

*TOWNSHIP OF LONG HILL*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2016*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

REPORT OF AUDIT

2016

TOWNSHIP OF LONG HILL  
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TOWNSHIP OF LONG HILL

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Long Hill  
 Gillette, New Jersey

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

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Long Hill, in the County of Morris (the "Township") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, as listed in the 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.

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Hill  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Township as of December 31, 2016 and 2015, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

***Basis for Qualified Opinion***

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U. S. generally accepted accounting principles but is in accordance with the accounting practices prescribed or permitted by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2016 and 2015 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Long Hill as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

***Supplementary Information***

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Hill  
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***Other Matters*** (Cont'd)

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017 on our consideration of the Township of Long Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Long Hill's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 8, 2017

NISIVOCIA LLP



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Raymond G. Sarinelli  
Registered Municipal Accountant #383  
Certified Public Accountant

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
CURRENT FUND

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 3,941,157.15	\$ 3,802,179.13
Change Funds		275.00	275.00
		<u>3,941,432.15</u>	<u>3,802,454.13</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	810,785.80	739,870.89
Tax Title Liens Receivable	A-8	421,094.19	385,034.21
Property Acquired for Taxes at Assessed Valuation		330,525.00	330,525.00
Sewer Charges Receivable	A-10	113,532.74	103,938.22
Sewer Charge Liens Receivable	A-10a	3,591.40	2,658.55
Revenue Accounts Receivable	A-9	6,781.51	4,134.56
Due from:			
Animal Control Fund	B	11,503.66	4,783.32
Total Receivables and Other Assets With Full Reserves		<u>1,697,814.30</u>	<u>1,570,944.75</u>
Deferred Charges:			
Special Emergency Authorization (N.J.S.A. 40A:4-53)		90,000.00	120,000.00
Total Regular Fund		<u>5,729,246.45</u>	<u>5,493,398.88</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	150,812.43	129,291.41
Federal and State Grants Receivable	A-6	108,373.77	364,195.55
Total Federal and State Grant Fund		<u>259,186.20</u>	<u>493,486.96</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 5,988,432.65</u></u>	<u><u>\$ 5,986,885.84</u></u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 865,494.80	\$ 961,555.49
Encumbered	A-3;A-11	198,125.87	123,318.51
		<u>1,063,620.67</u>	<u>1,084,874.00</u>
County Taxes Payable		1,301.61	7,879.67
Prepaid Taxes		844,118.43	792,885.73
Prepaid Sewer Charges		6,149.66	6,523.46
Due to Other Trust Fund	B	101,028.00	31,411.00
Due to State of New Jersey:			
Building Surcharge Fees		1,394.00	2,192.00
Marriage Licenses Fees		200.00	175.00
Veterans' and Senior Citizens' Deductions		10,084.07	10,829.28
Reserve for:			
Tax Appeals		500,548.08	499,123.30
Reassessment			52,800.00
		<u>2,528,444.52</u>	<u>2,488,693.44</u>
Reserve for Receivables and Other Assets		1,697,814.30	1,570,944.75
Fund Balance	A-1	1,502,987.63	1,433,760.69
		<u>5,729,246.45</u>	<u>5,493,398.88</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-15	32,775.64	22,184.77
Appropriated Reserves	A-14	226,410.56	471,302.19
		<u>259,186.20</u>	<u>493,486.96</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 5,988,432.65</u></u>	<u><u>\$ 5,986,885.84</u></u>

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

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

	Year Ended December 31,	
	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 720,000.00	\$ 1,702,540.00
Miscellaneous Revenue Anticipated	3,915,712.36	4,069,781.88
Receipts from:		
Delinquent Taxes	704,763.43	578,018.86
Current Taxes	36,974,155.23	36,088,406.36
Nonbudget Revenue	140,148.60	110,871.57
Other Credits to Income:		
Interfunds Returned	4,783.32	14,658.51
Unexpended Balance of Appropriation Reserves	648,838.25	214,700.29
 Total Income	 <u>43,108,401.19</u>	 <u>42,778,977.47</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	14,188,492.59	15,086,977.23
County Taxes	4,549,284.00	4,184,380.43
Local School District Taxes	15,601,873.00	15,291,162.00
Regional High School District Taxes	7,334,392.00	7,238,778.00
Municipal Open Space Taxes	323,004.00	251,894.55
Interfunds Advanced	11,503.66	4,783.32
Prior Year Senior Citizens Deductions Disallowed	250.00	2,327.40
Refund of Prior Year Revenue		10,678.68
Reserve for Pending Tax Appeals	310,375.00	
Total Expenditures	<u>42,319,174.25</u>	<u>42,070,981.61</u>
Excess in Revenue	789,226.94	707,995.86



TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>		
Fund Balance Appropriated	\$ 720,000.00		\$ 720,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	21,000.00		21,891.00	\$ 891.00
Fees and Permits	60,000.00		80,543.73	20,543.73
Municipal Court Fines and Costs	110,000.00		76,145.01	33,854.99 *
Interest and Costs on Taxes	140,000.00		151,039.68	11,039.68
Interest on Investments and Deposits	12,000.00		14,323.87	2,323.87
Sewer Charges	1,480,000.00		1,506,727.44	26,727.44
Energy Receipts Tax	1,354,573.00		1,354,573.00	
Uniform Construction Code Fees	120,000.00		144,886.00	24,886.00
Utility Operating Surplus of Prior Years	50,000.00		50,000.00	
Tower Rental - Verizon	57,000.00		60,646.80	3,646.80
Tower Rental - AT&T Wireless	55,000.00		63,679.20	8,679.20
Cable Franchise Fees	35,000.00		35,468.05	468.05
Great Swamp	120,000.00		138,399.00	18,399.00
Life Hazard Use	12,000.00		14,529.63	2,529.63
Verizon Franchise Fees - FIOS	92,000.00		96,699.21	4,699.21
Lounsberry Insurance Payment	7,500.00		7,500.00	
Reserve for Debt Payment	40,000.00		40,000.00	
Long Hill Library Pension Reimbursement	28,000.00		29,622.31	1,622.31

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>		
Miscellaneous Revenue (Cont'd):				
State of NJ:				
Clean Communities Program	\$ 21,705.91		\$ 21,705.91	
Reserve for Alcohol Education and Rehabilitation	471.47		471.47	
Drive Sober or Get Pulled Over		\$ 5,000.00	5,000.00	
Drunk Driving Enforcement	1,861.05		1,861.05	
Total Miscellaneous Revenue	<u>3,818,111.43</u>	<u>5,000.00</u>	<u>3,915,712.36</u>	<u>\$ 92,600.93</u>
Receipts from Delinquent Taxes	<u>530,000.00</u>		<u>704,763.43</u>	<u>174,763.43</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	9,516,731.63		9,503,500.23	13,231.40 *
Minimum Library Tax	590,760.00		590,760.00	
	<u>10,107,491.63</u>		<u>10,094,260.23</u>	<u>13,231.40 *</u>
Budget Totals	15,175,603.06	5,000.00	15,434,736.02	254,132.96
Nonbudget Revenue			140,148.60	140,148.60
	<u>\$ 15,175,603.06</u>	<u>\$ 5,000.00</u>	<u>\$ 15,574,884.62</u>	<u>\$ 394,281.56</u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Analysis of Realized Revenue

Allocation of Tax Collections:

Taxes Receivable	\$	36,113,269.50	
Prepayments Applied		792,885.73	
Senior Citizens' and Veterans'			
Deductions Due from State of NJ		68,000.00	
	\$		36,974,155.23

Allocated to:

Regional High School Taxes		7,334,392.00	
Local School District Taxes		15,601,873.00	
County Taxes		4,549,284.00	
Open Space Trust Fund		323,004.00	
			27,808,553.00
			9,165,602.23

Add: Appropriation "Reserve for Uncollected Taxes"			928,658.00
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Realized for Support of Municipal Budget			\$ 10,094,260.23
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Delinquent Taxes

Delinquent Tax Collections			\$ 700,666.96
Tax Title Lien Collections			4,096.47
			\$ 704,763.43

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Analysis of Realized Revenue (Cont'd)

Sewer Receipts

Sewer Charges	\$ 1,500,203.98
Prepayments Applied	6,523.46
	\$ 1,506,727.44

Interest on Investments

Cash Receipts	\$ 11,272.62
Federal and State Grant Fund	372.53
General Capital Fund	2,513.10
Animal Control Fund	123.06
Other Trust Fund	42.56
	\$ 14,323.87

Analysis of Nonbudget Revenue

Treasurer:

DMV Inspection Fines	\$ 6,286.50
Library 4th Quarter 2015 Reimbursement	5,636.87
Planning Board	9,296.10
Zoning Board	7,250.00
FEMA Reimbursement - Superstorm "Sandy"	49,996.11
Sewer Interest	11,826.26
Miscellaneous	37,013.00
Administration Fee - Senior Citizens/Veterans Deductions	1,340.10
	128,644.94

Statutory Excess in Animal Control Fund Reserve	11,503.66
	\$ 140,148.60

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
General Administration:					
Salaries and Wages	\$ 313,000.00	\$ 313,000.00	\$ 308,475.63	\$ 4,524.37	
Other Expenses	92,400.00	92,400.00	78,715.83	13,684.17	
Communication Advisory Committee	117,100.00	117,100.00	79,680.02	37,419.98	
Mayor and Committee:					
Salaries and Wages	5,250.00	5,250.00	4,250.00	1,000.00	
Other Expenses	8,500.00	23,500.00	5,244.31	18,255.69	
Elections:					
Other Expenses	4,500.00	4,500.00	4,358.69	141.31	
Financial Administration:					
Salaries and Wages	182,000.00	182,000.00	176,193.50	5,806.50	
Other Expenses	63,500.00	63,500.00	23,437.76	40,062.24	
Assessment of Taxes:					
Salaries and Wages	47,500.00	47,500.00	46,508.19	991.81	
Other Expenses	33,450.00	33,450.00	11,703.50	21,746.50	
Collection of Taxes:					
Salaries and Wages	34,850.00	34,850.00	34,011.89	838.11	
Other Expenses	11,300.00	11,300.00	10,640.19	659.81	
Legal Services and Costs:					
Other Expenses	112,000.00	119,500.00	89,867.45	29,632.55	
Municipal Prosecutor:					
Other Expenses	23,000.00	23,000.00	20,783.08	2,216.92	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	27,950.00	29,950.00	28,476.48	1,473.52	
Other Expenses	38,000.00	66,000.00	57,016.94	8,983.06	
Board of Adjustment:					
Salaries and Wages	27,950.00	29,950.00	28,472.87	1,477.13	
Other Expenses	4,000.00	4,000.00	1,903.23	2,096.77	

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Cont'd):					
General Government (Cont'd):					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Zoning Officer:					
Salaries and Wages	\$ 65,200.00	\$ 65,200.00	\$ 65,121.42	\$ 78.58	
Other Expenses	1,050.00	1,050.00	473.99	576.01	
Public Defender (P.L. 1997-C 256):					
Other Expenses	4,800.00	4,800.00	4,633.00	167.00	
Engineering Services:					
Other Expenses	54,000.00	54,000.00	46,352.14	7,647.86	
Environmental Commission (N.J.S.A. 40A56A-1 et seq.):					
Salaries and Wages	1,700.00	1,700.00	1,633.28	66.72	
Other Expenses	500.00	500.00	335.00	165.00	
Shade Tree Commission:					
Salaries and Wages	1,600.00	1,600.00	750.00	850.00	
Other Expenses	1,000.00	1,000.00	639.00	361.00	
Buildings and Grounds:					
Other Expenses	118,900.00	118,900.00	117,161.29	1,738.71	
Insurance:					
Temporary Unemployment Insurance	20,000.00	20,000.00	20,000.00		
Group Health Insurance	925,000.00	865,000.00	825,009.55	39,990.45	
Health Benefit Waiver	35,000.00	40,000.00	36,717.78	3,282.22	
General Liability Insurance	255,000.00	255,000.00	238,538.24	16,461.76	
Worker Compensation Insurance	185,000.00	185,000.00	185,000.00		
Accumulated Absences	1,000.00	1,000.00	1,000.00		
Public Safety:					
Aid to Volunteer Fire Companies	141,000.00	141,000.00	134,909.97	6,090.03	

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Public Safety (Cont'd):					
Fire Prevention (Uniform Fire Safety) :					
Salaries and Wages	\$ 22,000.00	\$ 23,000.00	\$ 22,102.38	\$ 897.62	
Other Expenses	160,000.00	164,000.00	162,600.41	1,399.59	
Police:					
Salaries and Wages	2,867,500.00	2,833,500.00	2,756,030.26	77,469.74	
Other Expenses	63,325.00	55,825.00	50,927.43	4,897.57	
Purchase of Police Vehicles	42,000.00	76,000.00	75,904.44	95.56	
Emergency Management:					
Salaries and Wages	17,000.00	17,000.00	16,972.27	27.73	
Other Expenses	13,220.00	13,220.00	12,998.04	221.96	
Municipal Court:					
Salaries and Wages	97,500.00	97,500.00	95,155.86	2,344.14	
Other Expenses	5,090.00	5,090.00	4,068.43	1,021.57	
Municipal Radio and Communications:					
Other Expenses	237,500.00	237,500.00	237,359.89	140.11	
Aid to Volunteer Ambulance Company	35,000.00	35,000.00	35,000.00		
Streets and Roads:					
Road Repairs and Maintenance:					
Salaries and Wages	725,000.00	725,000.00	702,402.64	22,597.36	
Other Expenses	170,800.00	170,800.00	151,556.06	19,243.94	
Fleet Maintenance:					
Other Expenses	118,050.00	118,050.00	100,629.30	17,420.70	
Sanitation:					
Garbage and Trash Removal - Contractual	465,000.00	465,000.00	423,797.36	41,202.64	
Other Expenses	250,000.00	250,000.00	240,482.24	9,517.76	

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Sanitation (Cont'd):					
Sewer System:					
Salaries and Wages	\$ 335,600.00	\$ 335,600.00	\$ 308,174.23	\$ 27,425.77	
Other Expenses	338,800.00	338,800.00	269,041.29	69,758.71	
Health and Welfare:					
Board of Health:					
Health Officer - Contractual	62,600.00	62,600.00	62,580.37	19.63	
Services of Visiting Nurse - Contractual	8,910.00	8,910.00	8,910.00		
PEOSHA:					
Other Expenses	4,000.00	4,000.00	3,591.42	408.58	
Recreation and Education:					
Parks and Playgrounds:					
Salaries and Wages	54,200.00	61,200.00	60,468.69	731.31	
Other Expenses	75,220.00	75,220.00	53,895.34	21,324.66	
Stirling Lake Recreation Facility:					
Other Expenses	16,650.00	16,650.00	13,859.11	2,790.89	
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	54,000.00	37,500.00	35,872.87	1,627.13	
Senior Citizens' Transportation:					
Salaries and Wages	12,500.00	12,500.00	11,239.68	1,260.32	
Other Expenses	17,000.00	17,000.00	17,000.00		

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:24:17)					
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	\$ 139,100.00	\$ 145,100.00	\$ 135,861.21	\$ 9,238.79	
Other Expenses	4,450.00	4,450.00	1,871.83	2,578.17	
Unclassified:					
Utilities:					
Gasoline	110,000.00	110,000.00	60,644.50	49,355.50	
Electricity	260,000.00	270,000.00	266,022.00	3,978.00	
Telephone	60,000.00	64,500.00	60,626.20	3,873.80	
Natural Gas	23,000.00	23,000.00	20,163.12	2,836.88	
Heating Fuel	20,000.00	20,000.00	6,775.41	13,224.59	
Water	55,000.00	55,000.00	46,751.56	8,248.44	
Street Lighting	92,000.00	92,000.00	65,993.38	26,006.62	
Condo Services Act	15,000.00	7,000.00	6,744.04	255.96	
Total Operations Within "CAPS"	10,004,015.00	10,004,015.00	9,292,087.48	711,927.52	
Detail:					
Salaries and Wages	4,977,400.00	4,961,400.00	4,802,300.48	159,099.52	
Other Expenses	5,026,615.00	5,042,615.00	4,489,787.00	552,828.00	

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	\$ 276,072.63	\$ 276,072.63	\$ 276,072.63		
Social Security System (O.A.S.I.)	420,000.00	420,000.00	396,432.72	\$ 23,567.28	
Police and Firemen's Retirement System of NJ	612,059.00	612,059.00	612,059.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,308,131.63</u>	<u>1,308,131.63</u>	<u>1,284,564.35</u>	<u>23,567.28</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,312,146.63</u>	<u>11,312,146.63</u>	<u>10,576,651.83</u>	<u>735,494.80</u>	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library (N.J.S.A. 40:54-8) (C. 82, P.L. 1985)	590,760.00	590,760.00	590,760.00		
Length of Service Award Programs (LOSAP)	130,000.00	130,000.00		130,000.00	

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS"(Cont'd):					
Public and Private Programs Offset by Revenues:					
Reserve for Alcohol Education and Rehabilitation Fund	\$ 471.47	\$ 471.47	\$ 471.47		
Drive Sober or Get Pulled Over (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Drunk Driving Enforcement Fund	1,861.05	1,861.05	1,861.05		
Clean Communities Grant	21,705.91	21,705.91	21,705.91		
Total Operations Excluded from "CAPS"	744,798.43	749,798.43	619,798.43	\$ 130,000.00	
Detail:					
Other Expenses	744,798.43	749,798.43	619,798.43	130,000.00	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Sewer Improvement	60,000.00	60,000.00	3,145.00		\$ 56,855.00
Total Capital Improvements Excluded from "CAPS"	160,000.00	160,000.00	103,145.00		56,855.00

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 860,000.00	\$ 860,000.00	\$ 860,000.00		
Payment of Bond Anticipation Notes and Capital Notes	516,044.00	516,044.00	516,044.00		
Interest on Bonds	339,460.00	339,460.00	338,326.68		\$ 1,133.32
Interest on Notes	11,400.00	11,400.00	10,769.83		630.17
N.J. Environmental Infrastructure:					
Principal on Loan-2010 Loan	72,814.00	72,814.00	72,813.55		0.45
Interest on Loan-2010 Loan	12,175.00	12,175.00	7,613.04		4,561.96
Principal on Loan - 2014 Loan	158,288.00	158,288.00	158,288.00		
Interest on Loan - 2014 Loan	29,819.00	29,819.00	29,547.43		271.57
Total Municipal Debt Service Excluded from "CAPS"	<u>2,000,000.00</u>	<u>2,000,000.00</u>	<u>1,993,402.53</u>		<u>6,597.47</u>
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations					
5 years (N.J.S.40A:4-53)	30,000.00	30,000.00	30,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>30,000.00</u>	<u>30,000.00</u>	<u>30,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,934,798.43</u>	<u>2,939,798.43</u>	<u>2,746,345.96</u>	\$ 130,000.00	63,452.47
Subtotal General Appropriations	14,246,945.06	14,251,945.06	13,322,997.79	865,494.80	63,452.47
Reserve for Uncollected Taxes	928,658.00	928,658.00	928,658.00		
Total General Appropriations	<u>\$ 15,175,603.06</u>	<u>\$ 15,180,603.06</u>	<u>\$ 14,251,655.79</u>	<u>\$ 865,494.80</u>	<u>\$ 63,452.47</u>

Ref.

A

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 15,175,603.06	
Appropriation by NJSA 40A:4-87		5,000.00	
		\$ 15,180,603.06	
Reserve for Uncollected Taxes			\$ 928,658.00
Reserve for Encumbrances	A		198,125.87
Due Federal and State Grant Fund			29,038.43
Deferred Charges			30,000.00
Cash Disbursed			13,724,016.21
			14,909,838.51
Less: Appropriation Refunds			658,182.72
			\$ 14,251,655.79

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
TRUST FUNDS

TOWNSHIP OF LONG HILL  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 41,870.56	\$ 35,724.92
		<u>41,870.56</u>	<u>35,724.92</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,950,907.04	2,203,670.19
Due from Current Fund	A	101,028.00	31,411.00
		<u>2,051,935.04</u>	<u>2,235,081.19</u>
 TOTAL ASSETS		 <u>\$ 2,093,805.60</u>	 <u>\$ 2,270,806.11</u>

TOWNSHIP OF LONG HILL  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 30,366.90	\$ 30,937.40
Due to Current Fund	A	11,503.66	4,783.32
Due to State of New Jersey			4.20
		<u>41,870.56</u>	<u>35,724.92</u>
Other Trust Funds:			
Reserve for Developer's Escrow		309,187.06	169,083.19
Reserve for Unemployment Insurance		25,884.41	19,470.59
Reserve for Municipal Open Space		419,939.68	999,330.81
Reserve for Historical Preservation		213,676.03	198,994.38
Reserve for COAH		112,500.21	146,141.94
Reserve for Special Deposits:			
Special Law Enforcement		815.13	513.75
Recycling		12,974.69	14,223.64
Shade Tree Donations		6,663.14	9,787.14
Uniform Fire Safety Penalties		6,747.76	5,704.76
Recreation Program		91,129.64	31,799.41
Parking Offense Adjudication Act		1,038.02	972.02
Road Openings		12,550.00	14,550.00
Beautification Program			11,219.01
Fill Permits		1,000.00	1,000.00
Tax Sale Premiums		403,479.97	256,679.97
Accumulated Absences		147,253.03	169,542.31
Storm Recovery		184,954.13	84,954.13
Tax Title Liens Held in Trust		81,863.62	81,863.62
Public Defender Fees		18,179.50	17,151.50
Title Search		200.00	200.00
Outside Police Services		1,899.02	1,899.02
		<u>2,051,935.04</u>	<u>2,235,081.19</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,093,805.60</u>	<u>\$ 2,270,806.11</u>

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

TOWNSHIP OF LONG HILL  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF LONG HILL  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,514,130.31	\$ 2,238,882.13
NJ Environmental Infrastructure Trust Loan Receivable			32,290.00
Federal and State Grants Receivable:			
State of NJ Grant Receivable		62,500.00	
Deferred Charges to Future Taxation:			
Funded		11,994,199.65	13,280,301.33
Unfunded	C-4	3,799,294.45	3,824,458.91
<b>TOTAL ASSETS</b>		<u>\$ 17,370,124.41</u>	<u>\$ 19,375,932.37</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 8,119,000.00	\$ 9,174,000.00
Bond Anticipation Notes Payable	C-7	3,130,000.00	1,900,000.00
NJ Environmental Infrastructure Trust Loans Payable #1	C-9	934,301.33	1,007,114.88
NJ Environmental Infrastructure Trust Loans Payable #2	C-9a	2,940,898.32	3,099,186.45
Improvement Authorizations:			
Funded	C-5	545,832.85	669,110.00
Unfunded	C-5	781,249.47	1,543,831.09
Encumbrances Payable		274,804.27	1,594,736.62
Reserve for:			
Sewer Contributions		28,931.58	110,571.58
Preliminary Costs - Wastewater Sale			12,202.93
Payment of Debt Service		275,008.36	58,000.27
FEMA		18,000.00	18,000.00
Capital Improvement Fund	C-6	221,658.98	171,658.98
Fund Balance	C-1	100,439.25	17,519.57
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 17,370,124.41</u>	<u>\$ 19,375,932.37</u>

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

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 17,519.57
Increased by:		
Cancellation of Improvement Authorizations		<u>145,019.68</u>
		162,539.25
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>62,100.00</u>
Balance December 31, 2016	C	<u><u>\$ 100,439.25</u></u>

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
PARKING LOT AND FACILITIES UTILITY FUND

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31	
		2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 332,272.76	\$ 348,181.55
Due from Parking Lot and Facilities Utility Capital Fund	D	20,620.00	
		<u>352,892.76</u>	<u>348,181.55</u>
Total Operating Fund		<u>352,892.76</u>	<u>348,181.55</u>
Capital Fund:			
Fixed Capital	D-7	274,803.85	274,803.85
Fixed Capital Authorized and Uncompleted	D-8	70,000.00	70,000.00
Due from Parking Lot and Facilities Utility Operating Fund	D		19,380.00
Total Capital Fund		<u>344,803.85</u>	<u>364,183.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 697,696.61</u>	<u>\$ 712,365.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-9		\$ 15,280.71
Total Appropriation Reserves			<u>15,280.71</u>
Prepaid Parking Permits		\$ 74,515.00	76,200.00
Due to Parking Lot and Facilities Utility Capital Fund	D		19,380.00
		<u>74,515.00</u>	<u>110,860.71</u>
Fund Balance	D-1	278,377.76	237,320.84
Total Operating Fund		<u>352,892.76</u>	<u>348,181.55</u>
Capital Fund:			
Improvement Authorizations:			
Unfunded	D-10	27,880.00	67,880.00
Due to Parking Lot and Facilities Utility Operating Fund	D	20,620.00	
Reserve for:			
Amortization		274,803.85	274,803.85
Future Improvements		21,500.00	21,500.00
Total Capital Fund		<u>344,803.85</u>	<u>364,183.85</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 697,696.61</u>	<u>\$ 712,365.40</u>

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31</u>	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Parking Lot Fees and Permits		\$ 97,141.50	\$ 93,377.75
Rental of Facilities		19,598.80	16,583.60
Interest Income		884.31	765.70
Other Credits to Income:			
Appropriation Reserves Lapsed		13,432.31	5,274.51
Total Income		<u>131,056.92</u>	<u>116,001.56</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		40,000.00	30,000.00
Capital Outlay			10,000.00
Total Expenditures		<u>40,000.00</u>	<u>40,000.00</u>
Excess in Revenue		91,056.92	76,001.56
<u>Fund Balance</u>			
Balance January 1		<u>237,320.84</u>	<u>211,319.28</u>
		328,377.76	287,320.84
Decreased by:			
Amount Anticipated as Current Fund Revenue		<u>50,000.00</u>	<u>50,000.00</u>
Balance December 31	D	<u><u>\$ 278,377.76</u></u>	<u><u>\$ 237,320.84</u></u>

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	Anticipated	Realized	Excess or Deficit *
Parking Lot Fees and Permits	\$ 50,000.00	\$ 97,141.50	\$ 47,141.50
Miscellaneous Revenue Not Anticipated:			
Rental of Facilities		19,598.80	19,598.80
Interest on Investments		884.31	884.31
	\$ 50,000.00	\$ 117,624.61	\$ 67,624.61

Analysis of Realized Revenue

Parking Lot Fees and Permits:	
Parking Permits	\$ 20,941.50
Prepaid Parking Permits Applied	76,200.00
	\$ 97,141.50

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>	<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	
Operating:				
Salaries and Wages	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	
Other Expenses	30,000.00	30,000.00	30,000.00	
Capital Improvements:				
Capital Outlay	10,000.00	10,000.00		\$ 10,000.00
	<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 10,000.00</u>

Ref.

Analysis of Paid or Charged:

Cash Disbursed	<u>\$ 40,000.00</u>
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THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
GENERAL FIXED ASSETS ACCOUNT GROUP  
(UNAUDITED)

TOWNSHIP OF LONG HILL  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Unaudited)

	December 31,	
	2016	2015
<u>ASSETS</u>		
Land and Buildings	\$ 28,320,321.00	\$ 28,320,321.00
Vehicles, Furniture and Equipment	7,673,429.67	7,718,539.26
<u>TOTAL ASSETS</u>	\$ 35,993,750.67	\$ 36,038,860.26
 <u>RESERVE</u>		
Reserve for Fixed Assets	\$ 35,993,750.67	\$ 36,038,860.26
<u>TOTAL RESERVE</u>	\$ 35,993,750.67	\$ 36,038,860.26

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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 Long Hill 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 Long Hill accounts for its financial transactions through the following separate funds on the following page:

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

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

B. Description of Funds (Cont'd)

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

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

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

Parking Lot and Facilities Utility Operating and Capital Fund – Account for the operations and acquisition of capital facilities of the municipally owned parking utility.

General Fixed Assets Account Group (Unaudited) – These accounts were established with 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 year's 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 receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

C. Basis of Accounting (Cont'd)

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

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; 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 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 or amortized cost, which approximates market.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

E. Other Significant Accounting Policies Include: (Cont'd)

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.

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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets (Unaudited) - General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets; maintenance and minor parts 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, General Capital Fund and Parking Lot and Facilities Utility Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Parking Lot and Facilities Utility Fund are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations of the cost of acquisitions of property, equipment and improvements. The Parking Lot and Facilities Utility does not record depreciation on fixed assets.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds 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

	<u>December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 15,124,199.65	\$ 15,180,301.33	\$ 16,125,678.01
Total Issued	<u>15,124,199.65</u>	<u>15,180,301.33</u>	<u>16,125,678.01</u>
Less: Funds Temporarily Held to Pay Bonds and Notes:			
Reserve to Pay Debt Service	275,008.36	58,000.27	98,000.27
Total Deductions	<u>275,008.36</u>	<u>58,000.27</u>	<u>98,000.27</u>
Net Debt Issued	<u>14,849,191.29</u>	<u>15,122,301.06</u>	<u>16,027,677.74</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	669,294.45	1,924,458.91	2,240,185.17
Parking Lot and Facilities Utility:			
Bonds and Notes	<u>70,000.00</u>	<u>70,000.00</u>	<u>70,000.00</u>
Total Authorized but not Issued	<u>739,294.45</u>	<u>1,994,458.91</u>	<u>2,310,185.17</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 15,588,485.74</u>	<u>\$ 17,116,759.97</u>	<u>\$ 18,337,862.91</u>

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/14	Additions	Retirements	Balance 12/31/15
General Capital Fund:				
Serial Bonds	\$ 10,039,000.00		\$ 865,000.00	\$ 9,174,000.00
Loans Payable:				
NJ EIT Loan Payable	3,257,474.58		158,288.13	3,099,186.45
NJ EIT Loan Payable	1,177,203.43		170,088.55	1,007,114.88
Bond Anticipation Notes Payable	1,652,000.00	\$ 1,900,000.00	1,652,000.00	1,900,000.00
Total	<u>\$ 16,125,678.01</u>	<u>\$ 1,900,000.00</u>	<u>\$ 2,845,376.68</u>	<u>\$ 15,180,301.33</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
General Capital Fund:				
Serial Bonds	\$ 9,174,000.00	\$ 3,730,000.00	\$ 4,785,000.00	\$ 8,119,000.00
Loans Payable:				
NJ EIT Loan Payable	3,099,186.45		158,288.13	2,940,898.32
NJ EIT Loan Payable	1,007,114.88		72,813.55	934,301.33
Bond Anticipation Notes Payable	1,900,000.00	3,130,000.00	1,900,000.00	3,130,000.00
Total	<u>\$ 15,180,301.33</u>	<u>\$ 6,860,000.00</u>	<u>\$ 6,916,101.68</u>	<u>\$ 15,124,199.65</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of 0.90%.

	Gross Debt	Deductions	Net Debt
Local and Regional School District Debt	\$ 18,771,778.76	\$ 18,771,778.76	
General Debt	15,793,494.10	275,008.36	\$ 15,518,485.74
Parking Lot and Facilities Utility Debt	70,000.00	70,000.00	
	<u>\$ 34,635,272.86</u>	<u>\$ 19,116,787.12</u>	<u>\$ 15,518,485.74</u>

Net Debt \$15,518,485.74 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,722,690,228.33 = 0.90%.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

(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	\$ 60,294,157.98
Net Debt	<u>15,518,485.74</u>
Remaining Borrowing Power	<u><u>\$ 44,775,672.24</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 116,740.30
Deductions:	
Operating and Maintenance Cost	<u>40,000.00</u>
Excess in Revenue	<u><u>\$ 76,740.30</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.

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

Analysis of Debt Issued and Outstanding at December 31, 2016

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
	<u>Outstanding Dec. 31, 2016</u>			
	<u>Date</u>	<u>Amount</u>		
General Bonds of 2007	2/15/2017	\$ 375,000.00	4.00%	\$ 375,000.00
General Refunding Bonds of 2007	2/15/2017	285,000.00	4.00%	1,130,000.00
	2/15/2018-2019	280,000.00	4.00%	
	2/15/2020	285,000.00	4.00%	
General Bonds of 2011	7/15/2017	200,000.00	2.50%	2,884,000.00
	7/15/2018-2021	200,000.00	3.00%	
	7/15/2022	200,000.00	3.125%	
	7/15/2023	200,000.00	3.25%	
	7/15/2024-2025	200,000.00	3.50%	
	7/15/2026	200,000.00	3.625%	
	7/15/2027-2030	200,000.00	4.00%	
7/15/2031	84,000.00	4.00%		

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2016 (Cont'd)

General Capital Fund (Cont'd)

Serial Bonds (Cont'd)

<u>Purpose</u>	<u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2016</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
General Refunding	2/15/2018	\$ 365,000.00	3.00%	\$ 3,730,000.00
Bonds of 2016	2/16/2019	365,000.00	4.00%	
	2/17/2020	390,000.00	4.00%	
	2/18/2021-2022	385,000.00	4.00%	
	2/19/2023	380,000.00	2.00%	
	2/19/2024	375,000.00	3.00%	
	2/19/2025	370,000.00	4.00%	
	2/19/2026	370,000.00	4.00%	
	2/19/2027	345,000.00	4.00%	
				\$ 8,119,000.00
		<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	
NJ Environmental Infrastructure Trust Loan		8/1/2029	3-5%	\$ 934,301.33
NJ Environmental Infrastructure Trust Loan		8/1/2033	3-5%	\$ 2,940,898.32
<u>Bond Anticipation Notes</u>				
<u>Purpose</u>	<u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2016</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
	<u>Date</u>	<u>Amount</u>		
Various Improvements	6/2/2017	\$ 1,480,000.00	1.03%	\$ 1,480,000.00
Various Improvements	6/2/2017	500,000.00	1.03%	500,000.00
Various Improvements	6/2/2017	200,000.00	1.03%	200,000.00
Land Acquisition	6/2/2017	950,000.00	1.03%	950,000.00
				\$ 3,130,000.00
Total Debt Issued and Outstanding				\$ 15,124,199.65

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

New Jersey Environmental Infrastructure Trust EIT Loans

On March 10, 2010, the Township entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the aggregate amount of \$1,507,000.00, which represents direct obligations of the Township. The loan agreements were obtained to finance the additional costs for improvement of the wastewater treatment plant. Principal and interest payments commenced August 1, 2010 and continue on a semiannual basis through August 1, 2029.

Also, annual administrative fees of three-tenths of one percent (.30%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time and of one percent (1.00%) of the initial principal amount of the loan or such lesser amount, if any, as the state may approve from time to time are payable on these loans

New Jersey Environmental Infrastructure Trust EIT Loans

On May 21, 2014, the Township entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the aggregate amount of \$3,343,000.00, which represents direct obligations of the Township. The loan agreements were obtained to finance the additional costs for improvement of the wastewater treatment plant. Principal and interest payments commenced August 1, 2015 and continue on a semiannual basis through August 1, 2033.

Also, annual administrative fees of three-tenths of one percent (.30%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time and of one percent (1.00%) of the initial principal amount of the loan or such lesser amount, if any, as the state may approve from time to time are payable on these loans.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,091,101.68	\$ 325,603.76	\$ 1,416,705.44
2018	1,081,101.68	293,978.76	1,375,080.44
2019	1,086,101.68	261,503.76	1,347,605.44
2020	1,116,101.68	226,653.76	1,342,755.44
2021	831,101.68	191,003.76	1,022,105.44
2022-2026	4,135,508.40	626,343.80	4,761,852.20
2027-2031	2,281,606.48	151,893.80	2,433,500.28
2032-2033	371,576.37	5,618.76	377,195.13
	<u>\$ 11,994,199.65</u>	<u>\$ 2,082,600.16</u>	<u>\$ 14,076,799.81</u>

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

(Continued)

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

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$9,376,720 at June 30, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$14,297,036 at June 30, 2016. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2016, which was appropriated and included as anticipated revenue in the year ending December 31, 2017 adopted budget, was as follows:

Current Fund	\$970,000.00
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Note 4: Local and Regional 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 Long Hill has elected not to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$276,073 for 2016.

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability was \$9,376,720 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.032%, which is an decrease of 0.0001% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized actual pension expense in the amount of \$276,073.

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block 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, 2016 are summarized in the following table:

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: 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 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Township's proportionate share of the Net Pension Liability	\$ 11,490,076	\$ 9,376,720	\$ 7,631,961

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 5: 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.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$612,059 for the year ended December 31, 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$46,003 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$153,344.

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

Pension Liabilities and Pension Expense

At June 30, 2016, the Township's liability for its proportionate share of the net pension liability was \$14,297,036. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Township's proportion was 0.075%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2015.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,200,596 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the State's proportion was 0.075%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2015 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 14,297,036
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>1,200,596</u>
Total Net Pension Liability	<u>\$ 15,497,632</u>

For the year ended December 31, 2016, the Township recognized total pension expense of \$612,059.

Actuarial Assumptions

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

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

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block 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, 2016 are summarized in the following table:

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2016		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 19,983,061	\$ 15,497,632	\$ 11,840,036

Pension Plan Fiduciary Net Position - PFRS

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of \$6,871 for the year ended December 31, 2016. Employee contributions to DCRP amounted to \$12,597 for the year ended December 31, 2016.

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 upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$82,261. This amount is not reported either as an 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, except for any amount that has been reserved in the Trust Fund.

This amount is fully reserved in the Reserve for Accrued Sick and Vacation of \$147,253 on the Trust Funds balance sheet at December 31, 2016.

Note 7: Deferred Compensation Plan

The Township of Long Hill offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Lincoln National Life Insurance Company, is available to all Township employees and permits 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.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14<sup>th</sup>, 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 there is an 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.

	2016		2015		2014
<u>Tax Rate</u>	\$ 2.348	*	\$ 2.932		\$ 2.868
<u>Apportionment of Tax Rate</u>					
Municipal	.625		.786		.768
Municipal Open Space	.019		.020		.020
County	.282		.333		.326
Local School	.967		1.217		1.161
Regional School	.455		.576		.593
<u>Assessed Valuations</u>					
2016	\$ 1,615,021,900	*			
2015			\$ 1,257,107,260		
2014					\$ 1,259,967,160

\* Revaluation Year

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.

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2016	\$ 37,931,566.75	\$ 36,974,155.23	97.47%
2015	36,939,471.53	36,088,406.36	97.69%
2014	36,253,210.04	35,435,477.07	97.74%

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.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 9: Cash and Cash Equivalents

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

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

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

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

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

Deposits:

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

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

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

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

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

As of December 31, 2016, cash and cash equivalents of the Township of Long Hill consisted of the following:

Fund	Cash on Hand	Savings and Checking Accounts	Totals
Current Fund	\$ 275.00	\$ 3,941,157.15	\$ 3,941,432.15
Federal and State Grant Fund		150,812.43	150,812.43
Animal Control Fund		41,870.56	41,870.56
Other Trust Fund		1,950,907.04	1,950,907.04
General Capital Fund		1,514,130.31	1,514,130.31
Parking Lot and Facilities			
Utility Operating Fund	1,250	331,022.76	332,272.76
	<u>\$ 1,525.00</u>	<u>\$ 7,929,900.25</u>	<u>\$ 7,931,425.25</u>

During the period ended December 31, 2016, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2016, was \$7,931,425.25 and the bank balance was \$8,138,455.08.

Note 10: Risk Management

Property and Liability

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. Health benefits are provided through the State of New Jersey health benefits plan.

Property and Liability

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

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

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

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 LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 10: Risk Management (Cont'd)

Property and Liability (Cont'd)

This 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. In accordance with Statement No. 10 of the Governmental Auditing Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2016 audit report of the Fund is not filed as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2015 is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	\$ 24,775,454
Net Position	\$ 8,631,831
Total Revenue	\$ 17,370,144
Total Expenses	\$ 17,918,337
Change in Net Position	\$ (548,193)
Members Dividends	\$ -0-

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

PERMA Risk Management Services  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054  
(201) 881-7632

New Jersey Unemployment Compensation Insurance

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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 trust fund for the current and previous two years:

<u>Year</u>	<u>Township/ Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 10,378.53	\$ 22.99	\$ 15,439.35	\$ 6,008.90
2015	27,883.69	41.62	14,463.62	19,470.59
2016	20,000.00	42.56	13,628.74	25,884.41

Note 11: Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 11,503.66	\$ 101,028.00
Animal Control Fund		11,503.66
Other Trust Fund	101,028.00	
Parking Lot and Facilities Utility Operating Fund	20,620.00	
Parking Lot and Facilities Utility Capital Fund		20,620.00
	<u>\$ 133,151.66</u>	<u>\$ 133,151.66</u>

The interfund receivable in the Other Trust Fund and the interfund payable in the Current Fund is due to public defender receipts collected in Current Fund and Reserve for Storm Recovery which has not yet been turned over to the Other Trust Fund. The interfund receivable in the Current Fund and payable in the Animal Control Fund is due to the statutory excess in the Animal Control Fund that has not yet been turned over to the Current Fund. The interfund receivable and the interfund payable in the Parking Lot and Facilities Funds is due to an interfund advanced that has not yet been returned.

Note 12: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1997. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2016 and 2015 were \$419,939.68 and \$999,330.81, respectively.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 13: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. In the opinion of the General Counsel to the Township, payment of claims by the Township, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on their financial position.

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 \$500,548, which the Township believes is adequate to cover any potential liability.

The Township is involved in litigation with a contractor for additional costs related to a capital project. The Township has some funds available in a capital ordinance to fund some or all of the contingency. If the actual cost exceeds the balance remaining, either a cancelled balance will be reinstated or a supplemental appropriation will need to be made in the General Capital Fund.

Note 14: 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 15: Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. During 2015, the Township passed an ordinance and a resolution for special emergency appropriations totaling \$150,000.00 for a property reassessment which was appropriated in the 2015 budget.

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Required</u> <u>2017 Budget</u> <u>Appropriation</u>
Current Fund:		
Special Emergency Authorization (40A:4-53)	\$ 90,000	\$ 30,000

The appropriation in the 2017 budget is not less than that required by the State of New Jersey.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 16: Fixed Assets (Unaudited)

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016
Land and Buildings	\$ 28,320,321.00			\$ 28,320,321.00
Vehicles, Furniture and Equipment	7,718,539.26		\$ 45,109.59	7,673,429.67
	<u>\$ 36,038,860.26</u>	<u>\$ -0-</u>	<u>\$ 45,109.59</u>	<u>\$ 35,993,750.67</u>

TOWNSHIP OF LONG HILL

SUPPLEMENTARY DATA

TOWNSHIP OF LONG HILL  
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS  
DECEMBER 31, 2016

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

Name		Amount of Bond	Name of Corporate or Personal Surety
Bruce Meringolo	Mayor		
Guy Piserchia	Deputy Mayor		
Matt Dorsi	Committeeperson		
Brendan Rae	Committeeperson		
Cornel Schuler, Jr.	Committeeperson		
Neil Henry	Administrator	(A)	
Leonard Ho	Chief Financial Officer / Tax Collector	(A)	200,000.00
Deborah Brooks	Township Clerk, Registrar Vital Statistics (from 9/7/2016)	(A)	
Colette Armenti	Sewer Charge Collector		
James D. Bride	Magistrate, Municipal Court	(A)	50,000.00
Annette Naylor	Court Administrator	(A)	50,000.00
Donna Ruggiero	Deputy Court Administrator	(A)	
Yvonne Rude	Deputy Court Administrator		
John R. Pidgeon	Township Attorney		
Greg Impink	Building Inspector, Construction Official	(A)	
Craig Bellamy	Fire Official	(A)	
Brett Trout	Tax Assessor	(A)	
Michael Mazzeo	Police Chief	(A)	
Paul Ferriero	Engineer		
Tom Sweeney	Director of Public Works	(A)	

(A) Covered under a \$50,000.00 Public Employees Bond with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Public Employees Bond with the Municipal Excess Liability Joint Insurance Fund.

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
CURRENT FUND



TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF CASH  
(Continued)

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Decreased by Disbursements:			
2016 Appropriation Expenditures		\$ 13,724,016.21	
2015 Appropriation Reserves		336,035.75	
County Taxes Payable		4,555,862.06	
Local School Taxes Payable		15,601,873.00	
Regional School Taxes Payable		7,334,392.00	
Due to Current Fund			\$ 372.53
Tax Overpayments Refunded		47,037.02	
Sewer Overpayments Refunded		125.02	
Third Party Tax Title Liens		134,803.00	
Reserve for Reassessment		52,800.00	
Due to/from Other Trust Fund:			
Interfund Returned		31,411.00	
Open Space Tax Levy		242,253.00	
Historical Preservation Tax Levy		80,751.00	
Due to:			
State of NJ - Building Surcharge Fees		14,000.00	
State of NJ - Marriage License Fees		1,050.00	
Reserve for Tax Appeals		308,950.22	
Reserve for Grant Expenditures			273,930.06
		\$ 42,465,359.28	\$ 274,302.59
Balance December 31, 2016	A	\$ 3,941,157.15	\$ 150,812.43

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

Taxes Receivable	\$ 36,813,936.46	
Tax Title Liens	4,096.47	
2017 Prepaid Taxes	844,118.43	
Interest and Costs on Taxes	151,039.68	
Tax Overpayments	47,037.02	
Third Party Tax Title Liens	<u>134,803.00</u>	
		\$ 37,995,031.06

Decreased by:

Payments to Treasurer		<u>\$ 37,995,031.06</u>
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TOWNSHIP OF LONG HILL  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	Balance Dec.31, 2015	2016 Realized Revenue	2016 Receipts	Transferred from Unappropriated Reserve	Balance Dec.31, 2016
Body Armor Grant	\$ 164.55		\$ 164.55		
Drive Sober or Get Pulled Over		\$ 5,000.00			\$ 5,000.00
Highlands TDR Feasibility Grant	12,500.00				12,500.00
Morris County Historic Preservation Trust (2010)	13,531.00				13,531.00
Shade Tree Challenge Grant	3,000.00				3,000.00
NJDOT Grant - Gillette Schools Sidewalks	10,000.00		10,000.00		
NJDEP Green Acres - Passaic Basin	325,000.00		250,657.23		74,342.77
Drunk Driving Enforcement		1,861.05	1,861.05		
Clean Communities Program		21,705.91		\$ 21,705.91	
Alcohol Education Rehabilitation Grant		471.47		471.47	
	<u>\$ 364,195.55</u>	<u>\$ 29,038.43</u>	<u>\$ 262,682.83</u>	<u>\$ 22,177.38</u>	<u>\$ 108,373.77</u>
<u>Ref.</u>	A				A

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

Year	Balance	2016 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec.31, 2015		2015	2016				Dec.31, 2016
2015	\$ 739,870.89			\$ 700,666.96	\$ (250.00)	\$ 35,492.88	\$ 3,907.60	\$ 53.45
	739,870.89			700,666.96	(250.00)	35,492.88	3,907.60	53.45
2016		\$ 37,931,566.75	\$ 792,885.73	36,113,269.50	68,000.00	110,619.19	36,059.98	810,732.35
	\$ 739,870.89	\$ 37,931,566.75	\$ 792,885.73	\$ 36,813,936.46	\$ 67,750.00	\$ 146,112.07	\$ 39,967.58	\$ 810,785.80
<u>Ref.</u>	A							A

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 37,920,727.32
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	10,839.43
	<u>\$ 37,931,566.75</u>

Tax Levy:

Regional High School Taxes	\$ 7,334,392.00
Local School District Taxes	15,601,873.00
County Taxes	\$ 4,547,982.39
Due County for Added and Omitted Taxes	<u>1,301.61</u>
	4,549,284.00
Municipal Open Space Taxes	242,253.00
Historical Preservation Taxes	<u>80,751.00</u>
	27,808,553.00
Local Tax for Municipal Purposes Levied	9,516,731.63
Municipal Library Tax	590,760.00
Add: Additional Tax Levied	<u>15,522.12</u>
	10,123,013.75
	<u>\$ 37,931,566.75</u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 385,034.21
Increased by:			
Interest and Costs on Tax Sale		\$ 188.87	
Transfer from Taxes Receivable		<u>39,967.58</u>	
			<u>40,156.45</u>
			425,190.66
Decreased by:			
Cash Collections			<u>4,096.47</u>
Balance December 31, 2016	A		<u><u>\$ 421,094.19</u></u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec.31, 2015	Accrued In 2016	Collected by Treasurer	Balance Dec.31, 2016
Licenses:				
Alcoholic Beverages		\$ 21,891.00	\$ 21,891.00	
Fees and Permits		80,543.73	80,543.73	
Municipal Court:				
Fines and Costs	\$ 4,134.56	78,791.96	76,145.01	\$ 6,781.51
Uniform Construction Code Fees		144,886.00	144,886.00	
State of New Jersey				
Energy Receipts Tax		1,354,573.00	1,354,573.00	
Lounsberry Meadow Insurance Reimbursement		7,500.00	7,500.00	
Life Hazard Use		14,529.63	14,529.63	
Tower Rental - Verizon		60,646.80	60,646.80	
Tower Rental - AT&T Wireless		63,679.20	63,679.20	
Cable Franchise Fee		35,468.05	35,468.05	
Great Swamp		138,399.00	138,399.00	
Utility Operating Surplus - Prior Year		50,000.00	50,000.00	
Verizon Franchise Fees - FIOS		48,450.53	96,699.21	
Reserve for Debt Payment		40,000.00	40,000.00	
Long Hill Library Pension Reimbursement		39,345.75	29,622.31	
	<u>\$ 4,134.56</u>	<u>\$ 2,178,704.65</u>	<u>\$ 2,214,582.94</u>	<u>\$ 6,781.51</u>

Ref.

A

A

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF SEWER CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 103,938.22
Increased by:		
Sewer Charges Levied		<u>1,525,774.81</u>
		1,629,713.03
Decreased by:		
Collections	\$ 1,500,203.98	
Prepayments Applied	6,523.46	
Transfer to Sewer Charge Liens	932.85	
Cancelled	<u>8,520.00</u>	
		<u>1,516,180.29</u>
Balance December 31, 2016	A	<u><u>\$ 113,532.74</u></u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF SEWER CHARGE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 2,658.55
Increased by:		
Transfer from Sewer Rents Receivable		<u>932.85</u>
Balance December 31, 2016	A	<u>\$ 3,591.40</u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	Balance Dec.31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 1,214.52	\$ 1,214.52		\$ 1,214.52
Other Expenses	2,462.19	2,462.19	\$ 970.40	1,491.79
Mayor and Committee:				
Salaries and Wages	1,000.00	1,000.00		1,000.00
Other Expenses	14,083.24	14,083.24	9,904.75	4,178.49
Elections:				
Other Expenses	893.22	893.22		893.22
Financial Administration:				
Salaries and Wages	32,295.31	32,295.31		32,295.31
Other Expenses	45,016.28	45,016.28	41,525.00	3,491.28
Assessment of Taxes:				
Salaries and Wages	408.54	408.54		408.54
Other Expenses	1,497.98	1,497.98		1,497.98
Collection of Taxes:				
Salaries and Wages	8,561.54	8,561.54		8,561.54
Other Expenses	3,693.48	3,693.48	52.00	3,641.48
Legal Services And Costs:				
Other Expenses	35,341.94	35,341.94	6,938.05	28,403.89
Municipal Prosecutor:				
Salaries and Wages	2,996.88	2,996.88		2,996.88
Engineering Services and Costs:				
Other Expenses	14,465.66	14,465.66	5,789.05	8,676.61
Planning Board:				
Salaries and Wages	12,950.27	12,950.27		12,950.27
Other Expenses	10,549.93	10,549.93	2,666.25	7,883.68
Board of Adjustment:				
Salaries and Wages	12,950.62	12,950.62		12,950.62
Other Expenses	1,141.20	1,141.20	222.50	918.70
Zoning Officer:				
Salaries and Wages	655.44	655.44		655.44
Other Expenses	295.28	295.28		295.28
Public Defender (P.L. 1997 - c 256):				
Other Expenses	167.00	167.00		167.00
Environmental Commission:				
Salaries and Wages	201.76	201.76		201.76
Other Expenses	135.00	135.00		135.00
Shade Tree Commission:				
Salaries and Wages	475.00	475.00	375.00	100.00
Other Expenses	615.00	615.00		615.00
Buildings and Grounds:				
Other Expenses	24,355.53	24,355.53	378.73	23,976.80
Insurance:				
Group Health Insurance	109,824.72	109,824.72		109,824.72
Health Benefit Waiver	1,024.89	1,024.89		1,024.89
General Liability Insurance	2,083.85	2,083.85	378.00	1,705.85
Worker Compensation Insurance	9,689.68	9,689.68		9,689.68

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Balance Dec.31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Public Safety:				
Aid to Volunteer Fire Companies	\$ 3,245.32	\$ 3,245.32	\$ 2,085.80	\$ 1,159.52
Fire Prevention Inspector:				
Salaries and Wages	624.88	624.88		624.88
Other Expenses	19,026.53	19,026.53		19,026.53
Police:				
Salaries and Wages	81,845.05	81,845.05	27,000.00	54,845.05
Other Expenses	16,354.01	16,354.01	7,678.47	8,675.54
Purchase of Police Vehicles	2,731.75	2,731.75	250.00	2,481.75
Emergency Management:				
Salaries and Wages	419.75	419.75		419.75
Other Expenses	3,597.69	3,597.69	981.23	2,616.46
Municipal Radio and Communications:				
Other Expenses	3,758.06	3,758.06	3,460.62	297.44
Municipal Court:				
Salaries and Wages	1,674.54	1,674.54		1,674.54
Other Expenses	2,866.97	2,866.97		2,866.97
Streets and Roads:				
Road Repair and Maintenance:				
Salaries and Wages	34,876.53	34,876.53	31,000.00	3,876.53
Other Expenses	4,566.67	4,566.67	3,845.14	721.53
Street Lighting	19,162.43	19,162.43	19,000.00	162.43
Fleet Maintenance:				
Other Expenses	36,592.68	36,592.68	35,859.64	733.04
Sanitation:				
Garbage and Trash Removal - Contractual	23,048.70	23,048.70	23,000.00	48.70
Other Expenses	92,665.55	92,665.55	33,425.23	59,240.32
Sewer System:				
Salaries and Wages	12,572.83	12,572.83		12,572.83
Other Expenses	40,196.03	40,196.03	25,789.26	14,406.77
Health and Welfare:				
Board of Health:				
Other Expenses	1,309.44	1,309.44		1,309.44
PEOSHA:				
Other Expenses	2,106.60	2,106.60	1,700.00	406.60
Recreation and Education:				
Parks and Playgrounds:				
Salaries and Wages	13,214.34	13,214.34		13,214.34
Other Expenses	14,479.07	14,479.07	666.66	13,812.41
Stirling Lake Recreation Facility:				
Salaries and Wages	9,755.56	9,755.56		9,755.56
Other Expenses	1,802.30	1,802.30		1,802.30
Celebration of Public Event, Anniversary, or Holiday:				
Other Expenses	45.10	45.10	39.90	5.20
Senior Citizens' Transportations:				
Salaries and Wages	719.65	719.65		719.65
Other Expenses	2,122.06	2,122.06		2,122.06

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Balance</u> <u>Dec.31, 2015</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
State Uniform Construction Code:				
Construction Official:				
Salaries and Wages	\$ 10,692.94	\$ 10,692.94	\$ 160.00	\$ 10,532.94
Other Expenses	1,826.16	1,826.16		1,826.16
Unclassified:				
Utilities:				
Gasoline	36,732.06	36,732.06	4,157.66	32,574.40
Electricity	42,164.80	42,164.80	13,201.90	28,962.90
Telephone	2,364.88	2,364.88	2,000.00	364.88
Natural Gas	4,004.93	4,004.93	155.71	3,849.22
Heating Fuel	18,062.61	18,062.61		18,062.61
Water	5,796.28	5,796.28	1,149.45	4,646.83
MIS Management Information Systems:				
Other Expenses	23,050.61	23,050.61	2,787.35	20,263.26
Condo Services Act	8,213.86	8,213.86		8,213.86
Statutory Expenditures:				
Contributions to Social Security System (F.I.C.A)	3,220.83	3,220.83		3,220.83
LOSAP	117,660.00	117,660.00	113,824.00	3,836.00
Capital Improvements:				
Sewer Improvement	14,658.00	14,658.00	13,618.00	1,040.00
	<u>\$ 1,084,874.00</u>	<u>\$ 1,084,874.00</u>	<u>\$ 436,035.75</u>	<u>\$ 648,838.25</u>

	<u>Ref.</u>	
<u>Analysis of Balance at December 31, 2015:</u>		
Unencumbered	A	\$ 961,555.49
Encumbered	A	123,318.51
		<u>\$ 1,084,874.00</u>

<u>Analysis of Paid or Charged:</u>	
Cash Disbursed	\$ 336,035.75
Due to Other Trust Fund:	
Storm Recovery	100,000.00
	<u>\$ 436,035.75</u>

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

Increased by:	
Levy - Calendar Year 2016	\$ 15,601,873.00
Decreased by:	
Payments to Local School District	<u>\$ 15,601,873.00</u>

CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

Increased by:	
Levy - Calendar Year 2016	\$ 7,334,392.00
Decreased by:	
Payments to Regional School District	<u>\$ 7,334,392.00</u>

TOWNSHIP OF LONG HILL  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec.31, 2015	Transferred from 2016 Budget Appropriation	Paid or Charged	Balance Dec.31, 2016
Drunk Driving Enforcement Fund	\$ 8,562.98	\$ 1,861.05	\$ 4,230.15	\$ 6,193.88
Clean Communities Program	18,601.71	21,705.91	12,828.16	27,479.46
Alcohol Education and Rehabilitation Fund	6,089.95	471.47	3,025.00	3,536.42
Emergency Management Grant	7,164.00		1,664.52	5,499.48
New Jersey Department of Community Affairs - Body Armor Grant	7,395.95			7,395.95
Bulletproof Vests - Federal	14,031.52			14,031.52
Drive Sober or Get Pulled Over		5,000.00	1,525.00	3,475.00
Highlands TDR Feasibility Grant	19,502.08			19,502.08
Morris County Historic Preservation Trust	4,301.00			4,301.00
Morris County Historic Preservation Trust	40,678.00			40,678.00
Comcast Communication Equipment Grant	16,975.00			16,975.00
NJDEP Green Acres - Passaic Basin	325,000.00		250,657.23	74,342.77
Community Forestry Tree	3,000.00			3,000.00
	<u>\$ 471,302.19</u>	<u>\$ 29,038.43</u>	<u>\$ 273,930.06</u>	<u>\$ 226,410.56</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LONG HILL  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Cash</u> <u>Received</u>	<u>Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Balance</u> <u>Dec.31, 2016</u>
Alcohol Education and Rehabilitation Fund	\$ 471.47	\$ 725.18	\$ 471.47	\$ 725.18
Body Armor		2,180.02		2,180.02
Bulletproof Vests	7.39			7.39
Clean Communities	21,705.91	24,863.05	21,705.91	24,863.05
Emergency Management Grant		5,000.00		5,000.00
	<u>\$ 22,184.77</u>	<u>\$ 32,768.25</u>	<u>\$ 22,177.38</u>	<u>\$ 32,775.64</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
TRUST FUNDS

TOWNSHIP OF LONG HILL  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2015	B	\$ 35,724.92	\$ 2,203,670.19
Increased by Receipts:			
Animal Control Fees		\$ 14,458.10	
State Registration Fees		1,268.40	
Miscellaneous and Late Fees		3,009.30	
Developers Escrow			\$ 285,722.31
Reserve for Municipal Open Space:			
Open Space Tax Levy			242,253.00
Deposits and Interest			2,016,363.57
Reserve for Historical Preservation:			
Historical Preservation Tax Levy			80,751.00
Deposits and Interest			86,208.00
Road Opening			1,000.00
Parking Offense Adjudication Act Fees			66.00
Recycling			17,584.34
COAH			20,388.14
Uniform Fire Safety Deposits			1,043.00
Recreation			236,780.16
Due to/from Current Fund:			
Interfund Returned			31,411.00
Interest Earned		123.06	42.56
Shade Tree Donations			1,850.00
Accumulated Absences			1,000.00
Unemployment Insurance Deposits			20,042.56
Tax Sale Premiums			237,200.00
Special Law Enforcement			301.38
		<u>18,858.86</u>	<u>3,280,007.02</u>
		54,583.78	5,483,677.21
Decreased by Disbursements:			
State Registration Fees		1,272.60	
Expenditures Under R.S. 4:19-15.11		6,534.24	
Due to Current Fund			
Settlement of Prior Year Interfund		4,783.32	
Interest		123.06	42.56
Developers Escrow Refunds/Fees			145,618.44
Open Space Trust:			
Expenditures			2,918,758.70
Historical Preservation Expenditures			71,526.35
Road Openings			3,000.00
Shade Tree Expenditures			4,974.00
Recreation			177,449.93
Accumulated Absences			23,289.28
State Unemployment Insurance			13,628.74
COAH			54,029.87
Recycling Expenditures			18,833.29
Tax Sale Premiums			90,400.00
Beautification Program			11,219.01
		<u>12,713.22</u>	<u>3,532,770.17</u>
Balance December 31, 2016	B	<u>\$ 41,870.56</u>	<u>\$ 1,950,907.04</u>

TOWNSHIP OF LONG HILL  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWNSHIP OF LONG HILL  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 30,937.40
Increased by:		
Animal Control Fees:		
Animal Control License Fees Collected		\$ 14,458.10
Miscellaneous and Late Fees		3,009.30
		17,467.40
		48,404.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11		6,534.24
Statutory Excess Due Current Fund		11,503.66
		18,037.90
Balance December 31, 2016	B	\$ 30,366.90

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 15,582.80
2015	14,784.10
	30,366.90
Maximum Allowable Reserve	\$ 30,366.90

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 2,238,882.13
Increased by:		
Proceeds from Bond Anticipation Notes Issued	\$ 3,130,000.00	
Due from Other Trust Fund - Open Space Trust	50,000.00	
NJ Department of Transportation Grant Receivable	187,500.00	
Reserve to Pay Debt Service:		
NJ Department of Transportation Grant Receivable	55,000.00	
Due from Other Trust Fund - Open Space Trust	108,000.00	
NJ Environmental Infrastructure Trust Loan Receivable	53,290.00	
Sewer Contributions	30,360.00	
Due Current Fund:		
Interest Earned	2,513.10	
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund	100,000.00	
Payment of Bond Anticipation Notes	6,800.00	
Deferred Charges to Future Taxation Unfunded	509,244.00	
	4,232,707.10	6,471,589.23
Decreased by:		
Improvement Authorization Expenditures	1,589,744.16	
Due to Current Fund as Anticipated Revenue:		
Reserve to Pay Debt Service	40,000.00	
Due Current Fund - Interest	2,513.10	
Bond Anticipation Notes Matured	1,900,000.00	
Reserve for Preliminary Costs - Wastewater Sale	12,202.93	
Reserve for Encumbrances	1,412,998.73	
	4,957,458.92	4,957,458.92
	C	\$ 1,514,130.31
Balance December 31, 2016		

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2015	Receipts		Disbursements			Transfers		Balance (Deficit) Dec. 31, 2016	
		Bond Anticipation Notes	Budget Appropriation	Other	Bond Anticipation Notes	Improvement Authorizations	Other	From		To
Fund Balance	\$ 17,519.57								\$ 100,439.25	
Capital Improvement Fund	171,658.98		\$ 100,000.00				\$ 62,100.00	\$ 145,019.68	\$ 221,658.98	
NJ Department of Transportation Grant Receivable				\$ 187,500.00			50,000.00		221,658.98	
NJEIT Receivable - 2014	(32,290.00)			53,290.00			250,000.00		(62,500.00)	
Due from Current Fund				518,557.10		\$ 2,513.10	21,000.00			
Due from Other Trust Fund				50,000.00			516,044.00			
Reserve for:							50,000.00			
Payment of Debt Service	58,000.27			163,000.00				94,008.09	275,008.36	
Sewer Contributions	110,571.58			30,360.00			112,000.00		28,931.58	
FEMA	18,000.00								18,000.00	
Preliminary Costs - Wastewater Sale	12,202.93						12,202.93			
Encumbrances	1,594,736.62					1,412,998.73	123,444.87	216,511.25	274,804.27	
<u>Ord. No.</u>	<u>Improvement Description</u>									
212-07	Various Improvements		170,139.42						170,139.42	
247-09	Improvements to the Sanitary Sewerage System		(32,483.52)					32,483.52		
270-10	Refunding Bond Ordinance		(101,762.17)					101,762.17		
284-11	Acquisition of Equipment		2,431.44			\$ 2,431.44				
287-11	Purchase of Communication Equipment		(280,990.22)					280,990.22		
315-13	Road/Drainage Improvements	\$ 1,480,000.00	354,507.38		\$ 1,486,800.00			22,031.75	369,739.13	
320-13	Various Improvements		64,735.56						64,735.56	
322-13	Sanitary Sewer Improvements		92,680.33			31,511.85		21,000.00	82,168.48	
329-14	Acquisition of Equipment		21,721.80			4,075.00	8,887.35		8,759.45	
331-14	Various Improvements		78,838.17			1,426.35	40,000.00		37,411.82	
332-14	Various Improvements	500,000.00	(102,355.84)		413,200.00			52,123.32	36,567.48	
353-15	Various Improvements		186,545.36				67,285.06	42,089.80	161,350.10	
354-15	Various Improvements	200,000.00	(217,543.45)					14,000.00	(3,543.45)	
370-15	Improvements to Matthew Kantor Park		52,017.92			23,170.65	28,847.27			
381-16	Land Acquisition	950,000.00				1,000,000.00		50,000.00		
382-16	Refunding Bond Ordinance						3,730,000.00	3,730,000.00		
385-16	Various Improvements					411,061.97	179,746.17	300,000.00	(290,808.14)	
386-16	Various Improvements					116,066.90	36,765.08	174,100.00	21,268.02	
		<u>\$ 2,238,882.13</u>	<u>\$ 3,130,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 1,002,707.10</u>	<u>\$ 1,900,000.00</u>	<u>\$ 1,589,744.16</u>	<u>\$ 1,467,714.76</u>	<u>\$ 5,276,119.80</u>	<u>\$ 5,276,119.80</u>
									<u>\$ 1,514,130.31</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	New Jersey Environmental Infrastructure Trust Loan	Funded by Open Space Trust Fund	Funded by Budget Appropriation	Serial Bonds Issued	Improvement Authorizations Cancelled	Balance Dec. 31, 2016	Analysis of Balance December 31, 2016		
										Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
247-09	Sanitary Sewerage System	\$ 32,483.52				\$ 32,483.52						
270-10	Refunding Bond Ordinance	101,762.17				101,762.17						
287-11	Purchase of Communication Equipment	280,990.22				280,990.22						
315-13	Road/Drainage Improvements	1,486,800.00				6,800.00			\$1,480,000.00	\$1,480,000.00		
322-13	Sanitary Sewer Improvements	1,157,000.00		\$ 21,000.00				\$ 1,136,000.00				
332-14	Various Improvements	516,423.00						16,423.00	500,000.00	500,000.00		
354-15	Various Improvements	249,000.00						45,456.55	203,543.45	200,000.00	\$ 3,543.45	
381-16	Land Acquisition		\$ 952,000.00		\$ 2,000.00				950,000.00	950,000.00		
382-16	Refunding Bond Ordinance		4,250,000.00				\$ 3,730,000.00	520,000.00				
385-16	Various Improvements		665,751.00						665,751.00		290,808.14	\$ 374,942.86
		<u>\$3,824,458.91</u>	<u>\$ 5,867,751.00</u>	<u>\$ 21,000.00</u>	<u>\$ 2,000.00</u>	<u>\$ 422,035.91</u>	<u>\$ 3,730,000.00</u>	<u>\$ 1,717,879.55</u>	<u>\$3,799,294.45</u>	<u>\$3,130,000.00</u>	<u>\$ 294,351.59</u>	<u>\$ 374,942.86</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations

Improvement Authorizations - Unfunded	\$ 781,249.47
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance # 315-13	\$ 369,739.13
Ordinance # 332-14	<u>36,567.48</u>
	<u>406,306.61</u>
	<u>\$ 374,942.86</u>

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015		2016 Authorizations			Prior Year Encumbrances Cancelled	Paid or Charged	Cancelled	Balance Dec. 31, 2016		
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded	Other				Funded	Unfunded	
<u>General Improvements:</u>														
212-07	Various Improvements	09/12/07	\$ 1,880,100.00	\$ 170,139.42								\$ 170,139.42		
284-11	Acquisition of Equipment	08/17/11	114,450.00	2,431.44						\$ 2,431.44				
315-13	Road/Drainage Improvements	07/08/13	1,735,000.00		\$ 354,507.38				\$ 15,231.75				\$ 369,739.13	
320-13	Various Improvements	09/11/13	526,137.00	64,735.56								64,735.56		
322-13	Sanitary Sewer Improvements	12/11/13	4,500,000.00	92,680.33	1,157,000.00					31,511.85	\$ 1,136,000.00	82,168.48		
329-14	Acquisition of Equipment	06/11/14	348,388.00	21,721.80						4,075.00	8,887.35	8,759.45		
331-14	Various Improvements	06/25/14	822,347.00	78,838.17						1,426.35	40,000.00	37,411.82		
332-14	Various Improvements	06/25/14	716,000.00		867.16				52,123.32		16,423.00		36,567.48	
353-15	Various Improvements	05/27/15	839,000.00	186,545.36					42,089.80		67,285.06	161,350.10		
354-15	Various Improvements	05/27/15	263,000.00		31,456.55				14,000.00		45,456.55			
370-15	Improvements to Matthew Kantor Park	12/09/15	1,340,000.00	52,017.92						23,170.65	28,847.27			
381-16	Land Acquisition	04/13/16	1,000,000.00			\$ 952,000.00	\$ 48,000.00			1,000,000.00				
382-16	Refunding Bond Ordinance	04/13/16	4,250,000.00			4,250,000.00				3,730,000.00	520,000.00			
385-16	Various Improvements	06/08/16	965,751.00			\$ 50,000.00	665,751.00	250,000.00		590,808.14			374,942.86	
386-16	Various Improvements	06/08/16	174,100.00				174,100.00			152,831.98				
				<u>\$ 669,110.00</u>	<u>\$ 1,543,831.09</u>	<u>\$ 50,000.00</u>	<u>\$ 5,867,751.00</u>	<u>\$ 472,100.00</u>	<u>\$ 123,444.87</u>	<u>\$ 5,536,255.41</u>	<u>\$ 1,862,899.23</u>	<u>\$ 545,832.85</u>	<u>\$ 781,249.47</u>	
	Ref.			C	C							C	C	

Recap of Other

Fund Balance	\$ 62,100.00
Due from Other Trust Fund - Open Space Trust	48,000.00
Reserve for Sewer Contributions	112,000.00
NJ Department of Transportation	250,000.00
	<u>\$ 472,100.00</u>

Recap of Paid or Charged

Cash Disbursements	\$ 1,589,744.16
Encumbrances Payable	216,511.25
Refunding Bonds	3,730,000.00
	<u>\$ 5,536,255.41</u>

Recap of Cancelled

Fund Balance	\$ 145,019.68
Deferred Charges to Future Taxation - Unfunded	1,717,879.55
	<u>\$ 1,862,899.23</u>

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 171,658.98
Increased by:		
Due from Current Fund:		
Current Fund Budget Appropriation		<u>100,000.00</u>
		<u>271,658.98</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>50,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 221,658.98</u></u>

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
		Issue of Original Note	Issue	Maturity					
315-13	Various Improvements	6/12/14	6/05/15	6/03/16	0.57%	\$ 1,486,800.00	\$ 1,480,000.00	\$ 1,486,800.00	\$ 1,480,000.00
		6/02/16	6/02/16	6/02/17	1.03%				
332-14	Various Improvements	6/05/15	6/05/15	6/03/16	0.57%	413,200.00	500,000.00	413,200.00	500,000.00
		6/02/16	6/02/16	6/02/17	1.03%				
354-15	Various Improvements	6/02/16	6/02/16	6/02/17	1.03%		200,000.00		200,000.00
381-16	Land Acquisition	6/02/16	6/02/16	6/02/17	1.03%		950,000.00		950,000.00
						<u>\$ 1,900,000.00</u>	<u>\$ 3,130,000.00</u>	<u>\$ 1,900,000.00</u>	<u>\$ 3,130,000.00</u>
Ref.						C			C
							\$ 1,236,800.00		
							1,893,200.00	\$ 1,893,200.00	
								6,800.00	
							<u>\$ 3,130,000.00</u>	<u>\$ 1,900,000.00</u>	

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Defeased	Balance Dec. 31, 2016
			Outstanding Dec. 31, 2016	Amount						
			Date							
General Bonds of 2007	2/15/07	\$ 6,450,000.00	2/15/17	\$ 375,000.00	4.00%	\$ 4,675,000.00		\$ 375,000.00	\$ 3,925,000.00	\$ 375,000.00
General Refunding Bonds of 2007	3/15/07	3,205,000.00	2/15/17	285,000.00	4.00%	1,415,000.00		285,000.00		1,130,000.00
			2/15/18-19	280,000.00	4.00%					
			2/15/20	285,000.00	4.00%					
General Bonds of 2011	7/18/11	3,684,000.00	7/15/17	200,000.00	2.50%	3,084,000.00		200,000.00		2,884,000.00
			7/15/18-21	200,000.00	3.00%					
			7/15/22	200,000.00	3.125%					
			7/15/23	200,000.00	3.25%					
			7/15/24-25	200,000.00	3.50%					
			7/15/26	200,000.00	3.625%					
			7/15/27-30	200,000.00	4.00%					
			7/15/31	84,000.00	4.00%					
General Refunding Bonds of 2016	4/13/16	3,730,000.00	2/15/18	365,000.00	3.00%		\$ 3,730,000.00			3,730,000.00
			2/16/19	365,000.00	4.00%					
			2/17/20	390,000.00	4.00%					
			2/18/21-22	385,000.00	4.00%					
			2/19/23	380,000.00	2.00%					
			2/19/24	375,000.00	3.00%					
			2/19/25	370,000.00	4.00%					
			2/19/26	370,000.00	4.00%					
			2/19/27	345,000.00	4.00%					
						<u>\$ 9,174,000.00</u>	<u>\$ 3,730,000.00</u>	<u>\$ 860,000.00</u>	<u>\$ 3,925,000.00</u>	<u>\$ 8,119,000.00</u>
						<u>Ref.</u>	<u>C</u>			<u>C</u>

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 1,007,114.88
Decreased by:		
Principal Matured		72,813.55
Balance December 31, 2016	C	\$ 934,301.33

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

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 280,000.00
14	02/01/17		\$ 5,712.50	280,000.00
15	08/01/17	\$ 15,000.00	5,712.50	265,000.00
16	02/01/18		5,337.50	265,000.00
17	08/01/18	20,000.00	5,337.50	245,000.00
18	02/01/19		4,837.50	245,000.00
19	08/01/19	20,000.00	4,837.50	225,000.00
20	02/01/20		4,437.50	225,000.00
21	08/01/20	20,000.00	4,437.50	205,000.00
22	02/01/21		3,937.50	205,000.00
23	08/01/21	20,000.00	3,937.50	185,000.00
24	02/01/22		3,637.50	185,000.00
25	08/01/22	20,000.00	3,637.50	165,000.00
26	02/01/23		3,237.50	165,000.00
27	08/01/23	20,000.00	3,237.50	145,000.00
28	02/01/24		2,837.50	145,000.00
29	08/01/24	20,000.00	2,837.50	125,000.00
30	02/01/25		2,437.50	125,000.00
31	08/01/25	25,000.00	2,437.50	100,000.00
32	02/01/26		1,937.50	100,000.00
33	08/01/26	25,000.00	1,937.50	75,000.00
34	02/01/27		1,500.00	75,000.00
35	08/01/27	25,000.00	1,500.00	50,000.00
36	02/01/28		1,000.00	50,000.00
37	08/01/28	25,000.00	1,000.00	25,000.00
38	02/01/29		500.00	25,000.00
39	08/01/29	25,000.00	500.00	
		\$ 280,000.00	\$ 82,700.00	

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1  
(Continued)

Schedule of Principal Payments Outstanding December 31, 2016  
Fund Loan - 2010 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 654,301.33
14	02/01/17	\$ 19,271.18	635,030.15
15	08/01/17	38,542.37	596,487.78
16	02/01/18	19,271.18	577,216.60
17	08/01/18	38,542.37	538,674.23
18	02/01/19	19,271.18	519,403.05
19	08/01/19	38,542.37	480,860.68
20	02/01/20	19,271.18	461,589.50
21	08/01/20	38,542.37	423,047.13
22	02/01/21	19,271.18	403,775.95
23	08/01/21	38,542.37	365,233.58
24	02/01/22	19,271.18	345,962.40
25	08/01/22	38,542.37	307,420.03
26	02/01/23	19,271.18	288,148.85
27	08/01/23	38,542.37	249,606.48
28	02/01/24	19,271.18	230,335.30
29	08/01/24	38,542.37	191,792.93
30	02/01/25	19,271.18	172,521.75
31	08/01/25	38,542.37	133,979.38
32	02/01/26	19,271.18	114,708.20
33	08/01/26	38,542.37	76,165.83
34	02/01/27	19,271.18	56,894.65
35	08/01/27	38,542.37	18,352.28
36	02/01/28	18,352.28	
		<u>\$ 654,301.33</u>	

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 3,099,186.45
Decreased by:		
Principal Matured		158,288.13
Balance December 31, 2016	C	\$ 2,940,898.32

Schedule of Principal and Interest Payments Outstanding December 31, 2016  
Trust Loan - 2014 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 760,000.00
5	02/01/17		\$ 14,459.38	760,000.00
6	08/01/17	\$ 30,000.00	14,459.38	730,000.00
7	02/01/18		13,709.38	730,000.00
8	08/01/18	30,000.00	13,709.38	700,000.00
9	02/01/19		12,959.38	700,000.00
10	08/01/19	35,000.00	12,959.38	665,000.00
11	02/01/20		12,084.38	665,000.00
12	08/01/20	35,000.00	12,084.38	630,000.00
13	02/01/21		11,209.38	630,000.00
14	08/01/21	40,000.00	11,209.38	590,000.00
15	02/01/22		10,209.38	590,000.00
16	08/01/22	40,000.00	10,209.38	550,000.00
17	02/01/23		9,209.38	550,000.00
18	08/01/23	40,000.00	9,209.38	510,000.00
19	02/01/24		8,209.38	510,000.00
20	08/01/24	45,000.00	8,209.38	465,000.00
21	02/01/25		7,084.38	465,000.00
22	08/01/25	45,000.00	7,084.38	420,000.00
23	02/01/26		6,409.38	420,000.00
24	08/01/26	45,000.00	6,409.38	375,000.00
25	02/01/27		5,734.38	375,000.00
26	08/01/27	50,000.00	5,734.38	325,000.00
27	02/01/28		4,984.38	325,000.00
28	08/01/28	50,000.00	4,984.38	275,000.00
29	02/01/29		4,234.38	275,000.00
30	08/01/29	50,000.00	4,234.38	225,000.00
33	02/01/30		3,484.38	225,000.00
34	08/01/30	55,000.00	3,484.38	170,000.00
35	02/01/31		2,659.38	170,000.00
36	08/01/31	55,000.00	2,659.38	115,000.00
37	02/01/32		1,834.38	115,000.00
38	08/01/32	55,000.00	1,834.38	60,000.00
39	02/01/33		975.00	60,000.00
40	08/01/33	60,000.00	975.00	
		\$ 760,000.00	\$ 258,900.16	

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2  
(Continued)

Schedule of Principal Payments Outstanding December 31, 2016  
Fund Loan - 2014 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 2,180,898.32
6	2/1/2017	\$ 42,762.71	2,138,135.61
7	8/1/2017	85,525.42	2,052,610.19
8	2/1/2018	42,762.71	2,009,847.48
9	8/1/2018	85,525.42	1,924,322.06
10	2/1/2019	42,762.71	1,881,559.35
11	8/1/2019	85,525.42	1,796,033.93
12	2/1/2020	42,762.71	1,753,271.22
13	8/1/2020	85,525.42	1,667,745.80
14	2/1/2021	42,762.71	1,624,983.09
15	8/1/2021	85,525.42	1,539,457.67
16	2/1/2022	42,762.71	1,496,694.96
17	8/1/2022	85,525.42	1,411,169.54
18	2/1/2023	42,762.71	1,368,406.83
19	8/1/2023	85,525.42	1,282,881.41
20	2/1/2024	42,762.71	1,240,118.70
21	8/1/2024	85,525.42	1,154,593.28
22	2/1/2025	42,762.71	1,111,830.57
23	8/1/2025	85,525.42	1,026,305.15
24	2/1/2026	42,762.71	983,542.44
25	8/1/2026	85,525.42	898,017.02
26	2/1/2027	42,762.71	855,254.31
27	8/1/2027	85,525.42	769,728.89
28	2/1/2028	42,762.71	726,966.18
29	8/1/2028	85,525.42	641,440.76
30	2/1/2029	42,762.71	598,678.05
31	8/1/2029	85,525.42	513,152.63
32	2/1/2030	42,762.71	470,389.92
33	8/1/2030	85,525.42	384,864.50
34	2/1/2031	42,762.71	342,101.79
35	8/1/2031	85,525.42	256,576.37
36	2/1/2032	42,762.71	213,813.66
37	8/1/2032	85,525.42	128,288.24
38	2/1/2033	42,762.71	85,525.53
39	8/1/2033	85,525.53	
		<u>\$ 2,180,898.32</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Serial Bonds Issued	Bond Anticipation Notes Issued	New Jersey Environmental Infrastructure Trust Loan	Funded by Budget Appropriation	Funded by Open Space Trust Fund	Improvement Authorizations Cancelled	Balance Dec. 31, 2016
247-09	Improvements to the Sanitary Sewerage System	\$ 32,483.52					\$ 32,483.52			
270-10	Refunding Bond Ordinance	101,762.17					101,762.17			
287-11	Purchase of Communication Equipment	280,990.22					280,990.22			
322-13	Sanitary Sewer Improvements	1,157,000.00				\$ 21,000.00			\$1,136,000.00	
332-14	Various Improvements	103,223.00			\$ 86,800.00				16,423.00	
354-15	Various Improvements	249,000.00			200,000.00				45,456.55	\$ 3,543.45
381-16	Land Acquisition		\$ 952,000.00		950,000.00			\$ 2,000.00		
382-16	Refunding Bond Ordinance		4,250,000.00	\$ 3,730,000.00					520,000.00	
385-16	Various Improvements		665,751.00							665,751.00
		<u>\$ 1,924,458.91</u>	<u>\$ 5,867,751.00</u>	<u>\$ 3,730,000.00</u>	<u>\$ 1,236,800.00</u>	<u>\$ 21,000.00</u>	<u>\$ 415,235.91</u>	<u>\$ 2,000.00</u>	<u>\$ 1,717,879.55</u>	<u>\$ 669,294.45</u>

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2016  
PARKING LOT AND FACILITIES UTILITY FUND

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2015	D	\$ 348,181.55
Increased by Receipts:		
Parking Permits		\$ 20,941.50
Rental of Facilities		19,598.80
Interest on Investments		884.31
Prepaid Parking Permits		74,515.00
		<u>115,939.61</u>
		464,121.16
Decreased by Disbursements:		
2016 Appropriation Expenditures		40,000.00
2015 Appropriation Reserves		1,848.40
Due from Parking Lot & Facilities Capital Fund:		
Improvement Authorization Expenditures		40,000.00
Due to Current Fund - Fund Balance		
Utilized as Anticipated Revenue		50,000.00
		<u>131,848.40</u>
Balance December 31, 2016	D	<u>\$ 332,272.76</u>

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
ANALYSIS OF PARKING LOT AND FACILITIES CAPITAL CASH

	Balance (Deficit) Dec.31,2015	Transfers		Balance (Deficit) Dec.31,2016
		From	To	
Due from Parking Lot and Facilities				
Utility Operating Fund	\$ (19,380.00)		\$ 40,000.00	\$ 20,620.00
Reserve for Future Improvements	21,500.00			21,500.00
<u>Ord. No.</u>	<u>Improvement Description</u>			
329-14	Parking Lot Paving	(2,120.00)	\$ 40,000.00	(42,120.00)
		\$ -0-	\$ 40,000.00	\$ -0-

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2015	Balance Dec.31, 2016
Truck	\$ 15,655.00	\$ 15,655.00
Traffic Signs	165.00	165.00
Paving	3,747.96	3,747.96
Line Painter	3,000.00	3,000.00
Salt Spreader	3,345.00	3,345.00
Plumber Truck	7,000.00	7,000.00
Sink	173.89	173.89
Painting	5,800.00	5,800.00
Air Conditioning System	7,370.00	7,370.00
Purchase of Dump Truck	11,000.00	11,000.00
Floor	2,165.00	2,165.00
Repairs to Train Station	161,767.75	161,767.75
Parking Meters	10,000.00	10,000.00
Improvements to Millington Station		
Café Building	10,000.00	10,000.00
Roof Replacement	33,614.25	33,614.25
	<u>\$ 274,803.85</u>	<u>\$ 274,803.85</u>
	D	D

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec.31, 2015</u>	<u>Balance Dec.31, 2016</u>
Parking Lot Paving	329-14	<u>\$ 70,000.00</u>	<u>\$ 70,000.00</u>
		<u>\$ 70,000.00</u>	<u>\$ 70,000.00</u>
	<u>Ref.</u>	D	D

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	Balance Dec.31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Capital Improvements:				
Capital Outlay	\$ 15,280.71	\$ 15,280.71	\$ 1,848.40	\$ 13,432.31
	\$ 15,280.71	\$ 15,280.71	\$ 1,848.40	\$ 13,432.31

Ref.

Analysis of Balance December 31, 2015

Appropriation Reserves:

Unencumbered	D	\$ 15,280.71
		\$ 15,280.71

Analysis of Paid or Charged:

Cash Disbursed	\$ 1,848.40
	\$ 1,848.40

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance	Paid or Charged	Balance
		Date	Amount	Dec. 31, 2015 Unfunded		Dec. 31, 2016 Unfunded
<u>General Improvements:</u>						
329-14	Parking Lot Paving	06/11/14	\$ 70,000.00	\$ 67,880.00	\$ 40,000.00	\$ 27,880.00
				\$ 67,880.00	\$ 40,000.00	\$ 27,880.00
			<u>Ref.</u>	D		D

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec 31, 2015</u>	<u>Balance Dec 31, 2016</u>
329-14	06/11/14	Parking Lot Paving	\$ 70,000.00	\$ 70,000.00
			<u>\$ 70,000.00</u>	<u>\$ 70,000.00</u>

TOWNSHIP OF LONG HILL

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF LONG HILL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2016

Name of Federal Agency or Department	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period		Grant Award Amount	Received	Total Program Expenditures	Cumulative Program Expenditures	Amount Provided to Subrecipients
				From	To					
U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Emergency Management Assistance	97.042	100-066-1200-726-YEMR	01/01/15	12/31/17	\$ 5,000.00		\$ 1,664.52	\$ 1,664.52	
				01/01/16	12/31/17	5,000.00	\$ 5,000.00			
	Disaster Grants - Public Assistance - F.E.M.A. Superstorm Sandy	97.036	N/A	01/01/12	12/31/12	775,720.01	49,996.11	49,996.11 *	775,720.01	
Total US Department of Homeland Security							54,996.11	51,660.63	777,384.53	
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid - Northfield Road	20.205	AKN-TCAP-6010	01/01/16	12/31/17	250,000.00	187,500.00			
	Municipal Aid - Carlton Road	20.205	AKN-TCAP-6010	01/01/14	12/31/15	220,000.00	55,000.00		220,000.00	
	Municipal Aid - Gillette Schools Sidewalk	20.205	AKN-TCAP-6010	01/01/13	12/31/15	40,000.00	10,000.00		40,000.00	
							252,500.00		260,000.00	
(Passed through New Jersey Division of Highway Traffic Safety)	Drive Sober or Get Pulled Over	20.602	N/A	01/01/16	12/31/17	5,000.00		1,525.00	1,525.00	
Total US Department of Transportation							252,500.00	1,525.00	261,525.00	
Total Federal Awards							\$ 307,496.11	\$ 53,185.63	\$ 1,038,909.53	\$ -0-

N/A - Not Applicable/Not Available

\* - Expended in 2012

TOWNSHIP OF LONG HILL  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016

New Jersey Agency or Department	Project No./ State Grant Account No.	Name of Program	Grant Period		Grant Award Amount	Received	Total Program Expenditures	Cumulative Program Expenditures
			From	To				
Department of Environmental Protection	765-042-4900- 004-V42Y	Clean Communities Grant	01/01/13	12/31/16	\$ 19,045.68		\$ 737.97	\$ 19,045.68
			01/01/14	12/31/17	17,863.74		12,090.19	12,090.19
			01/01/16	12/31/17	24,863.05	\$ 24,863.05	12,828.16	31,135.87
						<u>24,863.05</u>	<u>12,828.16</u>	<u>31,135.87</u>
	582-042-4800- 002-V22G-6020	Green Trust Program	01/01/15	12/31/17	325,000.00	250,657.23	250,657.23	250,657.23
	S340404-06 and S340404-08	NJ Environmental Infrastructure Trust and Fund Program	05/21/14	08/01/17	3,343,000.00	53,290.00	31,511.85	3,260,831.52
						53,290.00	31,511.85	3,260,831.52
						<u>328,810.28</u>	<u>294,997.24</u>	<u>3,542,624.62</u>
Total Department of Environmental Protection								
Department of Health and Senior Services	760-098-9735- Y900-001	Alcohol Education and Rehabilitation Enforcement Fund	01/01/07	12/31/16	5,446.99		714.63	5,446.99
			01/01/08	12/31/16	1,691.41		1,691.41	1,691.41
			01/01/09	12/31/17	910.00		618.96	618.96
			01/01/16	12/31/17	725.18	725.18		
								<u>725.18</u>
Total Department of Health and Senior Services								
Department of Law and Public Safety	100-078-6400- YYYY	Drunk Driving Enforcement Fund	01/01/11	12/31/16	1,737.00		1,093.79	1,737.00
			01/01/12	12/31/16	1,885.00		1,885.00	1,885.00
			01/01/14	12/31/17	4,036.04		1,251.36	1,251.36
			01/01/16	12/31/17	1,861.05	1,861.05		
						<u>1,861.05</u>	<u>4,230.15</u>	<u>4,873.36</u>
	718-066-1020 001-YCJF	Body Armor Replacement Program	01/01/15	12/31/17	2,646.74	164.55		
			01/01/16	12/31/17	2,180.02	2,180.02		
					<u>2,344.57</u>			
Total Department of Law and Public Safety								
						<u>\$ 333,741.08</u>	<u>\$ 302,252.39</u>	<u>\$ 3,555,255.34</u>

N/A - Not Applicable/Not Available

TOWNSHIP OF LONG HILL  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Long Hill under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. STATE LOANS OUTSTANDING

The Township of Long Hill has the following loans outstanding as of December 31, 2016:

NJ Environmental Infrastructure Trust Loan #1	\$ 934,301.33
NJ Environmental Infrastructure Trust Loan #2	<u>2,940,898.32</u>
	<u>\$ 3,875,199.65</u>

Currently, the Township is in the process of repaying the above loan balance. Current year loan receipts and disbursements on the NJ Environmental Infrastructure Trust Loan projects are reflected on the Schedule of Expenditures of State Awards.



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 Committee  
 Township of Long Hill  
 Gillette, 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 Long Hill, in the County of Morris (the "Township") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 8, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

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

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Hill  
Page 2

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2016-01, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **The Township's Response to the Finding**

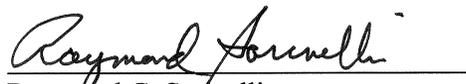
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
June 8, 2017

NISIVOCCIA LLP



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

TOWNSHIP OF LONG HILL

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF LONG HILL  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency was 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 material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for 2016 as grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and New Jersey's OMB Circular 15-08.

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

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

Finding 2016-01

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The preparation of the general ledger and bank reconciliations are performed by one individual. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. While this is not unusual in operations the size of the Township, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

Due to staffing limitations the Township recognizes that segregation of duties is not maintained up to the standards that the Auditors' would prefer or recommend, but the Township believes there are offsetting controls that minimize the segregation of duties issues. Also, Treasury provides timely and accurate monthly financial reports to the Township Administration for their review and comment.

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 LONG HILL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2016-1.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015 and thereafter the bid threshold 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 (QPA).

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

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

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Sewer Charges

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

On January 4, 2016, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Any taxpayer with a cumulative delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year shall be charged with a penalty equal to six percent (6%) of the amount of the delinquency. Interest to be waived on current taxes paid within the first 10 days after due dates.

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

Discount on Prepayment of Taxes

R.S. 54:4-67 provides that the governing body of each municipality may by resolution fix the rate of discount to be allowed for payment of taxes ...previous to the date on which they would become delinquent. The rates affixed shall not exceed six (6%) percent per annum, shall be allowed only in case of payment on or before the thirtieth (30) day previous to the date on which the taxes or assessments would be delinquent.

The Governing Body adopted Resolution 15-017 authorizing a discount on prepaid taxes:

**WHEREAS**, the Township Committee wishes to adopt a discount schedule for the payment of taxes;

**NOW, THEREFORE BE IT RESOLVED** by the Township Committee of the Township of Long Hill in the County of Morris and State of New Jersey that pursuant to R.S. 54:4-67 it hereby adopts the following schedule for prepayment of local property taxes:

1. A taxpayer may prepay one-quarter, two-quarters, three-quarters, or his entire tax bill for the following year.
2. All prepayments must be received on or before 12:00 noon on the last regular business day (on which books are open) of the year in which the taxes are due.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Discount on Prepayment of Taxes (Cont'd)

3. The following factors shall be applied to prepayments made in accordance with paragraph 2 of this resolution:

First Quarter	.9950
Second Quarter	.9900
Third Quarter	.9850
Fourth Quarter	.9800

4. A taxpayer may not prepay the taxes for any quarter until the taxes for all the preceding quarters have been paid.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 18, 2016 and was complete with respect to all items eligible for sale.

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

Year	Number of Liens
2016	29
2015	30
2014	31

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:

Type	Number Mailed
Payments of 2017 Taxes	20
Payments of 2016 Taxes	20
Delinquent Taxes	15
Payments of Sewer Utility Charges	10
Delinquent Sewer Utility Charges	10
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2016. The items that were returned were checked and in agreement with the Township's records. For items not returned, alternative procedures were performed.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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 assets accounting and reporting system.
3. General ledger accounting and record system.

The Township maintains general ledger, fixed assets and encumbrance accounting systems.

Municipal Court

The transactions for the year 2016 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
Municipal Treasurer:				
Fines and Costs	\$ 4,134.56	\$ 78,791.96	\$ 76,145.01	\$ 6,781.51
Restitution	50.00	310.00	305.00	55.00
POAA FTA	6.00	62.00	66.00	2.00
Weights and Measures	1,600.00	60,250.00	58,350.00	3,500.00
Public Defender		1,048.00	1,028.00	20.00
Fish and Game				
County Treasurer	1,689.50	33,903.00	32,457.00	3,135.50
State Treasurer:				
Fines and Costs	4,661.94	69,641.20	67,358.15	6,944.99
Conditional Discharge	75.00	1,800.00	1,800.00	75.00
Conditional Dismissal		75.00	75.00	
Miscellaneous	31.07	81.24	90.24	22.07
Bail		5,980.00	5,530.00	450.00
	<u>\$ 12,248.07</u>	<u>\$ 251,942.40</u>	<u>\$ 243,204.40</u>	<u>\$ 20,986.07</u>

Suggestion to Management

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which will 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 calendar year ending December 31, 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.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Corrective Action Plan

Recommendation #2 from the 2015 audit report has been resolved during the current year. Recommendation #1 is included in the current year recommendations and is in the process of being implemented, where possible.

TOWNSHIP OF LONG HILL  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.

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