ 15,568,013.00</u>	<u>\$ 15,858,013.00</u>	<u>\$ 14,727,316.97</u>	<u>\$ 1,061,585.63</u>	<u>\$ 69,110.40</u>	

Ref.

E

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

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 15,568,013.00	
Emergency Authorization (N.J.S.A. 40A:4-46)		290,000.00	
		\$ 15,858,013.00	
Cash Disbursed			\$ 13,855,336.65
Due to Sewer Utility Capital Fund			300,000.00
Encumbered	E		191,146.10
Accrued Interest on Bonds			162,290.58
Accrued Interest on Notes			110,710.36
Accrued Interest on Loans			113,314.44
			14,732,798.13
Less: Refunds			5,481.16
			\$ 14,727,316.97

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
GOLF AND RECREATION UTILITY FUND

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

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 1,781,396.47	\$ 1,720,969.69
Change Funds		1,800.00	1,800.00
		<u>1,783,196.47</u>	<u>1,722,769.69</u>
Due from Other Trust Funds - Open Space	B	31,610.70	
		<u>1,814,807.17</u>	<u>1,722,769.69</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	F-6	56,370.18	53,281.49
Inventory	F-6a	48,465.22	51,159.00
Total Receivables and Inventory With Full Receivables		<u>104,835.40</u>	<u>104,440.49</u>
Total Operating Fund		<u>1,919,642.57</u>	<u>1,827,210.18</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	5,647,216.73	1,825,506.16
Fixed Capital	F-7	25,413,276.61	25,413,276.61
Fixed Capital Authorized and Uncompleted	F-8	6,878,437.00	4,013,257.00
Total Capital Fund		<u>37,938,930.34</u>	<u>31,252,039.77</u>
<u>TOTAL ASSETS</u>		<u>\$ 39,858,572.91</u>	<u>\$ 33,079,249.95</u>

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

	Ref.	December 31,	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	F-3;F-9	\$ 22,169.82	\$ 56,102.98
Unencumbered	F-3;F-9	171,381.15	173,092.26
		<u>193,550.97</u>	<u>229,195.24</u>
Sales Tax Payable		213.96	244.00
Accrued Interest on Bonds		54,569.45	12,293.75
Accrued Interest on Notes			10,665.00
Membership Overpayments		4,985.27	1,101.78
Security Deposit			<u>220,000.00</u>
		<u>253,319.65</u>	<u>473,499.77</u>
Reserve for Receivables and Inventory	F	104,835.40	104,440.49
Fund Balance	F-1	<u>1,561,487.52</u>	<u>1,249,269.92</u>
Total Operating Fund		<u>1,919,642.57</u>	<u>1,827,210.18</u>
Capital Fund:			
Bond Anticipation Notes Payable	F-13		2,133,000.00
Serial Bonds Payable	F-14	7,458,000.00	1,000,000.00
Improvement Authorizations:			
Funded	F-10	5,428,552.98	61,166.38
Unfunded	F-10	593.00	3,259,270.03
Capital Improvement Fund	F-11	161,593.05	161,593.05
Reserve for:			
Preliminary Expenses - Miniature Golf Recreation Facility		12,000.00	20,000.00
Amortization	F-12	24,574,351.61	24,336,276.61
Deferred Amortization	F-12a	258,769.00	235,663.00
Fund Balance	F-1a	<u>45,070.70</u>	<u>45,070.70</u>
Total Capital Fund		<u>37,938,930.34</u>	<u>31,252,039.77</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCES</u>		<u>\$ 39,858,572.91</u>	<u>\$ 33,079,249.95</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,	
		2017	2016
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	\$	200,000.00	
Golf Fees		2,934,449.43	\$ 3,057,868.40
Concession Fees		410,000.00	660,000.00
Interest on Investments		24,829.80	18,183.01
Utilities - Concessions			33,657.85
Miscellaneous Revenue		22,812.97	1,184.01
Other Credits to Income:			
Overpayments Canceled			2,333.57
Unexpended Balance of Appropriation Reserves		141,715.40	101,865.40
		<u>3,733,807.60</u>	<u>3,875,092.24</u>
Total Income			
<u>Expenditures</u>			
Budget Expenditures:			
Operating		3,040,035.00	2,976,254.00
Capital Improvements			5,959.00
Debt Service			86,691.49
Deferred Charges and Statutory Expenditures		181,555.00	182,133.00
Prior Year Revenue Refunds			1,563.00
		<u>3,221,590.00</u>	<u>3,252,600.49</u>
Total Expenditures			
Excess in Revenue/Statutory Excess to Fund Balance		512,217.60	622,491.75
<u>Fund Balance</u>			
Balance January 1		1,249,269.92	626,778.17
		1,761,487.52	1,249,269.92
Decreased by:			
Utilized as Anticipated Revenue		200,000.00	
Balance December 31	F	<u>\$ 1,561,487.52</u>	<u>\$ 1,249,269.92</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

	<u>Ref.</u>	
Balance December 31, 2016	F	<u>\$ 45,070.70</u>
Balance December 31, 2017	F	<u><u>\$ 45,070.70</u></u>

GOLF AND RECREATION UTILITY CAPITAL FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Fund Balance Anticipated	\$ 200,000.00	\$ 200,000.00	
Golf Fees	2,603,590.00	2,934,449.43	\$ 330,859.43
Concession Fees	410,000.00	410,000.00	
Interest on Investments	8,000.00	24,829.80	16,829.80
	<u>3,221,590.00</u>	<u>3,569,279.23</u>	<u>347,689.23</u>
Nonbudget Revenue		22,812.97	22,812.97
	<u><u>\$ 3,221,590.00</u></u>	<u><u>\$ 3,592,092.20</u></u>	<u><u>\$ 370,502.20</u></u>

Analysis of Golf Fees

Collections - Golf Fees		\$ 2,949,728.65
Membership Overpayments Applied		<u>1,101.78</u>
		2,950,830.43
Less: Refunds		<u>16,381.00</u>
		<u><u>\$ 2,934,449.43</u></u>

Analysis of Nonbudget Revenue

Utilities - Concessions		\$ 21,881.12
Other		<u>931.85</u>
		<u><u>\$ 22,812.97</u></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, 2017

	Appropriations		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 1,595,383.00	\$ 1,595,383.00	\$ 1,536,738.46	\$ 58,644.54
Other Expenses	1,444,652.00	1,444,652.00	1,355,636.71	89,015.29
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	59,655.00	59,655.00	59,654.85	0.15
Social Security (O.A.S.I.)	121,900.00	121,900.00	98,178.83	23,721.17
	<u>\$ 3,221,590.00</u>	<u>\$ 3,221,590.00</u>	<u>\$ 3,050,208.85</u>	<u>\$ 171,381.15</u>

Ref.

F

Analysis of Paid or Charged

Cash Disbursed	\$ 3,007,889.53
Due to Golf Pro	20,149.50
Encumbrances Payable	<u>22,169.82</u>
	<u>\$ 3,050,208.85</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
PUBLIC ASSISTANCE FUND

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

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2017	2016
Cash and Cash Equivalents	G-1	\$ 84,246.04	\$ 81,180.44
<u>TOTAL ASSETS</u>		<u>\$ 84,246.04</u>	<u>\$ 81,180.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		84,246.04	81,180.44
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 84,246.04</u>	<u>\$ 81,180.44</u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

<u>ASSETS</u>	December 31,	
	2017	2016
Land	\$ 113,767,957.00	\$ 107,841,072.00
Buildings	33,555,366.00	33,555,366.00
Furniture and Equipment	36,353.00	36,353.00
Vehicles and Road Equipment	24,313,586.00	19,239,931.00
Other Equipment	4,218,149.00	2,481,171.00
<u>TOTAL ASSETS</u>	\$ 175,891,411.00	\$ 163,153,893.00
<u>RESERVE</u>		
Reserve for Fixed Assets	\$ 175,891,411.00	\$ 163,153,893.00
<u>TOTAL RESERVE</u>	\$ 175,891,411.00	\$ 163,153,893.00

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, 2017

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, 2017  
 (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, 2017  
 (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 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.

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, 2017  
(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, 2017  
(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,		
	2017	2016	2015
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 65,432,000	\$ 66,213,455	\$ 63,258,936
Water Utility:			
Bonds, Loans and Notes	6,794,827	6,592,163	5,644,983
Sewer Utility:			
Bonds, Loans and Notes	22,355,036	25,224,003	33,584,606
Golf and Recreation Utility:			
Bonds and Notes	7,458,000	3,133,000	2,125,000
Total Issued	<u>102,039,863</u>	<u>101,162,621</u>	<u>104,613,525</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	1,655,246	105,383	94,653
Water Utility	192,749	192,749	192,749
Total Deductions	<u>1,847,995</u>	<u>298,132</u>	<u>287,402</u>
Net Debt Issued	<u>100,191,868</u>	<u>100,864,489</u>	<u>104,326,123</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2017	2016	2015
<u>Authorized but not Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 29,245,021	\$ 13,775,261	\$ 14,707,440
Water Utility:			
Bonds, Loans and Notes	61	95,061	1,995,061
Sewer Utility:			
Bonds, Loans and Notes	6,097,901	9,306,695	9,303,558
Golf and Recreation Utility:			
Bonds and Notes	593	1,721,594	2,856,376
Total Authorized but not Issued	<u>35,343,576</u>	<u>24,898,611</u>	<u>28,862,435</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 135,535,444</u>	<u>\$ 125,763,100</u>	<u>\$ 133,188,558</u>

Summary of Municipal Debt Issued and Outstanding – Prior 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>\$ 46,851,000</u>	<u>\$45,919,695</u>	<u>\$ 101,162,621</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Serial Bonds:				
General Capital Fund	\$ 27,530,000	\$ 43,827,000	\$ 5,925,000	\$ 65,432,000
Water Utility Capital Fund	2,395,000	5,119,000	840,000	6,674,000
Sewer Utility Capital Fund	3,685,000	7,197,000	1,035,000	9,847,000
Golf and Recreation Utility Capital Fund	1,000,000	6,683,000	225,000	7,458,000
Bond Anticipation Notes:				
General Capital Fund	38,663,000		38,663,000	
Water Utility Capital Fund	4,049,000		4,049,000	
Sewer Utility Capital Fund	7,410,332		7,410,332	
Golf and Recreation Utility Capital Fund	2,133,000		2,133,000	
Loans Payable:				
General Capital Fund:				
Green Trust Loans	20,455		20,455	
Water Utility Capital Fund:				
NJ Environmental Infrastructure Loan	148,164		27,337	120,827
Sewer Utility Capital Fund:				
NJ Environmental Infrastructure Loan	14,128,670		1,620,634	12,508,036
<b>Total</b>	<b>\$ 101,162,621</b>	<b>\$ 62,826,000</b>	<b>\$61,948,758</b>	<b>\$ 102,039,863</b>

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 1.087%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 29,620,000	\$ 29,620,000	
Water Utility Debt	6,794,888	6,794,888	
Sewer Utility Debt	28,452,937	28,452,937	
Golf and Recreation Utility Debt	7,458,593	7,458,593	
General Debt	94,677,021	1,655,246	\$ 93,021,775
	<b>\$ 167,003,439</b>	<b>\$ 73,981,664</b>	<b>\$ 93,021,775</b>

Net Debt: \$93,021,775 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$8,560,352,123.67 = 1.087%.

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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

3-1/2% Average Equalized Valuation of Real Property	\$ 299,612,324
Net Debt	<u>93,021,775</u>
Remaining Borrowing Power	<u><u>\$ 206,590,550</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 9,124,872
Deductions:	
Operating and Maintenance Cost	\$ 7,076,541
Debt Service	<u>1,126,741</u>
	<u>8,203,282</u>
Excess in Revenue	<u><u>\$ 921,590</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 17,704,209
Deductions:	
Operating and Maintenance Cost	\$ 12,711,570
Debt Service	<u>2,777,333</u>
	<u>15,488,903</u>
Excess in Revenue	<u><u>\$ 2,215,306</u></u>

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	\$ 3,592,092
Deductions:	
Operating and Maintenance Cost	<u>3,221,590</u>
Excess in Revenue	<u><u>\$ 370,502</u></u>

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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

Year Ended December 31,	General		Water Utility		Sewer Utility		Golf and Recreation Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 6,702,000	\$ 1,887,039	\$ 740,853	\$ 178,388	\$ 1,938,036	\$ 315,164	\$ 633,000	\$ 188,327	\$ 10,013,889	\$ 2,568,918
2019	6,815,000	1,710,525	756,370	159,888	1,970,096	262,822	635,000	174,250	10,176,466	2,307,485
2020	5,420,000	1,490,950	584,108	138,175	1,909,161	232,889	525,000	157,700	8,438,269	2,019,714
2021	5,450,000	1,345,650	573,496	123,775	1,860,232	201,548	555,000	146,450	8,438,728	1,817,423
2022	5,490,000	1,199,150	550,000	110,275	1,873,309	170,576	580,000	134,550	8,493,309	1,614,551
2023-2027	24,545,000	3,607,650	2,240,000	372,325	8,885,923	521,998	2,880,000	469,650	38,550,923	4,971,623
2028-2030	11,010,000	593,250	1,350,000	74,250	3,918,279	107,352	1,650,000	90,750	17,928,279	865,602
	<u>\$65,432,000</u>	<u>\$11,834,214</u>	<u>\$6,794,827</u>	<u>\$1,157,076</u>	<u>\$22,355,036</u>	<u>\$1,812,349</u>	<u>\$7,458,000</u>	<u>\$1,361,677</u>	<u>\$102,039,863</u>	<u>\$16,165,316</u>

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, 2017  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2017

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>		
		<u>Outstanding Dec. 31, 2017</u>		
Refunding Bonds	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%	\$ 10,705,000
General Improvements	7/1/18-19	2,000,000	4.00%	4,000,000
General Improvements	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%	6,900,000
General Improvements	9/15/2018	2,367,000	2.00%	
	9/15/2019	2,450,000	2.00%	
	9/15/2020-23	3,000,000	2.00%	
	9/15/2024-25	4,000,000	2.50%	
	9/15/2026-28	4,000,000	3.00%	
	9/15/2029	3,500,000	3.00%	
	9/15/2030	3,510,000	2.50%	43,827,000
				<u>\$ 65,432,000</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Water Utility Capital Fund

<u>Serial Bonds</u>	<u>Maturities of Bonds</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2017</u>			
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2017</u>
Water Improvements	7/1/2018	\$ 200,000	4.00%	
	7/1/2019	200,000	4.00%	\$ 400,000
Water Improvements	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%	1,050,000
Water Improvements	9/15/2018	304,000	2.00%	
	9/15/2019	320,000	2.00%	
	9/15/2020	340,000	2.00%	
	9/15/2021	365,000	2.00%	
	9/15/2022	375,000	2.00%	
	9/15/2023	385,000	2.00%	
	9/15/2024	400,000	2.50%	
	9/15/2025	415,000	2.50%	
	9/15/2026	425,000	3.00%	
	9/15/2027	440,000	3.00%	
	9/15/2028-29	450,000	3.00%	
9/15/2030	450,000	2.50%	5,119,000	
Refunding Bonds	7/15/2018	35,000	3.00%	
	7/15/2019	35,000	5.00%	
	7/15/2020	35,000	4.00%	105,000
				<u>\$ 6,674,000</u>

Water Utility Capital Fund

<u>Loan Payable</u>	<u>Final Maturity Date of NJ</u>	<u>Interest</u>	<u>Balance</u>
<u>Purpose</u>		<u>Rate</u>	<u>Dec. 31, 2017</u>
Improvement of Water Supply and Distribution System	8/1/2021	4.75% to 5.00%	<u>\$ 120,827</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(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, 2017</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
	<u>Date</u>	<u>Amount</u>		
Sewer Improvements	7/1/2018	\$ 100,000	4.00%	\$ 200,000
	7/1/2019	100,000	4.00%	
Sewer Improvements	11/1/2018	325,000	2.50%	2,135,000
	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%	
Sewer Improvements	9/15/2018	397,000	2.00%	7,197,000
	9/15/2019	400,000	2.00%	
	9/15/2020	425,000	2.00%	
	9/15/2021-23	450,000	2.00%	
	9/15/2024-25	650,000	2.50%	
	9/15/2026-27	650,000	3.00%	
	9/15/2028	660,000	3.00%	
	9/15/2029	675,000	3.00%	
9/15/2030	690,000	2.50%		
Refunding Bonds	7/15/2018	100,000	3.00%	315,000
	7/15/2019	105,000	5.00%	
	7/15/2020	110,000	4.00%	
				\$ 9,847,000

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, 2017</u>
Sewer Improvements	8/1/2029		3.50% to 5.00%	\$ 12,508,036

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2017

Golf and Recreation Utility Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>
	<u>Outstanding Dec. 31, 2017</u>	<u>Outstanding Dec. 31, 2017</u>		
	<u>Date</u>	<u>Amount</u>		
General Improvements	7/1/2018	\$ 170,000	4.00%	\$ 340,000
	7/1/2019	170,000	4.00%	
General Improvements	11/1/2018	60,000	2.50%	435,000
	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%	
General Improvements	9/15/2018	403,000	2.00%	6,683,000
	9/15/2019	405,000	2.00%	
	9/15/2020	450,000	2.00%	
	9/15/2021	475,000	2.00%	
	9/15/2022-23	500,000	2.00%	
	9/15/2024-25	600,000	2.50%	
	9/15/2026-29	550,000	3.00%	
	9/15/2030	550,000	2.50%	
11/1/2023	80,000	3.00%		
				<u>6,683,000</u>
				<u>\$ 7,458,000</u>
Total Debt Issued and Outstanding				<u>\$ 102,039,863</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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, 2017 for the Water Utility Capital Fund and Sewer Utility Capital Fund were \$120,827 and \$12,508,036, respectively.

Refunding Bonds:

On May 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.

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 \$59,169,286 at June 30, 2017. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$53,382,500 at June 30, 2017. See Note 4 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

Fund Balances at December 31, 2017 which are appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 budget has not been determined as of the date of these financial statements.

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).

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Plan Description

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

Benefits Provided

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

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

(Continued)

Note 4: Pension Plans (Cont'd)

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

Contributions (Cont'd)

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 \$2,116,333 for 2017.

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

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability was \$59,169,286 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Township's proportion was 0.254%, which was an increase of 0.017% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township recognized actual pension expense in the amount of \$2,116,333.

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Discount Rate

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

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

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

	June 30, 2017		
	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
Township's proportionate share of the Net Pension Liability	\$ 73,403,516	\$ 59,169,286	\$ 47,310,410

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(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:

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

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

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, 2017  
(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, 2017 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2017 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$2,661,747.55 for the year ended December 31, 2017. During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$298,990 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$731,402.

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

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability for its proportionate share of the net pension liability was \$53,382,500. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Township's proportion was 0.346%, which was an increase of 0.041% from its proportion measured as of June 30, 2016.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$5,979,290 as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 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, 2017  
(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, 2017, the State's proportion was 0.346%, which was an increase of 0.041% from its proportion measured as of June 30, 2016 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 53,382,500
State's Proportionate Share of the Net Pension Liability Associated with the Township	5,979,290
Total Net Pension Liability	\$ 59,361,790

For the year ended December 31, 2017, the Township recognized total pension expense of \$2,661,747.55.

Actuarial Assumptions

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

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

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 three years using the plan actuary's modified 2014 projection scales and further projected, 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 were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equit	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – PFRS

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (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 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2017		
	At 1% Decrease (5.14%)	At Current Discount Rate (6.14%)	At 1% Increase (7.14%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 78,214,047	\$ 59,361,790	\$ 43,872,517

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, 2017  
(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 \$10,592.64 for the year ended December 31, 2017. Employee contributions to DCRP amounted to \$13,799 for the year ended December 31, 2017.

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 \$7,656,508 at December 31, 2017. 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 reserve for accumulated sick and vacation compensation of \$640,000 reflected on the Other Trust Funds' balance sheet as of December 31, 2017 represents 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, 2017  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	\$ 2.818	\$ 2.769	\$ 2.699
<u>Apportionment of Tax Rate</u>			
Municipal	0.654	0.654	0.632
County	0.314	0.304	0.298
Local School	1.850	1.811	1.769
<u>Assessed Valuations</u>			
2017	<u>\$ 7,189,343,350</u>		
2016		<u>\$ 7,161,830,200</u>	
2015			<u>\$ 7,160,580,050</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>
2017	\$ 207,150,201	\$ 205,932,406	99.41%
2016	202,441,385	201,086,010	99.33%
2015	197,396,005	196,138,497	99.36%

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

Note 8: Cash and Cash Equivalents and Investments

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

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

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

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

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed 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, and

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, 2017  
(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, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

As of December 31, 2017, cash and cash equivalents of the Township of Parsippany-Troy Hills consisted of the following:

<u>Fund</u>	<u>Cash and Cash Equivalents</u>		<u>Investments</u>	<u>Total</u>
	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Certificate of Deposits</u>	
Current Fund	\$ 815	\$ 15,312,133	\$ 7,070,787	\$ 22,383,735
Animal Control Trust Fund	50	107,983		108,033
Other Trust Fund		19,811,503		19,811,503
General Capital Fund		671,612		671,612
Water Utility Operating Fund		6,752,863		6,752,863
Water Utility Capital Fund		3,213,648		3,213,648
Sewer Utility Operating Fund		7,911,056	3,000,000	10,911,056
Sewer Utility Capital Fund		10,965,856		10,965,856
Golf and Recreation Utility Operating Fund	1,800	1,781,396		1,783,196
Golf and Recreation Utility Capital Fund		5,647,217		5,647,217
Public Assistance Fund		84,246		84,246
	<u>\$ 2,665</u>	<u>\$ 72,259,513</u>	<u>\$ 10,070,787</u>	<u>\$ 82,332,965</u>

The carrying amount of the Township's cash and cash equivalents and investments at December 31, 2017, was \$82,332,965 and the bank balance was \$82,741,732.

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, 2017  
(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.

The December 31, 2017 audit report for this fund was not filed as of the date of this report. Selected financial information for the Fund as of December 31, 2016 is as follows:

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

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 Meritain Health.

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(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, 2017 of \$2,459,656, which exceeds the estimated amount for unpaid losses and loss adjustment expenses.

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

	<u>2017</u>	<u>2016</u>
Balance, Beginning of the Year	\$ 253,840	\$ 1,414
Receipts	<u>11,850,370</u>	<u>12,973,676</u>
	12,104,210	12,975,090
Disbursements	<u>11,718,179</u>	<u>12,721,250</u>
Balance, End of the Year	<u>\$ 386,031</u>	<u>\$ 253,840</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, 2017.

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 on the next page:

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 9: Risk Management (Cont'd)

Workers' Compensation (Cont'd)

	<u>2017</u>	<u>2016</u>
Balance, Beginning of the Year	\$ 102,996	\$ 105,899
Increase in Provision for		
Insured Events of Prior Years	147,755	42,044
Provisions for Insured Events	<u>624,962</u>	<u>652,962</u>
	875,713	800,905
Claims and Claim Adjustment Expenses		
Attributable to Insured Events	<u>787,956</u>	<u>697,909</u>
Balance, End of the Year	<u>\$ 87,757</u>	<u>\$ 102,996</u>

In addition to the above amount, the Township has also included a reserve on the Trust Fund balance sheet for \$680,866.

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, 2017. 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. A reserve has been established in the Other Trust Fund Reserve for Workers' Compensation in the amount of \$768,623.

Loss reserves, at December 31, 2017 and 2016, respectively, which have been estimated by the Fund's Actuary and Servicing Agents, are as follows:

	<u>2017</u>	<u>2016</u>
Case Reserves	\$ 2,059,035	\$ 2,509,732
Less: Excess Coverage	<u>939,396</u>	<u>1,562,904</u>
Total Loss Reserves (Expenses)	<u>\$ 1,119,639</u>	<u>\$ 946,828</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(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>
2017	\$ 250,000	\$ 23,585	\$ 60,016	\$ 307,834
2016		47,028	120,037	94,265
2015	140,250	92,278	178,657	167,274

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, 2017  
(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 2015, 2016 and 2017 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, 2017  
(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, 2015, 2016 and 2017.

**Benefit Obligations and Normal Cost**

	Valuation December 31,		
	2015	2016	2017
Actuarial accrued liability (AAL):			
Retired employees	\$ 48,734,536	\$ 36,485,560	N/A
Active employees	41,951,683	37,959,235	N/A
Unfunded actuarial accrued liability (UAAL)	<u>\$ 90,686,219</u>	<u>\$ 74,444,795</u>	<u>\$ 79,563,766</u>
Normal cost at beginning of year	\$ 2,958,289	\$ 2,666,673	\$ 2,773,340
Amortization factor based on 30 years	\$ 3,072,762	\$ 2,580,753	\$ 2,664,924
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	\$ 2,958,289	\$ 2,666,673	\$ 2,773,340
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	<u>3,072,762</u>	<u>2,580,753</u>	<u>2,664,924</u>
Annual Required Contribution (ARC)	6,031,051	5,247,426	5,438,264
Interest on net OPEB obligation	480,751	576,715	650,430
Adjustment to ARC	<u>254,879</u>	<u>(827,883)</u>	<u>(827,883)</u>
Annual OPEB cost (expense)	6,766,681	4,996,258	5,260,811
Pay as you go benefits	<u>(4,367,593)</u>	<u>(3,153,376)</u>	<u>(3,095,395)</u>
Net OPEB expense at December 31,:			
2015, 2016 and 2017, respectively	2,399,088	1,842,882	2,165,416
Prior year	<u>12,018,781</u>	<u>14,417,869</u>	<u>16,260,751</u>
Net OPEB obligation December 31,:			
2015, 2016 and 2017, respectively	<u>\$ 14,417,869</u>	<u>\$ 16,260,751</u>	<u>\$ 18,426,167</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>
Projected unfunded actuarial accrued liability (December 31, 2017)			<u>\$ 79,563,766</u>

N/A - Not Available

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Funding Status and Funding Progress

As of December 31, 2017 based on the 2017 valuation the actuarial accrued liability for benefits was \$79,563,766, all of which is unfunded.

Note 11: Deferred Compensation Plan

The Township of Parsippany-Troy Hills offers its employees three 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, Metropolitan Life Insurance Company and Lincoln Financial, 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, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 284,186	\$ 648,126
Federal and State Grand Fund	695,125	
Animal Control Fund		25,753
Other Trust Funds		345,656
Water Utility Operating Fund	15,709	
Water Utility Capital Fund		12,868
Sewer Utility Operating Fund	5,772	300,000
Sewer Utility Capital Fund	300,000	
Golf and Recreation Utility Operating Fund	31,611	
	<u>\$ 1,332,403</u>	<u>\$ 1,332,403</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.

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
 (Continued)

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, 2017.

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.

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 \$1,471,223.

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, 2017 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, 2017, the Township had the following deferred charges:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Required</u> <u>2018 Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>to Years</u> <u>Subsequent</u> <u>Budgets</u>
Current Fund:			
Special Emergency Appropriation	\$ 1,606,459	\$ 474,697	\$ 1,131,762
Emergency Appropriation (NJSA 40A:4-46)	520,000	520,000	
Sewer Utility Operating Fund:			
Emergency Appropriation (NJSA 40A:4-46)	666,250	666,250	

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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.

Note 16: Tax Abatements

As of December 31, 2017, the Township provides a tax abatement to a redeveloper of BT Property, LLC in the Township pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Township and the redeveloper. The agreement is for a period of 30 years. 2017 was the first year in which the payments under this agreement was effective.

In consideration of the Township granting the redeveloper this tax abatement the developer will be required to pay to the Township an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) - – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) - – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) - – the annual service charge as defined in Stage One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater. The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Township as an additional service charge. Additionally, the Township shall remit to the County of Morris on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Township recognized revenue in the amount of \$313,220 from this annual service charge or payment in lieu of taxes recorded as an anticipated miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2017 without the abatement would have been \$349,700 of which \$66,480 would have been for the local municipal tax and municipal open space tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Township has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Township.

TOWNSHIP OF PARSIPPANY-TROY HILLS

SUPPLEMENTARY DATA

TOWNSHIP OF PARSIPPANY-TROY HILLS  
ROSTER OF OFFICIALS  
YEAR ENDED DECEMBER 31, 2017

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 Vice President		
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  
2017  
CURRENT FUND

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF CASH AND INVESTMENTS

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 13,027,103.89
Increased by Receipts:		
Tax Collector	\$ 216,690,690.88	
Revenue Accounts Receivable	18,951,023.64	
Miscellaneous Revenue Not Anticipated	321,980.38	
Due from / to State of New Jersey:		
Veterans and Senior Citizens' Deductions	268,481.57	
Construction Code Fees Payable	123,446.00	
Marriage License Fees Payable	4,525.00	
Interest on Investments	235,089.88	
Reserve for Accumulated Revenue Unappropriated -		
Watershed Moratorium	55,178.00	
Special Emergency Notes Payable	1,606,000.00	
Due to/from:		
Federal and State Grant Fund:		
Federal and State Grants Receivable	295,124.74	
Unappropriated Reserves	159,962.22	
Animal Control Fund	9.00	
Other Trust Funds:		
Reserve for Special Deposits	6,059.86	
Off Duty Police Fees Received on Behalf of the Other Trust Fund	12,934.90	
Water Utility Operating Fund:		
Interfund Returned	66.52	
Water Rents	2,841.32	
Sewer Utility Operating Fund:		
Interfund Returned	107.22	
Sewer Service Charges	5,772.29	
Prepaid Revenue:		
Licenses	70,419.00	
Miscellaneous Revenue Not Anticipated - Lease Rentals	12,384.14	
Appropriation Refunds	563,193.03	
Appropriation Reserve Refunds	2,098.88	
	239,387,388.47	252,414,492.36

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

	<u>Ref.</u>	
Decreased by Disbursements:		
2017 Appropriation Expenditures	\$	63,927,702.97
2016 Appropriation Reserves		3,538,525.36
Accounts Payable		2,237.87
Tax Overpayment Refunds		93,800.87
Local School District Taxes		132,965,267.00
County Taxes		22,571,713.64
Fire District Taxes		3,425,391.00
Due State of New Jersey:		
Construction Code Fees Payable		111,866.00
Marriage License Fees Payable		6,150.00
Reserve for Tax Appeals		114,918.50
Special Emergency Notes Payable		764,518.00
Due to / from:		
Federal and State Grant Fund:		
Appropriated Reserve Expenditures		382,699.64
Animal Control Fund - Interfund Returned		2.43
Other Trust Funds:		
Interfund Returned		8,379.41
Open Space Tax Levy		1,445,612.05
On-Behalf Expenditures:		
Reserve for Off-Duty Police		16,565.00
Reserve for Employee Health Benefit Fund - Municipal		588,863.18
Payroll:		
Returned		24,409.86
Advanced		28,797.83
Refund of Prior Year Revenue		11,735.56
Refund of Current Year Revenue:		
Fees and Permits		1,355.00
Uniform Construction Code Fees		1,060.75
		\$ 230,031,571.92
Balance December 31, 2017	A	\$ 22,382,920.44

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2017

Increased by Receipts:

Taxes Receivable	\$ 205,529,053.87	
2018 Prepaid Taxes	10,668,216.87	
Interest and Costs on Taxes	348,415.11	
Third Party Liens	516,665.97	
Premiums on Tax Sale	1,072,000.00	
Tax Overpayments	145,005.03	
		\$ 218,279,356.85

Decreased by:

Payments to Treasurer	216,690,690.88	
Payments to Other Trust Funds:		
Special Deposits	516,665.97	
Reserve for Premiums on Tax Sale	1,072,000.00	
		\$ 218,279,356.85

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

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

Year	Balance		Collections		State of NJ Veterans' and Senior Citizens' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec 31, 2017
	Dec 31, 2016	2017 Levy	2016	2017				
2015	\$ 1,250.00		\$ 1,250.00					
2016	1,270,105.14		1,279,338.43		\$ (18,629.45)	\$ 1,100.15	\$ 7,546.01	\$ 750.00
	1,271,355.14		1,280,588.43		(18,629.45)	1,100.15	7,546.01	750.00
2017		\$ 207,150,201.47	\$ 1,370,907.00	204,248,465.44	313,033.08	76,519.69	26,704.26	1,114,572.00
	\$ 1,271,355.14	\$ 207,150,201.47	\$ 1,370,907.00	\$ 205,529,053.87	\$ 294,403.63	\$ 77,619.84	\$ 34,250.27	\$ 1,115,322.00

Ref. A

A

Analysis of 2017 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 202,583,980.21
Business Personal Property Taxes	11,715.84
Special District Taxes	3,425,391.00
Added and Omitted Taxes	1,129,114.42
	<u>\$ 207,150,201.47</u>

Tax Levy:

Local School District Taxes	\$ 132,965,271.00
Open Space Taxes	1,445,612.05
Special District Taxes	3,425,391.00
County Taxes	\$ 22,482,523.47
Due County for Added and Omitted Taxes	119,841.69
	<u>22,602,365.16</u>
	<u>160,438,639.21</u>
Local Tax for Municipal Purposes Levied	42,778,836.00
Minimum Library Tax Levied	2,871,017.00
Add: Additional Tax Levied	1,061,709.26
	<u>46,711,562.26</u>
	<u>\$ 207,150,201.47</u>

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

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 137,240.46
Increased by:		
Transfer from Taxes Receivable		\$ 34,250.27
Interest and Costs Accrued at Sale		<u>1,261.80</u>
		<u>35,512.07</u>
Balance December 31, 2017	A	<u>\$ 172,752.53</u>

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

	Balance Dec 31, 2016	Accrued in 2017	Received in 2017	Balance Dec 31, 2017
Clerk:				
Alcoholic Beverages Licenses	\$	97,980.00	\$ 97,980.00	
Other Licenses		79,743.80	79,743.80	
Health:				
Other Licenses		147,610.00	147,610.00	
Fees and Permits:				
Registrar		14,286.00	14,286.00	
Zoning		57,143.16	79,684.84	
Engineering		26,483.56	26,483.56	
Fire Prevention		258,578.00	258,578.00	
Planning Board		27,395.08	27,395.08	
Off Duty Police		113,605.00	113,605.00	
Recreation		345,301.73	345,301.73	
Board of Housing		164,560.00	164,560.00	
Department of Public Works		148,574.20	148,574.20	
Purchasing		9,750.00	9,750.00	
Tax Collector		730.00	730.00	
Police		8,912.30	8,912.30	
Municipal Court:				
Fines and Costs	42,798.15	739,360.65	733,805.55	48,353.25
Garbage and Trash Removal	105,489.15	1,508,391.05	1,408,957.02	204,923.18
Community Center Revenue - Concession Rents		219,407.00	219,407.00	
Hotel Tax		2,506,368.74	2,506,368.74	
Ambulance Service Billing		858,517.83	858,517.83	
Lease Rentals	27,836.65	642,170.66	641,667.80	28,339.51

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

	<u>Balance</u> <u>Dec 31, 2016</u>	<u>Accrued</u> <u>in 2017</u>	<u>Received</u> <u>in 2017</u>	<u>Balance</u> <u>Dec 31, 2017</u>
Consolidated Municipal Property Tax Relief Aid	\$ 381,295.00		\$ 381,295.00	
Energy Receipts Taxes	4,113,728.00		4,113,728.00	
Watershed Moratorium	55,178.00		55,178.00	
Construction Code Official:				
Fees and Permits	2,056,640.00		2,056,640.00	
Uniform Fire Safety Act	162,236.85		162,236.85	
General Capital Fund - Fund Balance	600,000.00		600,000.00	
Water Utility Operating Surplus of Prior Year	700,000.00		700,000.00	
Sewer Utility Operating Surplus of Prior Year	2,500,000.00		2,500,000.00	
Cablevision Franchise Fees	307,075.48		307,075.48	
Payment in Lieu of Taxes - BT Property LLC (UPS)	313,220.00		313,220.00	
	<u>\$ 176,123.95</u>	<u>\$ 19,164,242.09</u>	<u>\$ 19,081,291.78</u>	<u>\$ 281,615.94</u>
<u>Ref.</u>	A			A
Cash Received			\$ 18,951,023.64	
Prepaid Revenue Realized			75,090.14	
Reserve for Accumulated Revenue				
Unappropriated - Watershed				55,178.00
Moratorium				<u>\$ 19,081,291.78</u>

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

	<u>Ref.</u>	
Balance December 31, 2016	A	<u>\$ 189,373.06</u>
Balance December 31, 2017	A	<u><u>\$ 189,373.06</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance Dec 31, 2016</u>	<u>Balance After Modi- fication</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
General Government:				
General Administration:				
Salaries and Wages	\$ 67,252.78	\$ 67,252.78		\$ 67,252.78
Other Expenses	31,947.29	31,947.29	\$ 24,202.16	7,745.13
Township Council:				
Salaries and Wages	0.89	0.89		0.89
Other Expenses	3,000.00	3,000.00		3,000.00
Municipal Clerk:				
Salaries and Wages	11,668.17	11,668.17		11,668.17
Other Expenses	34,999.89	34,999.89	3,802.12	31,197.77
Treasury:				
Salaries and Wages	18,002.09	18,002.09		18,002.09
Other Expenses	9,928.86	9,928.86	9,747.88	180.98
Audit	6,064.00	6,064.00	6,064.00	
Tax Collection:				
Salaries and Wages	11,316.56	316.56		316.56
Other Expenses	4,957.55	4,957.55	354.40	4,603.15
Tax Assessing:				
Salaries and Wages	3,603.69	3,603.69		3,603.69
Other Expenses	28,326.63	28,326.63	26,678.39	1,648.24
Legal Services and Costs:				
Other Expenses	258,122.38	258,122.38	117,171.62	140,950.76
Engineering Services and Costs:				
Salaries and Wages	47,140.98	35,140.98		35,140.98
Other Expenses	36,166.50	36,166.50	6,748.91	29,417.59
Department of Planning:				
Salaries and Wages	723.31	723.31		723.31
Other Expenses	37,345.53	37,345.53	30,984.80	6,360.73
Board of Adjustment:				
Salaries and Wages	1,196.89	1,196.89		1,196.89
Other Expenses	13,061.15	13,061.15	5,301.00	7,760.15
Housing and Zoning Code Enforcement:				
Salaries and Wages	21,275.63	21,275.63		21,275.63
Other Expenses	12,989.41	12,989.41	1,124.94	11,864.47
Insurance:				
Liability Insurance	22,920.20	5,920.20	4,964.40	955.80
Worker Compensation	427,921.40	427,921.40	427,921.40	
Employee Health and Group Life	560,512.93	1,560,512.93	1,559,174.91	1,338.02

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance Dec 31, 2016</u>	<u>Balance After Modi- fication</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Public Safety:				
Police Department:				
Salaries and Wages	\$ 3,956.48	\$ 3,956.48		\$ 3,956.48
Other Expenses	139,939.79	139,939.79	\$ 133,810.64	6,129.15
Office of Emergency Management:				
Salaries and Wages	5,245.00	5,245.00		5,245.00
Other Expenses	15,815.67	15,815.67	14,123.70	1,691.97
Fire Prevention Bureau:				
Salaries and Wages	1,899.14	1,899.14		1,899.14
Other Expenses	30,881.91	10,881.91	6,896.32	3,985.59
Municipal Court:				
Salaries and Wages	60,472.49	472.49		472.49
Other Expenses	10,252.63	10,252.63	1,921.58	8,331.05
Prosecutor:				
Other Expenses	8,306.00	8,306.00	3,501.00	4,805.00
Public Works:				
Street and Road Maintenance:				
Salaries and Wages	282,439.15	182,439.15		182,439.15
Other Expenses	404,840.59	204,840.59	183,003.88	21,836.71
Garbage and Trash Removal:				
Salaries and Wages	167,846.70	167,846.70		167,846.70
Other Expenses	26,535.67	26,535.67	23,973.13	2,562.54
Buildings and Grounds:				
Salaries and Wages	52,355.70	38,355.70		38,355.70
Other Expenses	56,679.51	36,679.51	33,626.69	3,052.82
Vehicle Maintenance:				
Other Expenses	136,776.55	136,776.55	124,336.24	12,440.31
Condominium Cost	209,802.96	309,802.96	239,742.35	70,060.61
Health and Human Services:				
Public Health Services:				
Salaries and Wages	84,334.49	84,334.49		84,334.49
Other Expenses	59,047.53	59,047.53	38,014.58	21,032.95
Senior Citizen Center:				
Salaries and Wages	4,259.20	4,259.20		4,259.20
Other Expenses	5,722.13	5,722.13	2,063.30	3,658.83

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	Balance Dec 31, 2016	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Recreation and Education:				
Recreation Services:				
Salaries and Wages	\$ 12,893.95	\$ 12,893.95		\$ 12,893.95
Other Expenses	30,094.39	30,094.39	\$ 15,002.34	15,092.05
Maintenance of Parks:				
Salaries and Wages	166,670.46	6,670.46		6,670.46
Other Expenses	67,519.16	67,519.16	63,255.59	4,263.57
Utilities:				
Utilities and Gasoline	568,590.66	218,590.66	201,608.67	16,981.99
Solid Waste Disposal Costs	183,870.99	143,870.99	140,086.96	3,784.03
Uniform Construction Code:				
Department of Buildings and Inspections:				
Salaries and Wages	107,299.99	107,299.99		107,299.99
Other Expenses	39,367.02	39,367.02	8,480.01	30,887.01
Contingent	15,000.00			
Contribution to :				
Public Employees' Retirement System	82,429.31	82,429.31	82,429.31	
Social Security System (O.A.S.I)	89,813.98	8,813.98		8,813.98
DCRP Pension	3,773.35	3,773.35	495.53	3,277.82
Police and Firemen's Retirement System of NJ	24,038.72	24,038.72	1,175.43	22,863.29
Contribution to LOSAP	26,050.00	26,050.00		26,050.00
Maintenance of Free Public Library	39,452.20	39,452.20	39,452.20	
Shared Service Agreements:				
Health Office	0.44	0.44		0.44
	<u>\$ 4,894,718.62</u>	<u>\$ 4,894,718.62</u>	<u>\$ 3,581,240.38</u>	<u>\$ 1,313,478.24</u>

Analysis of Balance December 31, 2016

Ref.

Encumbered	A	\$	970,655.59
Unencumbered	A		3,924,063.03
			<u>\$ 4,894,718.62</u>

Analysis of Paid or Charged

Cash Disbursed			\$ 3,538,525.36
Accounts Payable			44,813.90
			3,583,339.26
Less: Refunds			2,098.88
			<u>\$ 3,581,240.38</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Increased by:		
Levy - Calendar Year 2017		\$ 132,965,271.00
Decreased by:		
Payments to Local School District		<u>132,965,267.00</u>
Balance December 31, 2017	A	<u><u>\$ 4.00</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
CURRENT FUND  
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Date Authorized	Purpose	Date of		Interest Rate	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
		Issue	Maturity					
Various	Accrued Vacation and Sick Time Liabilities	12/20/2016	12/19/2017	2.49%	\$ 764,518.00		\$ 764,518.00	
		12/21/2017	12/20/2018	1.9998%		\$ 1,606,000.00		\$ 1,606,000.00
					\$ 764,518.00	\$ 1,606,000.00	\$ 764,518.00	\$ 1,606,000.00
				Ref.	A			A
				New Issue		\$ 1,606,000.00	\$ 764,518.00	
				Retired			\$ 764,518.00	
						\$ 1,606,000.00	\$ 764,518.00	

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

Grant	Balance Dec 31, 2016	2017 Revenue Realized	Received in Current Fund	Transfer from Unappropriated Reserves	Canceled to Current Fund Operations	Balance Dec 31, 2017
Clean Communities Program		\$ 108,396.98	\$ 108,396.98			
Body Armor Replacement Fund		8,695.20	8,695.20			
Recycling Tonnage Grant		97,883.00	97,883.35		\$ (0.35)	\$ 8,000.00
State of NJ Pedestrian Grant FY 2011	\$ 8,000.00					9,900.00
State of NJ Pedestrian Grant FY 2013	9,900.00					889.62
Municipal Alliance Grant 2014/2015	889.62					13,737.27
Municipal Alliance Grant 2015 Extension	13,737.27					3,300.00
Municipal Alliance Grant 2016	3,300.00					26,054.74
Municipal Alliance Grant 2016/2017		28,143.00	5,000.00			5,000.00
Municipal Alliance Grant 2017/2018		10,100.00	5,500.00	\$ 4,600.00		2,088.26
Click It or Ticket		4,600.00	4,600.00			23,143.00
Highway Safety - Aggressive Driving Grant		3,099.91	3,099.91			
Highway Safety - Safe Corridors	24,057.67					24,057.67
Highlands Initial Assessment		9,660.07		9,660.07		
Drunk Driving Enforcement Fund	5,000.00					5,000.00
Drive Sober or Get Pulled Over		5,500.00				5,500.00
Drive Sober or Get Pulled Over		20,000.00	17,724.56			2,275.44
ROID Grant		300,000.00		300,000.00		
Stream Cleaning and Desnagging						
Federal Emergency Management Agency:						
Emergency Management Performance Guarantee		7,000.00	7,000.00			
Distracted Driving Crackdown 2017		5,500.00	5,170.00			330.00
Senior Citizen of the Year Award -						
Charitable Trust Donation		6,000.00	6,000.00			
Smith-Baldwin House Renovation		222,449.00				222,449.00
	\$ 64,884.56	\$ 865,170.16	\$ 295,124.74	\$ 314,260.07	\$ (0.35)	\$ 320,670.26
	A					A
Original Budget		\$ 497,269.00				
Added by NJSA 40A:4-87		367,901.16				
		\$ 865,170.16				

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

Grant	Balance Dec 31, 2016	Received in Current Fund	Budget Revenue Realized	Balance Dec 31, 2017
Recycling Tonnage Grant		\$ 158,289.38		\$ 158,289.38
Stream Cleaning and Desnagging	\$ 300,000.00		\$ 300,000.00	
Click It or Ticket	4,600.00		4,600.00	
Alcohol Education, Rehabilitation and Enforcement Fund		1,672.84		1,672.84
Drunk Driving Enforcement Fund	9,660.07		9,660.07	
	<u>\$ 314,260.07</u>	<u>\$ 159,962.22</u>	<u>\$ 314,260.07</u>	<u>\$ 159,962.22</u>
<u>Ref.</u>	A			A

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

Grant	Balance		Transfer from		Due from		Due to		Balance
	Dec 31, 2016		2017		Other Trust		Current		
			Budget	Appropriations	Funds	Open Space	Paid or	Charged	Dec 31, 2017
Drunk Driving Enforcement Fund - FY 2015	\$	3,111.68							\$ 3,111.68
Drunk Driving Enforcement Fund - FY 2016		8,098.96							8,098.96
Drunk Driving Enforcement Fund - FY 2017			\$ 9,660.07						9,660.07
Clean Communities Program - FY 2016		42,227.86					\$ 42,227.86		
Clean Communities Program - FY 2017				108,396.98			77,148.41		31,248.57
Pedestrian Safety Grant - FY 2013		10,800.00					7,700.00		10,800.00
Highway Safety - Aggressive Driving Grant - 2015		8,347.41					5,625.00		647.41
Highway Safety - Aggressive Driving Grant - 2016		6,645.77							1,020.77
Highway Safety - Aggressive Driving Grant - 2017			4,600.00						4,600.00
Highway Safety - Safe Corridors			3,099.91						3,099.91
Rutgers Watershed		46,302.16					44,901.97		1,400.19
Body Armor Replacement Fund - FY 2016		6,654.25					3,440.48		3,213.77
Body Armor Replacement Fund - FY 2017				8,695.20					8,695.20
No Net Loss Grant - PF14-07		21,891.71					5,845.03		16,046.68
Recycling Tonnage Grant - FY 2016		44,878.24					44,878.24		
Recycling Tonnage Grant - FY 2017				97,883.00			91,182.64		6,700.36
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					4,472.15		527.85
Emergency Assistance FY 2014		5,000.00							5,000.00

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

Grant	Balance Dec 31, 2016	Transfer from 2017 Budget Appropriations	Due from		Balance Dec 31, 2017
			Other Trust Funds	Open Space	
			Due to Current Fund	Paid or Charged	
Municipal Alliance 2014/2015	\$ 13,556.72				\$ 13,556.72
Municipal Alliance Match	2,309.62		\$ 381.12		1,928.50
Municipal Alliance 2015/16	11,739.67				11,739.67
Municipal Alliance Match	8,184.14				8,184.14
Municipal Alliance 2016/17		\$ 28,143.00		28,143.00	
Municipal Alliance Match 2016/17		7,036.00		7,036.00	
Municipal Alliance 2017/18		28,143.00			28,143.00
Municipal Alliance Match 2017/18		7,036.00			7,036.00
Alcohol Education, Rehabilitation and Enforcement Fund - 2013	2,638.73				2,638.73
Alcohol Education, Rehabilitation and Enforcement Fund - 2014	413.56				413.56
Highlands Initial Assessment Grant	25,258.57				25,258.57
Storm Regulation	10,310.00				10,310.00
Drive Sober or Get Pulled Over 2016	1,450.00			1,250.00	200.00
Drive Sober or Get Pulled Over 2017		5,500.00		1,450.00	4,050.00
Donation - Community Partnership	890.03			819.97	70.06
Donation - Senior Activities FY 2013	1,000.00				1,000.00
Donation - Volunteer Ambulance	1,500.00				1,500.00
Click It or Ticket 2013 Seat Belt Mobilization	600.00				600.00
Click It or Ticket 2017		10,100.00		5,500.00	4,600.00
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, 2016	Transfer from 2017 Budget Appropriations	Due from Other Trust Funds Open Space	Due to		Balance Dec 31, 2017
				Current Fund Paid or Charged	Current Fund Paid or Charged	
ROID Grant 2016-2017		\$ 20,000.00				\$ 20,000.00
ROID Grant 2016-2017 Match		4,000.00				4,000.00
Stream Cleaning and Desnagging		300,000.00				300,000.00
Federal Emergency Management Agency:						
Emergency Management Performance Guarantee		7,000.00				7,000.00
Distracted Driving Crackdown		5,500.00		\$ 5,170.00		330.00
Smith-Baldwin House Renovation:						
Grant Funds		222,449.00				222,449.00
Matching Funds			\$ 55,612.00			55,612.00
Senior Citizen of the Year Award - Charitable Trust Donation		6,000.00				6,000.00
		<u>\$ 299,678.47</u>	<u>\$ 55,612.00</u>	<u>\$ 382,699.64</u>		<u>\$ 855,832.99</u>
	Ref.	A			A	
Grant Funds:						
Original Budget		\$ 497,269.00				
Added by NJSA 40A:4-87		367,901.16				
Matching Share		865,170.16				
		<u>18,072.00</u>				
		<u>\$ 883,242.16</u>				

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
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, 2016	B	\$ 68,433.41	\$ 17,259,270.34
Increased by Receipts:			
Animal Control Fees		\$ 30,084.00	
Due to State of New Jersey		3,255.00	
Miscellaneous		12,085.93	
Reserve for Donations		3,841.50	
Due from Current Fund - Budget Appropriation		170,000.00	
Special Deposits			\$ 2,938,636.29
Police Explorer Program			3,112.45
Premiums on Tax Sale			1,072,000.00
Security Deposits			23.62
Off Duty Police Deposits			621,252.72
Employee Health Benefit Self Insurance Fund - Municipal			13,802,539.53
Open Space Trust Fund Deposits and Interest			2,351,929.71
Worker's Compensation			1,551,178.22
Unemployment Insurance Trust Fund Deposits			273,585.32
Employee Health Benefit Self Insurance Fund - Contractor			11,850,370.02
Federal Grants Receivable			196,497.52
Due Payroll			2,178.12
Due from Municipal Court			2,280.50
Due from Current Fund:			
Interfund		2.43	8,379.41
		<u>219,268.86</u>	<u>34,673,963.43</u>
		287,702.27	51,933,233.77
Decreased by Disbursements:			
Due to State of New Jersey		3,222.00	
Expenditures Under R.S. 4:19-15.11		176,488.75	
Due to Current Fund		9.00	
Off Duty Police			627,777.62
Special Deposits			1,827,879.92
Police Explorer Program			5,709.21
Employee Health Benefit Self Insurance Fund - Municipal			11,696,460.15
Employee Health Benefit Self Insurance Fund - Contractor			11,718,179.11
Premiums on Tax Sale			984,940.90
Municipal Open Space Preservation Trust Fund			4,136,860.40
Worker's Compensation			867,409.19
Unemployment Insurance Trust Fund Expenditures			60,016.83
Federal Grant Fund Expenditures			196,497.52
		<u>179,719.75</u>	<u>32,121,730.85</u>
Balance December 31, 2017	B	<u>\$ 107,982.52</u>	<u>\$ 19,811,502.92</u>

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

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 48,931.76
Increased by:			
Animal License Fees Collected		\$ 30,084.00	
Late Fees		1,365.00	
Miscellaneous Fees		10,720.93	
Budget Appropriation		<u>170,000.00</u>	
			<u>212,169.93</u>
			261,101.69
Decreased by:			
Animal Control Fund Expenditures Under R.S. 4:19-15.11		176,488.75	
Statutory Excess- Due to Current Fund		<u>25,761.54</u>	
			<u>202,250.29</u>
Balance December 31, 2017	B		<u><u>\$ 58,851.40</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 31,210.00
2016	<u>27,641.40</u>
Maximum Allowable Reserve	<u><u>\$ 58,851.40</u></u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 4,629,601.39
Increased by Receipts:		
Current Fund Budget Appropriation:		
Capital Improvement Fund	\$ 1,028,135.00	
Payment of Bond Anticipation Notes	635,000.00	
Due from Other Trust Funds - Open Space	2,782,500.00	
Grants Receivable:		
Federal Emergency Management Agency	2,000,129.30	
County of Morris Open Space	772,500.00	
County of Morris Flood Mitigation Program	157,500.00	
Reserve for Payment of Debt Service:		
Premium on Sale of Bonds	1,569,023.62	
Bond Proceeds	43,827,000.00	
Improvement Authorization Refunds	61,016.71	
	52,832,804.63	57,462,406.02
Decreased by Disbursements:		
Improvement Authorization Expenditures	17,527,793.97	
Bond Anticipation Notes Matured:		
Paid by Bond Funds	35,076,027.00	
Current Fund Budget Appropriation	635,000.00	
Paid by Reserve for Payment of Debt Service	19,160.00	
Redeemed from Cash	2,932,813.00	
Due to Current Fund as Anticipated Revenue:		
Fund Balance	600,000.00	
	56,790,793.97	56,790,793.97
Balance December 31, 2017	C	\$ 671,612.05

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

Ord. No.	Improvement Description	Receipts				Disbursements			Transfers		Balance (Deficit) Dec. 31, 2017
		Balance (Deficit) Dec. 31, 2016	Other	Budget Appropriation	Serial Bonds	Improvement Authorizations	Other	Bond Anticipation Notes	From	To	
	Fund Balance	\$ 707,546.32									\$ 107,829.38
	Capital Improvement Fund	31,008.00	\$ 2,782,500.00	\$ 1,028,135.00			\$ 600,000.00	\$ 1,028,135.00	2,782,500.00	283.06	31,008.00
	Due from Other Trust Funds - Open Space	261,420.19									261,420.19
	Deposit For Regional Contribution Agreement	(4,123,208.90)	2,000,129.30								(2,123,079.60)
	Federal Emergency Management Agency Grant Receivable	(247,176.35)									(247,176.35)
	New Jersey Department of Transportation Grant Receivable	(1,356,062.25)	772,500.00						772,500.00		(1,356,062.25)
	County of Morris Open Space Grant Receivable		157,500.00						157,500.00		
	County of Morris Flood Mitigation Program Grant Receivable	79,652.68									79,652.68
	Reserve for Developer Preparations - Road Improvement	122,442.50									122,442.50
	Reserve to Pay Debt Service	25,730.00	1,569,023.62						19,160.00		1,575,593.62
	Reserve for Forge Pond Dam	600,000.00							600,000.00		
	<b>Total</b>										
	<b>General Improvements:</b>										
04-23	Various Capital Improvements	19,486.15				\$ 19,486.15					
05-07	Various Capital Improvements	26,733.88				26,733.88					
06-08	Various Capital Improvements	(3,408.32)									
07-18	Various Capital Improvements	325.96									
08-13	Various Capital Improvements	252,554.36									
09-24	Various Capital Improvements	354,599.33									
10-13	Various Capital Improvements	455,175.00									
11-07	Various Capital Improvements	212,570.08									
12-24	Various Capital Improvements	294,208.51									
13-14	Various Capital Improvements	(711,625.19)									
13-31	Various Capital Improvements	2,930,013.26	60,915.00							19,160.00	2,827,869.49
14-27	Various Capital Improvements	2,053,462.75									2,053,462.75
15-22	Various Capital Improvements	4,881,970.58									4,881,970.58
16-16	Various Capital Improvements	(2,367,817.15)									(2,367,817.15)
16-20	Acquisition and Installation of Playground Equipment	130,000.00									
17-01	Acquisition by Purchase of Properties									210,000.00	
17-04	Repair, Remediation and Decommissioning Work at the Forge Pond Dam									600,000.00	
17-07;											
17-17	Acquisition by Purchase of Properties		101.71								
17-09	Acquisition by Purchase of Properties										
17-11	Various Capital Improvements										
17-24	Acquisition and Installation of 700/800 MHz Emergency Services Digital Radio System										
	<b>Total</b>	\$ 4,629,601.39	\$ 7,342,669.63	\$ 1,663,135.00	\$ 43,827,000.00	\$ 17,527,793.97	\$ 600,000.00	\$ 5,360,078.06	\$ 5,360,078.06	\$ 38,663,000.00	\$ 671,612.05

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	2017 Improvement Authorizations	Notes Paid by			Serial Bonds Issued	Authorizations Canceled	Balance Dec. 31, 2017	Analysis of Balance December 31, 2017	
				Reserve for Payment of Debt Service	Budget Appropriation					Expenditures	Unexpended Improvement Authorizations
91-27	Regional Contribution Agreement - City of Newark	\$ 453,643.69						\$	453,643.69	\$	453,643.69
06-08	Various Capital Improvements	3,408.32		\$ 8,500.00		\$ 316,250.00			3,408.32	\$	3,408.32
08-13	Various Capital Improvements	324,750.00		36,500.00		1,082,250.00					
09-24	Various Capital Improvements	1,118,750.00		107,025.00		3,565,000.00					
10-13	Various Capital Improvements	3,672,025.00		144,060.00		4,535,100.00					
11-07	Various Capital Improvements	4,679,160.00		141,500.00		6,858,900.00					
12-24	Various Capital Improvements	7,000,400.00		197,415.00		8,297,900.00	\$ 149.37	999,875.63			999,875.63
13-14	Various Capital Improvements	9,514,500.00				6,273,000.00	108.94	999,891.06			999,891.06
14-27	Various Capital Improvements	7,273,000.00				6,794,187.00	3,818.25	2,496,205.75			2,496,205.75
15-22	Various Capital Improvements	9,294,211.00				6,104,413.00	71.76	2,999,928.24	485,686.03		2,514,242.21
16-16	Various Capital Improvements	9,104,413.00						1,757,500.00	1,672,619.23		84,880.77
17-09	Acquisition by Purchase of Properties		\$ 1,757,500.00					9,654,568.00	1,582,892.57		8,071,675.43
17-11	Various Capital Improvements		9,654,568.00								
17-24	Acquisition and Installation of 700/800 MHz Emergency Services Digital Radio System		9,880,000.00					9,880,000.00			9,880,000.00
		\$ 52,438,261.01	\$ 21,292,068.00	\$ 19,160.00	\$ 635,000.00	\$ 43,827,000.00	\$ 4,148.32	\$ 29,245,020.69	\$ 3,744,606.15	\$	25,500,414.54

Ref. C

C

Improvement Authorizations - Unfunded \$ 25,500,414.54

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

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2016		Other Sources	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2017	
				Funded	Unfunded						Funded	Unfunded
<b>General Improvements:</b>												
91-27	Regional Contribution Agreement - City of Newark	05/14/91	\$ 5,100,000.00	\$ 19,486.15	\$ 453,643.69				\$ 19,486.15		\$ 453,643.69	
04-23	Various Capital Improvements	07/20/04	2,895,900.00	26,733.88					26,733.88			
05-07	Various Capital Improvements	05/10/05	4,459,829.00	325.96					325.96			
07-18	Various Capital Improvements	07/24/07	3,901,000.00	99,026.86	210,327.50				157,617.65		\$ 151,936.71	
08-13	Various Capital Improvements	05/13/08	3,918,233.00	411,599.33					38,160.21		373,439.12	
09-24	Various Capital Improvements	06/16/09	5,617,000.00						443,357.11		12,502.89	
10-13	Various Capital Improvements	07/20/10	5,974,500.00						190,191.08		22,379.00	
11-07	Various Capital Improvements	06/21/11	5,256,800.00	1,201,608.51					1,060,940.19	\$ 283.06	140,385.26	
12-24	Various Capital Improvements	06/19/12	7,927,000.00						691,614.34	149.37	221,235.47	999,875.63
13-14	Various Capital Improvements	06/19/13	11,733,700.00	2,930,013.26					102,143.77	2,827,869.49		999,891.06
13-31	Acquisition by Purchase and/or Elevation of Properties	12/20/13	9,626,941.00						862,800.01	108.94	263,662.74	
14-27	Various Capital Improvements	08/21/14	7,840,000.00		2,126,462.75				2,010,906.36	3,818.25	865,251.22	2,496,205.75
15-22	Various Capital Improvements	09/15/15	9,863,381.00		5,376,181.58				4,222,281.88	71.76		2,314,242.21
16-16	Various Capital Improvements	07/19/16	9,828,592.00		6,736,595.85				130,000.00			
16-20	Acquisition and Installation of Playground Equipment	08/16/16	130,000.00	130,000.00					210,000.00			
17-01	Acquisition by Purchase of Properties	02/22/17	210,000.00			\$ 210,000.00						
17-04	Repair, Remediation and Decommissioning Work at the Forge Pond Dam	03/21/17	600,000.00			600,000.00			35,893.15		564,106.85	
17-07	Acquisition by Purchase of Properties	5/8/2017	1,600,000.00						1,658,178.72		1,821.28	
17-17	Acquisition by Purchase of Properties	07/11/17	60,000.00			1,660,000.00			3,515,119.23			84,880.77
17-09	Acquisition by Purchase of Properties	05/22/17	3,600,000.00			1,842,500.00		\$ 1,757,500.00	2,091,027.57			8,071,675.43
17-11	Various Capital Improvements	07/11/17	10,162,703.00				\$ 508,135.00	9,654,568.00				
17-24	Acquisition and Installation of 700/800 MHz Emergency Services Digital Radio System	11/09/17	10,400,000.00				520,000.00	9,880,000.00			520,000.00	9,880,000.00
				\$ 3,205,586.11	\$ 19,097,924.10	\$ 4,312,500.00	\$ 1,028,135.00	\$ 21,292,068.00	\$ 17,466,777.26	\$ 4,431.38	\$ 5,964,590.03	\$ 25,500,414.54
				C	C	C	C	C	C	C	C	C
				Reserve for Forge Pond Dam	\$ 600,000.00							
				Due from Other Trust Funds - Open Spaces	2,782,500.00							
				County of Morris Flood Mitigation Grant	157,500.00							
				County of Morris Open Space Grant	772,500.00							
				\$ 4,312,500.00								
				Cash Disbursed					\$ 17,527,793.97			
				Less: Refunds					61,016.71			
									\$ 17,466,777.26			
				Deferred Charges to Future Taxation - Unfunded General Capital Fund Balance						\$ 4,148.32		
										283.06		
										\$ 4,431.38		

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

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 31,008.00
Increased by:		
Budget Appropriations		1,028,135.00
		<u>1,059,143.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,028,135.00
		<u>1,028,135.00</u>
Balance December 31, 2017	C	<u>\$ 31,008.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2017

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2016	Matured
		Original Issue	Issue	Maturity			
08-13	Various Capital Improvements	10/04/12	09/22/16	09/21/17	2.00%	\$ 267,750.00	\$ 267,750.00
09-24	Various Capital Improvements	10/04/12	09/22/16	09/21/17	2.00%	1,061,750.00	1,061,750.00
10-13	Various Capital Improvements	10/04/12	09/22/16	09/21/17	2.00%	3,671,340.00	3,671,340.00
11-07	Various Capital Improvements	10/04/12	09/22/16	09/21/17	2.00%	4,679,160.00	4,679,160.00
12-24	Various Capital Improvements	10/04/12	09/22/16	09/21/17	2.00%	6,093,000.00	6,093,000.00
13-14	Various Capital Improvements	10/01/13	09/22/16	09/21/17	2.00%	6,890,000.00	6,890,000.00
14-27	Various Capital Improvements	09/24/15	09/22/16	09/21/17	2.00%	7,200,000.00	7,200,000.00
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
						\$ 38,663,000.00	\$ 38,663,000.00

Ref.      C

Paid by:

Budget Appropriation	\$ 635,000.00
Bond Funds	35,076,027.00
Reserve for Payment of Debt Service	19,160.00
Redeemed from Cash	2,932,813.00
	\$ 38,663,000.00

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, 2016	Balance Dec. 31, 2017
			Outstanding Dec. 31, 2017	Amount	Issued			
			Date					Matured
General Improvements	07/01/2008	\$17,000,000.00	7/1/2018-19	\$ 2,000,000.00	4.00%	\$ 5,700,000.00	\$ 4,000,000.00	\$ 1,700,000.00
General Improvements	10/26/2010	14,425,000.00	11/1/2018	1,150,000.00	2.50%			
			11/1/2019	1,150,000.00	2.75%			
			11/1/2020-23	1,150,000.00	3.00%	8,050,000.00	1,150,000.00	6,900,000.00
General Improvements	09/07/2017	43,827,000.00	9/15/2018	2,367,000.00	2.00%			
			9/15/2019	2,450,000.00	2.00%			
			9/15/2020-23	3,000,000.00	2.00%			
			9/15/2024-25	4,000,000.00	2.50%			
			9/15/2026-28	4,000,000.00	3.00%			
			9/15/2029	3,500,000.00	3.00%			
			9/15/2030	3,510,000.00	2.50%		\$43,827,000.00	43,827,000.00
						\$13,750,000.00	\$43,827,000.00	\$ 2,850,000.00
								\$ 4,000,000.00

Ref

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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, 2016	Matured	Balance Dec. 31, 2017
			Date	Outstanding Dec. 31, 2017	Amount				
Refunding Bonds	5/4/2010	\$ 12,092,000.00				\$ 1,940,000.00	\$ 1,940,000.00		
Refunding Bonds	5/15/2012	15,190,000.00	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%			
							11,840,000.00	\$ 10,705,000.00	
							\$ 13,780,000.00	\$ 10,705,000.00	

Ref. C C

TOWNSHIP OF PARSIPPANY-TROY HILLS  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES TRUST ACQUISITION LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2017

<u>Purpose</u>	<u>Ord. No.</u>	<u>Original Issue</u>	<u>Balance Dec. 31, 2016</u>	<u>Matured</u>
Acquisition of Land	93-35	\$ 664,482.00	<u>\$ 20,455.26</u>	<u>\$ 20,455.26</u>

Ref.

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, 2016	2017 Improvement Authorizations	Serial Bonds Issued	Bond Anticipation Notes Redeemed	Improvement Authorizations Canceled	Balance Dec. 31, 2017
91-27	Regional Contribution Agreement - City of Newark	\$ 453,643.69					\$ 453,643.69
06-08	Various Capital Improvements	3,408.32					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		1,624,475.00		\$ 149.37	999,875.63
14-27	Various Capital Improvements	73,000.00			\$ 927,000.00	108.94	999,891.06
15-22	Various Capital Improvements	494,211.00			2,005,813.00	3,818.25	2,496,205.75
16-16	Various Capital Improvements	9,104,413.00		6,104,413.00		71.76	2,999,928.24
17-09	Acquisition by Purchase of Properties		\$ 1,757,500.00				1,757,500.00
17-11	Various Capital Improvements		9,654,568.00				9,654,568.00
17-24	Acquisition and Installation of 700/800 MHz Emergency Services Digital Radio System		9,880,000.00				9,880,000.00
		<u>\$ 13,775,261.01</u>	<u>\$ 21,292,068.00</u>	<u>\$ 8,750,973.00</u>	<u>\$ 2,932,813.00</u>	<u>\$ 4,148.32</u>	<u>\$ 29,245,020.69</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
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, 2016	D	\$ 7,239,684.34	\$ 3,085,723.74
Increased by Receipts:			
Consumer Accounts Receivable	\$	8,284,774.67	
Water Rent Overpayments		31,338.00	
Interest on Investments		24,791.22	
Miscellaneous Revenue		66,507.74	
Due from Water Utility Capital Fund - Interest on Investments		16,800.12	\$ 16,800.12
Due to Water Utility Operating Fund - Interest on Investments			100,000.00
Received from Water Utility Operating Fund Budget Appropriation:			
Payment of Bond Anticipation Notes		3,604.21	
Appropriation Refunds			5,119,000.00
Bond Proceeds		8,427,815.96	5,235,800.12
		<u>15,667,500.30</u>	<u>8,321,523.86</u>
Decreased by Disbursements:			
2017 Appropriation Expenditures		7,679,835.27	
2016 Appropriation Reserves		360,941.31	
Accrued Interest on Bonds		82,862.50	
Accrued Interest on Loans		2,781.91	
Accrued Interest on Notes		80,737.06	
Water Rent Overpayments		7,390.55	
Due to Current Fund:			
Interfund Returned		66.52	
Fund Balance Utilized as Anticipated Revenue		700,000.00	
Due to Water Utility Operating Fund - Interest on Investments			16,800.12
Due to Sewer Utility Operating Fund - Interfund Returned		21.75	
Bond Anticipation Notes Matured Paid by Bond Funds			4,049,000.00
Improvement Authorizations			1,042,075.42
		<u>8,914,636.87</u>	<u>5,107,875.54</u>
Balance December 31, 2017	D	\$ 6,752,863.43	\$ 3,213,648.32

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

Ord. No.	General Improvements	Receipts			Disbursements			Transfers		Balance Dec. 31, 2017
		Serial Bonds	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	From	To	
	Fund Balance									\$ 89,281.77
	Due Water Utility Operating Fund			\$ 16,800.12						12,867.51
	Capital Improvement Fund									314,498.22
	Reserve for Payment of Debt Service									192,749.21
		\$ 84,904.00	\$ 5,146.00		\$ 90,050.00					\$ 89,281.77
10-14	Improvements to Water Utility System	424,897.00	57,864.00		482,761.00	\$ 4,776.88				29,456.02
11-08	Improvements to Water Utility System	651,330.00	11,059.00		662,389.00					31,881.55
12-25	Improvements to Water Utility System	887,869.00	25,931.00		913,800.00	40,873.09				706,401.28
13-11	Improvements to Water Utility System					80,872.20				734,898.67
14-25	Improvements to Water Utility System	1,995,000.00			1,900,000.00	769,565.32		\$ 12,867.51		41,550.20
15-21	Improvements to Water Utility System					116,951.82				1,060,063.89
16-18	Improvements to Water Utility System	1,075,000.00				14,936.11				
17-13	Improvements to Water Utility System									
		\$ 5,119,000.00	\$ 100,000.00	\$ 16,800.12	\$ 4,049,000.00	\$ 1,042,075.42	\$ 16,800.12	\$ 12,867.51	\$ 12,867.51	\$ 3,213,648.32

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

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 184,367.89
Increased by:		
Water Rents Levied		8,331,782.28
		8,516,150.17
Decreased by:		
Collections:		
Water Collections	\$ 8,284,774.67	
Due from Current Fund	2,841.32	
Overpayments Applied	29,156.56	
		8,316,772.55
Balance December 31, 2017	D	\$ 199,377.62

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 252.57
Balance December 31, 2017	D	\$ 252.57

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

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 146,962.00
Less: Net Inventory Decrease		<u>2,527.00</u>
Balance December 31, 2017	D	<u>\$ 144,435.00</u>

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

	Balance Dec. 31, 2016	Additions by Ordinance	Balance Dec. 31, 2017
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	\$ 595,000.00	25,441,177.16
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>\$ 595,000.00</u>	<u>\$ 36,578,448.10</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, 2016	2017 Authorizations	Costs to	
				Fixed Capital	Balance Dec.31, 2017
<u>General Improvements:</u>					
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
Improvements to Water Utility System	17-13		\$ 1,075,000.00		1,075,000.00
		<u>\$ 6,090,000.00</u>	<u>\$ 1,075,000.00</u>	<u>\$ 595,000.00</u>	<u>\$ 6,570,000.00</u>

Ref.

D

D

TOWNSHIP OF PARSIPPANY-TROY HILLS  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</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	\$ 61,594.47	\$ 61,594.47		\$ 61,594.47
Other Expenses	460,157.97	460,157.97	\$ 357,318.16	102,839.81
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	623.16	3,623.15	3,623.15	
Social Security (O.A.S.I.)	3,168.30	168.31		168.31
	<u>\$ 525,543.90</u>	<u>\$ 525,543.90</u>	<u>\$ 360,941.31</u>	<u>\$ 164,602.59</u>

Analysis of Balance December 31, 2016

	<u>Ref.</u>
Encumbered	D \$ 161,041.33
Unencumbered	D <u>364,502.57</u>
	<u>\$ 525,543.90</u>



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

	<u>Ref.</u>	
Balance December 31, 2016	D	<u>\$ 314,498.22</u>
Balance December 31, 2017	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, 2016	D	\$ 33,350,234.44
Increased by:		
Water Utility Operating Budget:		
Serial Bonds		\$ 840,000.00
Infrastructure Loans		27,336.36
Bond Anticipation Notes		5,146.00
Transfer from Deferred Reserve for Amortization		<u>170,103.00</u>
		<u>1,042,585.36</u>
Balance December 31, 2017	D	<u>\$ 34,392,819.80</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, 2016	Notes Paid by		To Reserve for Amortization Fixed Capital	Balance Dec. 31, 2017
				Operating	Budget		
<u>General Improvements:</u>							
11-08	Improvements to Water Utility System	06/21/11	\$ 112,239.00	\$ 57,864.00		\$ 170,103.00	
12-25	Improvements to Water Utility System	06/19/12	62,550.00	11,059.00			\$ 73,609.00
13-11	Improvements to Water Utility System	06/19/13	686,200.00	25,931.00			712,131.00
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>\$ 2,035,989.00</u>	<u>\$ 94,854.00</u>		<u>\$ 170,103.00</u>	<u>\$ 1,960,740.00</u>
		<u>Ref.</u>	D				D

TOWNSHIP OF PARSIPPANY-TROY HILLS  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2016	Matured
		Original Issue	Issue	Maturity			
10-14	Improvements to Water Utility System	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	09/22/16	09/21/17	2.00%	482,761.00	482,761.00
12-25	Improvements to Water Utility System	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	09/22/16	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>\$ 4,049,000.00</u>	<u>\$ 4,049,000.00</u>
					<u>Ref.</u>	<u>D</u>	
							\$ 100,000.00
							3,949,000.00
							<u>\$ 4,049,000.00</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, 2016	Balance Dec. 31, 2017
			Date	Amount	Issued	Matured			
Water Improvements	7/1/2008	\$ 1,700,000.00	7/1/2018	\$ 200,000.00	4.00%				
			7/1/2019	200,000.00	4.00%	\$ 600,000.00	\$ 200,000.00	\$ 400,000.00	
Water Improvements	10/26/2010	1,988,000.00	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%	1,225,000.00	175,000.00	1,050,000.00	
Water Improvements	9/7/2018	5,119,000.00	9/15/2018	304,000.00	2.00%				
			9/15/2019	320,000.00	2.00%				
			9/15/2020	340,000.00	2.00%				
			9/15/2021	365,000.00	2.00%				
			9/15/2022	375,000.00	2.00%				
			9/15/2023	385,000.00	2.00%				
			9/15/2024	400,000.00	2.50%				
			9/15/2025	415,000.00	2.50%				
			9/15/2026	425,000.00	3.00%				
			9/15/2027	440,000.00	3.00%				
			9/15/2028-29	450,000.00	3.00%				
			9/15/2030	450,000.00	2.50%	\$ 5,119,000.00		5,119,000.00	
						\$ 1,825,000.00	\$ 375,000.00	\$ 6,569,000.00	

Ref.

D

D

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	
			Date	December 31, 2017 Amount	December 31, 2016		December 31, 2017	
Water Improvements	4/28/2009	\$ 1,630,000.00				\$ 190,000.00	\$ 190,000.00	
Water Improvements	5/4/2010	1,524,000.00				240,000.00	240,000.00	
Water Improvements	5/15/2012	245,000.00	7/15/2018	\$ 35,000.00	3.00%			
			7/15/2019	35,000.00	5.00%			
			7/15/2020	35,000.00	4.00%	140,000.00	35,000.00	\$ 105,000.00
						\$ 570,000.00	\$ 465,000.00	\$ 105,000.00

Ref.

D

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

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 148,163.66
Less: 2017 Payment of Principal		<u>27,336.36</u>
Balance December 31, 2017	D	<u>\$ 120,827.30</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2017

2001 Issue

Due Date	Trust Loan		Fund Loan	Balance of
	Interest	Principal	Principal	Loans
				\$ 120,827.30
2/1/2018	\$ 1,700.00		\$ 1,095.13	119,732.17
8/1/2018	1,700.00	\$ 15,000.00	10,758.09	93,974.08
2/1/2019	1,325.00		853.56	93,120.52
8/1/2019	1,325.00	15,000.00	10,516.51	67,604.01
2/1/2020	950.00		611.98	66,992.03
8/1/2020	950.00	20,000.00	13,495.93	33,496.10
2/1/2021	475.00		305.99	33,190.11
8/1/2021	475.00	20,000.00	13,190.11	
	<u>\$ 8,900.00</u>	<u>\$ 70,000.00</u>	<u>\$ 50,827.30</u>	

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, 2016	2017 Authorizations	Bonds Issued	Balance Dec.31, 2017
<u>General Improvements:</u>					
12-25	Improvements to Water Utility System	\$ 61.00			\$ 61.00
15-21	Improvements to Water Utility System	95,000.00		\$ 95,000.00	
17-13	Improvements to Water Utility System		\$ 1,075,000.00	1,075,000.00	
		<u>\$ 95,061.00</u>	<u>\$ 1,075,000.00</u>	<u>\$ 1,170,000.00</u>	<u>\$ 61.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
SEWER UTILITY FUND

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

	Ref.	Operating	Capital
Balance December 31, 2016	E	\$ 11,629,124.25	\$ 11,767,110.06
Increased by Receipts:			
Sewer Rents and Septage Removal Receivable		\$ 15,379,539.39	
Miscellaneous Revenue		855,534.23	
Interest Earned on Investments		56,996.76	
Other Rents		161,883.00	
Prepaid Sewer Rents		2,180.54	
Sewer Rent Overpayments		34,979.40	
Due from Water Utility Operating Fund - Interfund Returned		21.75	
Due to Sewer Utility Operating Fund - Interest Earned		67,074.42	
Due from Sewer Utility Capital Fund - Interest Earned		5,481.16	
Appropriation Refunds			7,197,000.00
Bond Proceeds		16,563,690.65	7,264,074.42
		<u>28,192,814.90</u>	<u>19,031,184.48</u>
Decreased by Disbursements:			
2017 Appropriation Expenditures		13,855,336.65	
2016 Appropriation Reserves		526,353.39	
Interest on Bonds		120,487.45	
Interest on Notes		147,762.02	
Interest on Loans		121,849.40	
Due to Current Fund:			
Interfund Returned		107.22	
Fund Balance Utilized as Anticipated Revenue		2,500,000.00	
Due to Sewer Utility Operating Fund - Interest Earned			67,074.42
Sewer Rent Overpayments		9,490.12	
Refund of Miscellaneous Revenue		372.88	
Bond Anticipation Notes Matured Paid by Bond Funds			7,055,297.00
Improvement Authorization Expenditures			942,957.43
		<u>17,281,759.13</u>	<u>8,065,328.85</u>
Balance December 31, 2017	E	\$ 10,911,055.77	\$ 10,965,855.63



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

	Balance	2017 Billings	Cash Receipts	Applied		Balance
	Dec.31, 2016			Prepays	Overpayments	Dec.31, 2017
Sewer Rents:						
Residential and Industrial	\$ 187,382.77	\$ 10,308,622.47	\$ 10,233,824.89	\$	\$ 36,246.03	\$ 225,934.32
Municipalities:						
Township of East Hanover	834,521.96	1,771,671.69	1,869,709.44			736,484.21
Township of Montville		2,203,927.06	1,967,521.82	\$	\$ 124,070.63	112,334.61
Borough of Mountain Lakes	10,139.22	427,859.46	400,476.00			37,522.68
Township of Denville		73,300.90	56,040.74		17,260.16	
Septage Removal	1,032,043.95	14,785,381.58	14,527,572.89		36,246.03	1,112,275.82
	209,749.50	912,469.68	857,738.79		205.37	264,275.02
	<u>\$ 1,241,793.45</u>	<u>\$ 15,697,851.26</u>	<u>\$ 15,385,311.68</u>	<u>\$</u>	<u>\$ 36,451.40</u>	<u>\$ 1,376,550.84</u>

Ref.

E

E

Realized Sewer Rents Revenue

Cash Collections	\$ 14,521,800.60
Due from Current Fund	5,772.29
Prepays Applied	141,330.79
Overpayments Applied	36,246.03
	<u>\$ 14,705,149.71</u>

Realized Septage Revenue

Cash Collections	\$ 857,738.79
Overpayments Applied	205.37
	<u>\$ 857,944.16</u>

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

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ <u>721.81</u>
Balance December 31, 2017	E	\$ <u><u>721.81</u></u>

SEWER UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 64,068.00
Add: Net Inventory Increase		<u>13,481.00</u>
Balance December 31, 2017	E	\$ <u><u>77,549.00</u></u>

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

	<u>Balance</u> <u>Dec.31, 2016</u>	<u>Additions by</u> <u>Ordinance</u>	<u>Balance</u> <u>Dec.31, 2017</u>
Sanitary Sewer Facilities	\$ 136,740,520.66		\$ 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	\$ 50,000.00	156,798.58
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>\$ 140,290,056.25</u>	<u>\$ 50,000.00</u>	<u>\$ 140,340,056.25</u>

Ref.

E

E

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

Improvement Description	Ord. No.	Balance		Costs to Fixed Capital	Authorizations		Balance Dec.31, 2017
		Dec.31, 2016	2017 Authorizations		Canceled		
<u>General Improvements:</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			\$ 6,011,790.00		27,188,210.00
Various Sewer Utility Improvements	12-26	4,636,547.50					4,636,547.50
Various Sewer Utility Improvements	13-24	2,401,589.50					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
Various Sewer Utility Improvements	17-12				\$ 2,475,000.00		2,475,000.00
		<u>\$ 49,787,790.00</u>		<u>\$ 50,000.00</u>	<u>\$ 6,011,790.00</u>		<u>\$ 46,201,000.00</u>

Ref. E

E

TOWNSHIP OF PARSIPPANY-TROY HILLS  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 403,511.56	\$ 403,511.56		\$ 403,511.56
Other Expenses	1,429,235.36	1,429,235.36	\$ 520,721.15	908,514.21
Statutory Expenditures:				
Contribution to:				
Public Employee's Retirement System	705.26	5,632.24	5,632.24	
Social Security System (O.A.S.I.)	38,369.51	33,442.53		33,442.53
	<u>\$ 1,871,821.69</u>	<u>\$ 1,871,821.69</u>	<u>\$ 526,353.39</u>	<u>\$ 1,345,468.30</u>

Analysis of Balance December 31, 2016

	<u>Ref.</u>	
Encumbered	E	\$ 144,891.60
Unencumbered	E	<u>1,726,930.09</u>
		<u>\$ 1,871,821.69</u>



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

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 166,000.00
Increased by:		
Due from Sewer Utility Operating Fund - 2017 Budget Appropriation		<u>300,000.00</u>
Balance December 31, 2017	E	<u><u>\$ 466,000.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 136,749,654.94
Increased by:		
Sewer Utility Operating Budget:		
Serial Bonds		\$ 1,035,000.00
Bond Anticipation Notes		176,762.00
Transfer from Deferred Reserve for Amortization		2,500.00
		<u>1,214,262.00</u>
Balance December 31, 2017	E	<u>\$ 137,963,916.94</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, 2016	NJ/EIT Loan Paydowns/ Savings Credits/ Decreases	Notes Paid by Operating Budget	To Reserve for Amortization Fixed Capital	Authorizations Canceled	Balance Dec. 31, 2017
<u>General Improvements:</u>								
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	663,313.18	\$ 8,700.37				672,013.55
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	11,178,545.67	1,611,933.85			\$ 469,699.00	12,320,780.52
12-26	Various Sewer Utility Improvements	06/19/12	708,750.00		\$ 132,035.50			840,785.50
13-24	Various Sewer Utility Improvements	09/18/13	1,075,000.00		46,237.50			1,121,237.50
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>\$ 18,797,493.85</u>	<u>\$ 1,620,634.22</u>	<u>\$ 178,273.00</u>	<u>\$ 2,500.00</u>	<u>\$ 469,699.00</u>	<u>\$ 20,124,202.07</u>

Ref. E E





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	Matured	Balance Dec. 31, 2016	Balance Dec. 31, 2017
			Date	Amount				
Sanitary Sewer Collection System	4/28/2009	\$ 2,871,000.00				\$ 330,000.00	\$ 330,000.00	
Sewer Improvements	5/4/2010	1,374,000.00				220,000.00		
Sewer Improvements	5/15/2012	680,000.00	7/15/2018	\$ 100,000.00	3.00%			
			7/15/2019	105,000.00	5.00%			
			7/15/2020	110,000.00	4.00%	95,000.00		\$ 315,000.00
						<u>\$ 960,000.00</u>	<u>\$ 645,000.00</u>	<u>\$ 315,000.00</u>
					<u>Ref.</u>	E	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, 2016	E	\$ 119,006.32
Less: 2017 Payment of Principal		8,700.37
Balance December 31, 2017	E	\$ 110,305.95

Schedule of Principal and Interest Payments Outstanding December 31, 2017  
February 2010 Issue

Due Date	Trust Loan		Fund Loan	Balance of
	Interest	Principal	Principal	Loans
				\$ 110,305.95
2/1/2018	\$ 560.98		\$ 2,201.28	108,104.67
8/1/2018	560.98	\$ 2,150.40	4,402.57	101,551.70
2/1/2019	531.41		2,201.28	99,350.42
8/1/2019	531.41	2,209.54	4,402.57	92,738.31
2/1/2020	498.82		2,201.28	90,537.03
8/1/2020	498.82	2,274.72	4,402.57	83,859.74
2/1/2021	463.11		2,201.28	81,658.46
8/1/2021	463.11	2,346.14	4,402.57	74,909.75
2/1/2022	424.75		2,201.28	72,708.47
8/1/2022	424.75	2,422.86	4,402.57	65,883.04
2/1/2023	382.84		2,201.28	63,681.76
8/1/2023	382.84	2,506.69	4,402.57	56,772.50
2/1/2024	337.72		2,201.28	54,571.22
8/1/2024	337.72	2,596.93	4,402.57	47,571.72
2/1/2025	289.80		2,201.28	45,370.44
8/1/2025	289.80	2,692.76	4,402.57	38,275.11
2/1/2026	238.77		2,201.28	36,073.83
8/1/2026	238.77	2,794.82	4,402.57	28,876.44
2/1/2027	184.42		2,201.28	26,675.16
8/1/2027	184.42	2,903.54	4,402.57	19,369.05
2/1/2028	126.63		2,201.28	17,167.77
8/1/2028	126.63	3,019.10	4,402.57	9,746.10
2/1/2029	65.20		2,201.28	7,544.82
8/1/2029	65.20	3,141.97	4,402.85	
	\$ 8,208.90	\$ 31,059.47	\$ 79,246.48	

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

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 14,009,664.33
Less:		
2017 Payment of Principal		\$ 992,281.85
Trust Loan Savings Credit		217,000.00
Fund Loan Cancelled		<u>402,652.00</u>
		<u>1,611,933.85</u>
Balance December 31, 2017	E	<u>\$ 12,397,730.48</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2017  
March 2010 Issue

Due Date	Trust Loan		Fund Loan	Balance of Loans
	Interest	Principal	Principal	
				\$ 12,397,730.48
2/1/2018	\$ 86,535.00		\$ 237,427.28	12,160,303.20
8/1/2018	86,535.00	\$ 295,000.00	474,854.57	11,390,448.63
2/1/2019	79,160.00		237,427.28	11,153,021.35
8/1/2019	79,160.00	294,000.00	474,854.57	10,384,166.78
2/1/2020	73,280.00		237,427.28	10,146,739.50
8/1/2020	73,280.00	303,000.00	474,854.57	9,368,884.93
2/1/2021	67,220.00		237,427.28	9,131,457.65
8/1/2021	67,220.00	319,000.00	474,854.57	8,337,603.08
2/1/2022	60,840.00		237,427.28	8,100,175.80
8/1/2022	60,840.00	332,000.00	474,854.57	7,293,321.23
2/1/2023	54,200.00		237,427.28	7,055,893.95
8/1/2023	54,200.00	346,000.00	474,854.57	6,235,039.38
2/1/2024	47,280.00		237,427.28	5,997,612.10
8/1/2024	47,280.00	355,000.00	474,854.57	5,167,757.53
2/1/2025	40,180.00		237,427.28	4,930,330.25
8/1/2025	40,180.00	369,000.00	474,854.57	4,086,475.68
2/1/2026	32,800.00		237,427.28	3,849,048.40
8/1/2026	32,800.00	388,000.00	474,854.57	2,986,193.83
2/1/2027	25,040.00		237,427.28	2,748,766.55
8/1/2027	25,040.00	400,000.00	474,854.57	1,873,911.98
2/1/2028	17,040.00		237,427.28	1,636,484.70
8/1/2028	17,040.00	419,000.00	474,854.57	742,630.13
2/1/2029	8,660.00		237,427.28	505,202.85
8/1/2029	8,660.00	433,000.00	72,202.85	
	<u>\$ 1,184,470.00</u>	<u>\$ 4,253,000.00</u>	<u>\$ 8,144,730.48</u>	

TOWNSHIP OF PARSIPPANY-TROY HILLS  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2017

Ord. No.	Improvement Description	Balance Dec.31, 2016	2017 Authorizations	Bonds Issued	Authorizations Canceled	Balance Dec.31, 2017
<u>General Improvements:</u>						
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			\$ 5,542,091.00	\$ 2,469,699.00
10-15	Various Sewer Utility Improvements	749.81		201.00		548.81
12-26	Various Sewer Utility Improvements	98,797.50		98,797.50		
13-24	Various Sewer Utility Improvements	1,589.50		1,589.50		
14-24	Various Sewer Utility Improvements	1,152,653.00				1,152,653.00
17-12	Various Sewer Utility Improvements		\$ 2,475,000.00			2,475,000.00
		\$ 9,306,694.81	\$ 2,475,000.00	\$ 141,703.00	\$ 5,542,091.00	\$ 6,097,900.81

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
GOLF AND RECREATION UTILITY FUND

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

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2016	F	\$ 1,720,969.69	\$ 1,825,506.16
Increased by Receipts:			
Consumer Accounts Receivable		\$ 2,933,347.65	
Concession Fees		410,000.00	
Interest on Investments		16,942.68	
Membership Overpayments		21,624.99	
Due to Golf and Recreation Utility Operating Fund - Interest on Investments			\$ 7,887.12
Due from Golf and Recreation Utility Capital Fund - Interest on Investments			
Miscellaneous Revenue		7,887.12	
Due to Golf Pro		22,812.97	
Sales Tax Payable		29,544.00	
Bond Proceeds		32,289.65	
		<u>3,474,449.06</u>	<u>6,683,000.00</u>
		5,195,418.75	6,690,887.12
			<u>8,516,393.28</u>
Decreased by Disbursements:			
2017 Appropriation Expenditures		3,007,889.53	
2016 Appropriation Reserves		87,479.84	
Membership Overpayments		16,639.72	
Return of Security Deposits		220,000.00	
Due to Golf Pro		49,693.50	
Sales Tax Payable		32,319.69	
Due to Golf and Recreation Utility Operating Fund - Interest on Investments			7,887.12
Bond Anticipation Notes Matured Paid by Bond Funds			2,096,819.00
Preliminary Expenses - Miniature Golf Recreation Facility			8,000.00
Improvement Authorizations			756,470.43
		<u>3,414,022.28</u>	<u>2,869,176.55</u>
Balance December 31, 2017	F	<u>\$ 1,781,396.47</u>	<u>\$ 5,647,216.73</u>

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

	Balance/ (Deficit) Dec. 31, 2016	Receipts			Disbursements			Balance Dec. 31, 2017
		Serial Bonds	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous		
Fund Balance	\$ 45,070.70						\$ 45,070.70	
Capital Improvement Fund	161,593.05						161,593.05	
Due to Golf and Recreation Operating Fund			\$ 7,887.12				\$ 7,887.12	
Preliminary Expenses - Miniature Golf Recreation Facility	20,000.00					8,000.00	12,000.00	
<u>Improvement Authorizations</u>								
<u>General Improvements:</u>								
Ord. No.								
08-16	Various Improvements and Equipment	\$ 31,581.00		\$ 31,581.00				
09-27	Various Improvements and Equipment	37,344.00		37,344.00				
10-16	Various Improvements and Equipment	268,180.00		267,930.00				30,000.00
11-10	Golf Course and Recreation Utility Improvements	40,896.71		168,482.00	\$ 16,424.68			24,515.03
12-27	Golf Course and Recreation Utility Improvements	67,155.30		114,172.00				67,155.30
13-12	Golf Course and Recreation Utility Improvements	248,148.50		229,310.00				248,148.50
15-20	Golf Course and Recreation Utility Improvements	1,298,517.88		2,856,083.00	564,684.95			2,341,915.93
16-19	Golf Course and Recreation Utility Improvements	(85,625.98)		113,218.00				27,592.02
17-14	Golf Course and Recreation Utility Improvements			2,864,587.00	175,360.80			2,689,226.20
		\$ 1,825,506.16	\$ 7,887.12	\$ 2,096,819.00	\$ 756,470.43	\$ 15,887.12	\$ 5,647,216.73	

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

	<u>Ref.</u>	
Balance December 31, 2016	F	\$ 53,281.49
Increased by:		
Billings:		
Membership Fees	\$ 682,479.00	
Other Fees	1,759,232.85	
Cart Rentals	495,826.27	
		<u>2,937,538.12</u>
		2,990,819.61
Decreased by:		
Collections:		
Collections	2,933,347.65	
Overpayments Applied	1,101.78	
		<u>2,934,449.43</u>
Balance December 31, 2017	F	<u>\$ 56,370.18</u>

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

	<u>Ref.</u>	
Balance December 31, 2016	F	\$ 51,159.00
Less: Net Inventory Decrease		<u>2,693.78</u>
Balance December 31, 2017	F	<u>\$ 48,465.22</u>

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

	Balance Dec. 31, 2016	Balance Dec. 31, 2017
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	3,773,760.66	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>\$ 25,413,276.61</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

Improvement Description	Ord. No.	Balance Dec. 31, 2016	2017 Authorizations	Balance Dec. 31, 2017
<u>General Improvements:</u>				
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
Golf Course and Recreation Utility Improvements	17-14	<u>4,013,257.00</u>	<u>2,865,180.00</u>	<u>2,865,180.00</u>
		<u>\$ 4,013,257.00</u>	<u>\$ 2,865,180.00</u>	<u>\$ 6,878,437.00</u>

Ref.                      F

F

TOWNSHIP OF PARSIPPANY-TROY HILLS  
GOLF AND RECREATION UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 91,743.99	\$ 91,743.99		\$ 91,743.99
Other Expenses	116,642.81	116,642.81	\$ 87,479.84	29,162.97
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	41.06	41.06		41.06
Social Security (O.A.S.I.)	20,767.38	20,767.38		20,767.38
	\$ 229,195.24	\$ 229,195.24	\$ 87,479.84	\$ 141,715.40

Analysis of Balance December 31, 2016

	<u>Ref.</u>		
Encumbered	F	\$	56,102.98
Unencumbered	F		173,092.26
		\$	229,195.24



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

	<u>Ref.</u>	
Balance December 31, 2016	F	<u>\$ 161,593.05</u>
Balance December 31, 2017	F	<u><u>\$ 161,593.05</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2016	F	\$ 24,336,276.61
Increased by:		
Open Space Trust Budget:		
Serial Bonds		\$ 225,000.00
Bond Anticipation Notes		13,075.00
		<u>238,075.00</u>
Balance December 31, 2017	F	<u><u>\$ 24,574,351.61</u></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		Notes Paid by	
			Dec. 31, 2016		Open Space Trust Budget	Balance Dec. 31, 2017
<u>General Improvements:</u>						
10-16	Various Improvements and Equipment	07/20/10	\$ 27,000.00	\$	4,820.00	\$ 31,820.00
11-10	Golf Course and Recreation Utility Improvements	06/21/11	28,134.00		6,018.00	34,152.00
12-27	Golf Course and Recreation Utility Improvements	06/19/12	11,750.00		4,078.00	15,828.00
13-12	Golf Course and Recreation Utility Improvements	06/19/13	12,500.00		8,190.00	20,690.00
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	5,959.00			5,959.00
			<u>\$ 235,663.00</u>		<u>\$ 23,106.00</u>	<u>\$ 258,769.00</u>
		<u>Ref.</u>	F			F

TOWNSHIP OF PARSIPPANY-TROY HILLS  
GOLF AND RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2016	Matured
		Original Issue	Issue	Maturity			
08-16	Various Improvements and Equipment and Equipment	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	09/22/16	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	09/22/16	09/21/17	2.00%	109,500.00	109,500.00
		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	09/22/16	09/21/17	2.00%	174,500.00	174,500.00
12-27	Golf Course and Recreation Utility Improvements	10/04/12	09/22/16	09/21/17	2.00%	118,250.00	118,250.00
13-12	Golf Course and Recreation Utility Improvements	09/25/14	09/22/16	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>\$ 2,133,000.00</u>	<u>\$ 2,133,000.00</u>
					<u>Ref.</u>	<u>F</u>	
							Paid by Open Space Trust Budget
							Paid by Bond Funds
							\$ 36,181.00
							<u>2,096,819.00</u>
							<u>\$ 2,133,000.00</u>



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, 2016	2017 Authorizations	Bonds Issued	Balance Dec.31, 2017
<u>General Improvements:</u>					
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	1,608,083.00		1,608,083.00	
16-19	Golf Course and Recreation Utility Improvements	113,218.00		113,218.00	
17-14	Golf Course and Recreation Utility Improvements		\$ 2,865,180.00	2,864,587.00	\$ 593.00
		<u>\$ 1,721,594.00</u>	<u>\$ 2,865,180.00</u>	<u>\$ 4,586,181.00</u>	<u>\$ 593.00</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS  
COUNTY OF MORRIS  
2017  
PUBLIC ASSISTANCE FUND

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

	<u>Ref.</u>	
Balance December 31, 2016	G	\$ 81,180.44
Increased by Receipts:		
Donations	\$ 9,758.45	
Interest on Investments	<u>405.66</u>	
		<u>10,164.11</u>
		91,344.55
Decreased by Disbursements:		
Reserve for Public Assistance Trust Fund Expenditures		<u>7,098.51</u>
Balance December 31, 2017	G	<u>\$ 84,246.04</u>

TOWNSHIP OF PARSIPPANY-TROY HILLS

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF PARSIPPANY-TROY HILLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2017

Name of Federal Agency or Department, Pass Through, Grantor, and Cluster Title	Name of Program	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- Housing Rehabilitation	14.218	B14-MC34-0113	07/01/14	06/30/18	\$ 227,120.00	\$ 18,764.73	\$ 18,764.73	\$ 129,274.55	
	Housing Rehabilitation	14.218	B15-MC34-0113	07/01/15	06/30/18	216,560.00	18,398.84	18,398.84	110,260.57	
	Housing Rehabilitation	14.218	B16-MC34-0113	07/01/16	06/30/18	193,838.00	159,333.95	159,333.95	159,333.95	
	Housing Rehabilitation	14.218	B17-MC34-0113	07/01/17	06/30/18	216,411.00				
Total U.S. Department of Housing and Urban Development/ CDBG Entitlement Grants Cluster										
U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Emergency Management Performance Guarantee	97.042	100-066-1200-726	01/01/10	12/31/17	5,000.00		527.77	5,000.00	
				01/01/11	12/31/17	5,000.00		5,000.00	5,000.00	
				01/01/12	12/31/18	5,000.00		4,472.15	4,472.15	
				01/01/17	12/31/18	7,000.00	7,000.00			
Total U.S. Department of Homeland Security										
U.S. Department of Transportation Highway Safety Cluster (Passed through New Jersey Department of Law and Public Safety)	Drive Sober or Get Pulled Over	20.601	N/A	01/01/16	12/31/18	5,000.00		1,250.00	4,800.00	
				01/01/17	12/31/18	5,500.00		1,450.00	1,450.00	
	Click-It or Ticket	20.616	100-066-1160-155	01/01/16	12/31/18	10,100.00	5,500.00	5,500.00	5,500.00	
	Aggressive Driving	20.616	100-066-1160-158	01/01/15	12/31/18	8,347.41		7,700.00	7,700.00	
Total U.S. Department of Transportation										
TOTAL FEDERAL AWARDS										
							\$2,218,896.82	\$ 335,336.21	\$ 6,320,794.71	\$ -0-

N/A - Not Applicable/Available

TOWNSHIP OF PARSIPPANY-TROY HILLS  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 YEAR ENDED DECEMBER 31, 2017

Name of State Agency or Department	Name of Program	Name of Project	Grant I.D. No.	Grant Period From	Grant Period To	Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	
Department of Health & Senior Services	Passed- Through County of Morris: Municipal Alliance	Municipal Alliance Program	100-082-001-044	07/01/16	06/30/18	\$ 28,143.00	\$ 26,054.74	\$ 28,143.00	\$ 28,143.00	
				07/01/17	06/30/18	28,143.00	5,000.00	28,143.00	28,143.00	
	Alcohol Education, Rehabilitation and Enforcement Fund	Alcohol Education, Rehabilitation and Enforcement Fund	760-098-9735-001	01/01/17	12/31/18	1,672.84	1,672.84			
							1,672.84		28,143.00	28,143.00
	Total Department of Health & Senior Services									
Department of Law and Public Safety	Body Armor Replacement Program	Body Armor Replacement Program	066-1020-718-001	01/01/15	12/31/18	8,600.06	8,695.20	3,440.48	5,386.29	
				01/01/17	12/31/18	8,695.20	8,695.20	3,440.48	5,386.29	
Department of Transportation	Safe Corridors Grant	Safe Corridors Grant	100-078-6100-051	01/01/17	12/31/18	3,099.91	3,099.91			
							3,099.91			
	Total Department of Transportation									
Department of Community Affairs	Handicapped Person's Recreational Opportunities Act	Recreation Opportunities for Individuals with Disabilities	2017-05157-0353-00	01/01/17	12/31/18	20,000.00	17,724.56			
							17,724.56			
	Total Department of Community Affairs									
Department of Environmental Protection	Clean Communities Program	Clean Communities Program	765-042-4900-004-V42Y-6020	01/01/14	12/31/17	127,591.48	108,396.98	42,227.86	127,591.48	
				01/01/17	12/31/17	108,396.98	108,396.98	77,148.41	77,148.41	
	Passed through- Rutgers University	Troy Brook Watershed Implementation Project	N/A	07/01/15	12/31/18	55,000.00	-	44,901.97	53,599.81	
	Recycling Tonnage Grant	Recycling Tonnage Grant	752-042-4900-001-V42Y-6020	01/01/16	12/31/17	50,378.24	97,883.35	44,878.24	50,378.24	
				01/01/17	12/31/18	97,883.35	158,289.38	91,182.64	91,182.64	
				01/01/18	12/31/18	158,289.38	256,172.73	136,060.88	141,560.88	
	Community Forestry	No Net Loss	N/A	01/01/15	12/31/18	50,954.00		5,845.03	37,953.32	
	Total Department of Environmental Protection									
							364,569.71	306,184.15	437,853.90	
								\$ 426,816.96	\$ 337,767.63	\$ 471,383.19

TOTAL STATE AWARDS

N/A - Not Applicable/Available

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

TOWNSHIP OF PARSIPPANY-TROY HILLS  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017

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, 2017. 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 not 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, 2017:

NJ Environmental Infrastructure	
Loan Payable:	
Water Utility Capital Fund	\$ 120,827
Sewer Utility Capital Fund	12,508,036
	12,628,863
	\$ 12,628,863

The projects which relate to the above loans are complete and there were no current year receipts or expenditures on these loans.



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Council  
 Township of 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, 2017 and December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated May 4, 2018. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

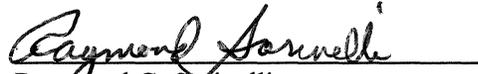
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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  
May 4, 2018

NISIVOCCIA LLP



Raymond G. Safinelli

Certified Public Accountant

Registered Municipal Accountant No. 383

TOWNSHIP OF PARSIPPANY-TROY HILLS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017

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.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2017 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and 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, 2017

Status of Prior Year Findings:

There were no findings in the prior year audit report.

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 3, 2017, 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 8, 2017.

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>
2017	18
2016	10
2015	5

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 2017 Taxes	20
Payment of 2018 Taxes	20
Delinquent Taxes	15
Tax Title Liens	2
Payment of 2017 and 2018 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 accounting requirements.

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

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, 2017.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Municipal Treasurer:				
Fines and Costs	\$ 42,773.15	\$ 739,385.65	\$ 733,805.55	\$ 48,353.25
Animal		475.00	475.00	
Restitution		148.50	148.50	
POAA FTA	32.00	574.00	550.00	56.00
Public Defender	2,248.50	24,249.50	24,252.00	2,246.00
Weights and Measures	6,650.00	75,900.00	75,050.00	7,500.00
County:				
Fines	14,161.00	282,925.23	280,014.73	17,071.50
State:				
Fines and Costs	40,589.35	829,244.82	808,158.92	61,675.25
Conditional Discharge	150.00	2,987.00	3,024.00	113.00
Conditional Dismissal	62.00	455.00	517.00	
Collections	11.00	4,450.59	3,971.87	489.72
Bail	13,874.00	190,283.00	189,348.00	14,809.00
 TOTAL	 <u>\$ 120,551.00</u>	 <u>\$ 2,151,078.29</u>	 <u>\$ 2,119,315.57</u>	 <u>\$ 152,313.72</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.

Management's Response

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

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

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. The Township passed a resolution in 2018 to cancel various receivable and reserve balances.

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.

A review was completed by the Department of the Treasury Internal Revenue Service for the period of January 1, 2015 through December 31, 2015. The IRS had determined that certain employees were treated as independent contractors and not employees of the Township. Based on the agreement between the two parties, effective July 1, 2018, the Township will be treating these individuals as employees for all federal employment tax purposes.

Animal Control Account

During our review of the Animal Control Account the following items were noted:

1. The unissued dog license tags were not available for audit inspection.
2. Monthly reports submitted to the State Treasurer for dog license fees collected were not reconciled completely to the monthly collections for dog license fees.

It is recommended that the Township maintain all unissued dog license tags for audit inspection and that the monthly state reports be reconciled to cash prior to submission.

Management's Response

The Township will ensure that all unissued dog license tags be available for audit inspection and that monthly reports to the State Treasurer for dog license fees collected will be reconciled to the monthly collections for dog license fees.

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

Transfers

During the course of our audit we noted that transfers were not being made in a timely manner.

It is recommended that budget appropriations be periodically reviewed and transfers be made on a timely basis.

Management's Response

The Township will make every effort to make transfers on a timely basis.

Suggestions to Management:

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which could have a significant impact on the Township 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 2016 audit report. Recommendations 3a and 3b regarding that all service management companies provide the required SOC report and the Township complete the implementation of the Employee Health Benefit Self Insurance Trust Fund have been resolved, however recommendations 1,2, and 4 regarding the accounting records of the police outside services, grant receivable and appropriation reserve balances being reviewed, and maintaining a complete analysis of balance in the payroll account still remain and the Township is in the process of implementing procedures to resolve the remaining comments from the 2016 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. The Township maintain a complete, analysis of balance, in the payroll account.
4. A. The Township maintain all unissued dog license tags for audit inspection.  
B. Dog license fee monthly state reports be reconciled to cash prior to submission.
5. Budget appropriations be periodically reviewed and transfers be made on a timely basis.

\* \* \* \* \*