

*TOWNSHIP OF CHATHAM*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2017*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF CHATHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2017

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TOWNSHIP OF CHATHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Chatham  
Chatham, New Jersey

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

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

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

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

### ***Auditors' Responsibility***

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

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

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Chatham  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

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

***Basis for Qualified Opinion***

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

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

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

***Other Matters***

***Supplementary Information***

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Chatham  
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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 March 9, 2018 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
March 9, 2018

NISIVOCCIA LLP



Valerie A. Dolan  
Certified Public Accountant  
Registered Municipal Accountant No. 548

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
CURRENT FUND

TOWNSHIP OF CHATHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2017	2016
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 15,120,772.43	\$ 6,536,883.66
Change Fund		170.00	170.00
Due from State of New Jersey:			
Senior Citizens and Veterans Deductions		26,199.25	22,790.07
		<u>15,147,141.68</u>	<u>6,559,843.73</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	897,137.17	528,814.14
Tax Title Liens Receivable	A-8	270,433.35	261,697.75
Property Acquired for Taxes at Assessed Valuation		599,650.00	599,650.00
Due from Federal and State Grant Fund	A	29,410.23	
Due from Other Trust Funds	B	826.91	727.07
Total Receivables and Other Assets		<u>1,797,457.66</u>	<u>1,390,888.96</u>
Total Regular Fund		<u>16,944,599.34</u>	<u>7,950,732.69</u>
Federal & State Grant Fund:			
Due from Current Fund	A		102,575.79
Grants Receivable	A-10	757,198.00	836,073.00
Total Federal and State Grant Fund		<u>757,198.00</u>	<u>938,648.79</u>
<u>TOTAL ASSETS</u>		<u>\$ 17,701,797.34</u>	<u>\$ 8,889,381.48</u>

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

	Ref.	December 31,	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 287,447.08	\$ 386,984.01
Unencumbered	A-3;A-11	584,990.32	493,545.74
		<u>872,437.40</u>	<u>880,529.75</u>
Accounts Payable - Vendors		65,662.72	
Prepaid Taxes		9,982,489.80	431,558.42
Due Federal & State Grant Fund	A		102,575.79
Tax Overpayments		52,697.59	31,154.99
Due to Other Trust Fund - Tax Sale Premiums	B	133,900.00	183,700.00
Third Party Liens			147,820.20
Reserve for:			
Codification of Ordinances		2,753.65	2,753.65
Revision of Master Plan		4,045.40	4,045.40
Stormwater Mitigation		56,601.00	56,601.00
		<u>11,170,587.56</u>	<u>1,840,739.20</u>
Reserve for Receivables and Other Assets	A	1,797,457.66	1,390,888.96
Fund Balance	A-1	3,976,554.12	4,719,104.53
Total Regular Fund		<u>16,944,599.34</u>	<u>7,950,732.69</u>
Federal & State Grant Fund:			
Appropriated Reserves	A-14	711,844.99	934,944.67
Due to Current Fund	A	29,410.23	
Reserve for Encumbrances	A-14		1,519.95
Unappropriated Reserves	A-15	15,942.78	2,184.17
Total Federal and State Grant Fund		<u>757,198.00</u>	<u>938,648.79</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 17,701,797.34</u>	<u>\$ 8,889,381.48</u>

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

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

	Ref.	Year Ended December 31,	
		2017	2016
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 3,216,500.00	\$ 3,100,000.00
Miscellaneous Revenue Anticipated		2,388,266.47	2,913,611.92
Receipts from:			
Delinquent Taxes		423,714.78	435,650.61
Current Taxes		55,832,448.12	54,666,975.37
Nonbudget Revenue		974,976.86	956,739.67
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		486,508.05	498,462.34
Prior Year Veteran Deduction Allowed by Collector			250.00
Cancellation of Tax Sale Premiums			3,000.00
Appropriated Grant Reserve Canceled			1,490.88
Interfunds Returned		727.07	408.78
Total Income		<u>63,323,141.35</u>	<u>62,576,589.57</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		13,864,196.46	14,154,963.94
County Taxes		9,130,666.67	8,771,346.49
Due County for Added and Omitted Taxes		73,654.15	89,517.50
Regional High School Taxes		37,591,701.00	36,461,062.00
Municipal Open Space Trust Taxes		158,554.02	157,124.38
Prior Year Grants Receivable Cancelled		182.32	769.85
Interfunds Advanced		30,237.14	727.07
Total Expenditures		<u>60,849,191.76</u>	<u>59,635,511.23</u>
Excess in Revenue		2,473,949.59	2,941,078.34
<u>Fund Balance</u>			
Balance January 1		4,719,104.53	4,878,026.19
		<u>7,193,054.12</u>	<u>7,819,104.53</u>
Decreased by:			
Utilized as Anticipated Revenue		3,216,500.00	3,100,000.00
Balance December 31	A	<u>\$ 3,976,554.12</u>	<u>\$ 4,719,104.53</u>

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

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

	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 3,216,500.00		\$ 3,216,500.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	7,500.00		8,132.00	\$ 632.00
Other	6,500.00		5,800.00	700.00 *
Fees and Permits	84,000.00		93,473.25	9,473.25
Municipal Court - Fines and Costs	60,000.00		66,584.32	6,584.32
Interest and Costs on Taxes	115,000.00		88,313.38	26,686.62 *
Interest on Investments and Deposits	15,000.00		51,960.18	36,960.18
Colony Pool - Dues and Membership Fees	185,000.00		199,162.50	14,162.50
Energy Receipts Tax	836,467.00		836,467.00	
Uniform Construction Code Fees	550,000.00		588,363.00	38,363.00
Recycling Tonnage Grant	9,404.15		9,404.15	
New Jersey Department of Transportation:				
Woodland Road Improvements		\$ 82,500.00	82,500.00	
New Jersey American Water Lafayette				
Avenue Restoration Grant		210,000.00	210,000.00	
Body Armor Fund	2,184.17		2,184.17	
Municipal Alliance		24,073.00	24,073.00	
Clean Communities Program		21,849.52	21,849.52	
Capital Fund Balance	100,000.00		100,000.00	
	1,971,055.32	338,422.52	2,388,266.47	78,788.63
Receipts from Delinquent Taxes	435,000.00		423,714.78	11,285.22 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	8,251,021.69		9,225,083.21	974,061.52
Minimum Library Tax	1,064,612.00		1,064,612.00	
	9,315,633.69		10,289,695.21	974,061.52
Budget Totals	14,938,189.01	338,422.52	16,318,176.46	1,041,564.93
Nonbudget Revenue			974,976.86	974,976.86
	\$ 14,938,189.01	\$ 338,422.52	\$ 17,293,153.32	\$ 2,016,541.79

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 55,832,448.12
Allocated to:		
Regional High School Taxes	\$ 37,591,701.00	
Municipal Open Space Taxes	158,554.02	
County Taxes	9,130,666.67	
Due County for Added and Omitted Taxes	73,654.15	
		46,954,575.84
Balance for Support of Municipal Budget		8,877,872.28
 Add: Appropriated Reserve for Uncollected Taxes		 1,411,822.93
 Realized for Support of Municipal Budget		 \$ 10,289,695.21

Fees and Permits

Clerk		\$ 690.00
Registrar		933.00
Board of Adjustment		7,700.00
Sewer Inspection		2,750.00
Police		424.00
Planning and Zoning		2,403.25
Fire Inspection		315.00
Department of Public Works		4,325.00
Building Inspector		73,708.00
Board of Health		225.00
		\$ 93,473.25

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

Analysis of Interest on Investments:

Treasurer	\$	41,920.07
Due from Other Trust Funds		1,916.79
Due from General Capital Fund		8,123.32
		8,123.32
	\$	51,960.18

Analysis of Nonbudget Revenue:

Treasurer:		
Senior Citizens' and Veterans Deductions Administrative Fee	\$	1,060.00
Copies		535.88
Verizon Tower Rental		9,441.30
T-Mobile Tower Rental		424,828.58
Crown Castle Tower Rental		31,008.63
Sprint Tower Rental		25,892.53
AT&T/Cingular Tower Rental		162,073.24
Police Reports		610.95
Fuel Reimbursements		2,181.33
Rental Income from Board of Education		68,333.34
Uniform Fire Safety Fees		22,808.03
Police Firing Range		7,500.00
Statutory Excess in Animal Control Trust Fund		8,270.78
Verizon Franchise Fee		102,180.46
Comcast Franchise Fee		80,863.61
Other Miscellaneous		27,228.20
		974,816.86
	\$	974,816.86

Tax Collector		160.00
		160.00
	\$	974,976.86

TOWNSHIP OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>GENERAL GOVERNMENT:</b>					
General Administration:					
Salaries & Wages	\$ 218,000.00	\$ 218,000.00	\$ 216,304.18	\$ 1,695.82	
Other Expenses	60,000.00	68,000.00	66,935.04	1,064.96	
Mayor and Council:					
Salaries & Wages	12,000.00	6,000.00	5,150.00	850.00	
Other Expenses	1,000.00	1,000.00	221.75	778.25	
Municipal Clerk:					
Salaries & Wages	87,200.00	87,200.00	71,748.31	15,451.69	
Other Expenses	17,500.00	17,500.00	12,729.99	4,770.01	
Financial Administration:					
Salaries & Wages	84,000.00	84,000.00	84,000.00		
Other Expenses	1,000.00	1,000.00	994.71	5.29	
Annual Audit	36,000.00	36,000.00	36,000.00		
Computerized Data Processing:					
Salaries & Wages	35,000.00	35,000.00	32,609.25	2,390.75	
Other Expenses	2,000.00	2,000.00	1,833.94	166.06	
Revenue Administration (Tax Collection):					
Salaries & Wages	69,500.00	69,500.00	63,676.88	5,823.12	
Other Expenses	10,000.00	10,000.00	5,134.68	4,865.32	
Tax Assessment Administration:					
Salaries & Wages	85,000.00	85,000.00	73,615.10	11,384.90	
Other Expenses	7,000.00	7,000.00	5,029.12	1,970.88	
Legal Services and Costs:					
Other Expenses	150,000.00	150,000.00	116,277.54	33,722.46	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>GENERAL GOVERNMENT:</b>					
Engineering Services and Costs:					
Other Expenses	\$ 150,000.00	\$ 220,000.00	\$ 202,243.53	\$ 17,756.47	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	6,000.00	6,000.00	2,300.00	3,700.00	
Other Expenses	35,000.00	35,000.00	30,916.98	4,083.02	
Board of Adjustment:					
Salaries & Wages	6,000.00	6,000.00		6,000.00	
Other Expenses	20,000.00	12,500.00	8,356.07	4,143.93	
General Liability Insurance	151,180.00	151,180.00	151,177.85	2.15	
Workers Compensation Insurance	109,690.00	109,690.00	109,687.64	2.36	
Group Insurance Plan for Employees	2,000,000.00	2,040,000.00	2,040,000.00		
<b>PUBLIC SAFETY:</b>					
Police:					
Salaries & Wages	2,540,000.00	2,540,000.00	2,369,304.55	170,695.45	
Other Expenses	150,000.00	140,000.00	138,036.26	1,963.74	
Municipal Court:					
Other Expenses	66,000.00	66,000.00	65,596.10	403.90	
Contractual Radio Dispatch	227,500.00	227,500.00	227,453.47	46.53	
Emergency Management Services:					
Salaries & Wages	5,000.00	5,000.00		5,000.00	
Other Expenses	500.00	500.00		500.00	
First Aid Organizations:					
Other Expenses	15,000.00	15,000.00	15,000.00		
Aid to Volunteer Fire Company	100,000.00	100,000.00	100,000.00		
Fire:					
Other Expenses	210,000.00	210,000.00	205,388.48	4,611.52	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>PUBLIC WORKS:</b>					
Street Road Repairs and Maintenance:					
Salaries & Wages	\$ 625,000.00	\$ 625,000.00	\$ 598,629.40	\$ 26,370.60	
Other Expenses	225,000.00	205,000.00	185,001.70	19,998.30	
Solid Waste Collection:					
Salaries & Wages	195,000.00	195,000.00	194,911.50	88.50	
Other Expenses	210,000.00	210,000.00	154,477.39	55,522.61	
Public Building and Grounds:					
Salaries & Wages	630,000.00	630,000.00	599,880.59	30,119.41	
Other Expenses	105,000.00	115,000.00	104,494.75	10,505.25	
Vehicle Maintenance:					
Other Expenses	115,000.00	125,000.00	114,339.36	10,660.64	
Tree Protection:					
Other Expenses	2,000.00	2,000.00	2,000.00		
<b>HEALTH AND WELFARE:</b>					
Board of Health:					
Salaries & Wages	5,150.00	5,150.00	4,564.52	585.48	
Other Expenses	130,000.00	130,000.00	116,453.68	13,546.32	
Environmental Commission:					
Other Expenses	3,000.00	3,000.00	2,379.58	620.42	
Animal Control:					
Other Expenses	2,000.00	2,500.00	1,867.76	632.24	
<b>PARKS AND RECREATION:</b>					
Recreation Service and Programs:					
Salaries & Wages	30,000.00				
Other Expenses	60,000.00	75,000.00	58,099.76	16,900.24	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>PARKS AND RECREATION:</b>					
Colony Pool:					
Salaries & Wages	\$ 200,000.00	\$ 120,000.00	\$ 115,745.53	\$ 4,254.47	
Other Expenses	85,000.00	85,000.00	83,839.88	1,160.12	
Maintenance of Parks:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Celebration of Public Events:					
Other Expenses	2,500.00	2,500.00	897.67	1,602.33	
<b>UNIFORM CONSTRUCTION CODE:</b>					
Construction Official:					
Salaries & Wages	330,000.00	330,000.00	287,327.20	42,672.80	
Other Expenses	18,000.00	18,000.00	15,819.37	2,180.63	
<b>UNCLASSIFIED:</b>					
Utilities:					
Electricity	95,000.00	95,000.00	84,398.79	10,601.21	
Street Lighting	47,500.00	47,500.00	47,496.01	3.99	
Telephone	60,000.00	60,000.00	58,625.23	1,374.77	
Water	29,000.00	29,000.00	28,441.32	558.68	
Natural Gas	42,000.00	42,000.00	39,905.25	2,094.75	
Gasoline	90,000.00	90,000.00	79,101.87	10,898.13	
<b>Total Operations Within "CAPS"</b>	<b>10,004,220.00</b>	<b>10,004,220.00</b>	<b>9,436,419.53</b>	<b>567,800.47</b>	
Contingent	500.00	500.00		500.00	
<b>Total Operations Including Contingent Within "CAPS"</b>	<b>10,004,720.00</b>	<b>10,004,720.00</b>	<b>9,436,419.53</b>	<b>568,300.47</b>	
Detail:					
Salaries & Wages	5,162,850.00	5,046,850.00	4,719,767.01	327,082.99	
Other Expenses	4,841,870.00	4,957,870.00	4,716,652.52	241,217.48	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Statutory Expenditures - Municipal Within "CAPS"					
DCRP	\$ 5,000.00	\$ 5,000.00	\$ 1,436.64	\$ 3,563.36	
Public Employees' Retirement System	378,856.00	378,856.00	378,856.00		
Social Security System (O.A.S.I.)	210,000.00	210,000.00	205,894.95	4,105.05	
Police & Fireman's Retirement System of NJ	529,621.00	529,621.00	529,621.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,123,477.00	1,123,477.00	1,115,808.59	7,668.41	
Total General Appropriations for Municipal Purposes Within "CAPS"	11,128,197.00	11,128,197.00	10,552,228.12	575,968.88	
Operations Excluded from "CAPS":					
Fair Housing Act (52-27D-237):					
Other Expenses	35,000.00	35,000.00	33,378.56	1,621.44	
Length of Service Award Program (LOSAP)	83,000.00	83,000.00	75,600.00	7,400.00	
Maintenance of Joint Free Public Library					
Proportionate Share (R.S. 40:54-29.17) (N.J.S.A. 40A: 40A-4-45.3r)	1,064,612.00	1,064,612.00	1,064,612.00		
State and Federal Programs Offset by Revenue:					
Body Armor Fund	2,184.17	2,184.17	2,184.17		
New Jersey Transportation Trust Fund Authority Act:					
Woodland Road Improvements (N.J.S.A. 40A:4-87 + \$82,500.00)		82,500.00	82,500.00		
American Water Restoration Grant (N.J.S.A. 40A:4-87 + \$210,000.00)		210,000.00	210,000.00		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$21,849.52)		21,849.52	21,849.52		
Recycling Tonnage Grant	9,404.15	9,404.15	9,404.15		
Municipal Alliance (N.J.S.A. 40A:4-87 + \$20,073.00)		20,073.00	20,073.00		
Municipal Alliance - Matching Funds	4,000.00	4,000.00	3,509.12		\$ 490.88
Municipal Alliance - Supplemental (N.J.S.A. 40A:4-87 + \$4,000.00)		4,000.00	4,000.00		
Total Operations Excluded from "CAPS"	1,198,200.32	1,536,622.84	1,527,110.52	9,021.44	490.88
Detail:					
Other Expenses	1,198,200.32	1,536,622.84	1,527,110.52	9,021.44	490.88

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Capital Improvements - Excluded from "CAPS" Capital Improvement Fund	\$ 166,500.00	\$ 166,500.00	\$ 166,500.00		
Total Capital Improvements - Excluded from "CAPS"	166,500.00	166,500.00	166,500.00		
Municipal Debt Service - Excluded from "CAPS": Payment of Bond Principal	536,000.00	536,000.00	536,000.00		
Payment of Bond Anticipation Notes and Capital Notes	270,000.00	270,000.00	270,000.00		
Interest on Bonds	127,831.26	127,831.26	127,730.01		\$ 101.25
Interest on Notes	99,637.50	99,637.50	99,637.49		0.01
Total Municipal Debt Service - Excluded from "CAPS"	1,033,468.76	1,033,468.76	1,033,367.50		101.26
Total General Appropriations - Excluded from "CAPS"	2,398,169.08	2,736,591.60	2,726,978.02	\$ 9,021.44	592.14
Subtotal General Appropriations	13,526,366.08	13,864,788.60	13,279,206.14	584,990.32	592.14
Reserve for Uncollected Taxes	1,411,822.93	1,411,822.93	1,411,822.93		
Total General Appropriations	\$ 14,938,189.01	\$ 15,276,611.53	\$ 14,691,029.07	\$ 584,990.32	592.14

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 14,938,189.01	
Added by N.J.S.A. 40A:4-87		<u>338,422.52</u>	
		<u>\$ 15,276,611.53</u>	
Cash Disbursed			\$ 12,661,776.85
Encumbrances Payable	A		287,447.08
Reserve for Uncollected Taxes			1,411,822.93
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			350,010.84
Local Matching Funds			<u>3,509.12</u>
			14,714,566.82
Less: Appropriation Refunds			<u>23,537.75</u>
			<u>\$ 14,691,029.07</u>

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

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
TRUST FUNDS

TOWNSHIP OF CHATHAM  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2017	2016
<u>TOTAL ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 15,465.00	\$ 16,536.98
Other Trust Funds:			
Cash and Cash Equivalents	B-4	896,147.67	938,987.17
Due from Current Fund - Tax Sale Premiums	A	133,900.00	183,700.00
		<u>1,030,047.67</u>	<u>1,122,687.17</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,045,512.67</u>	<u>\$ 1,139,224.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Prepaid Municipal Licenses			\$ 970.20
Reserve for Animal Control Fund Expenditures	B-5	\$ 15,465.00	15,566.78
		<u>15,465.00</u>	<u>16,536.98</u>
Other Trust Funds:			
Due to Current Fund	A	826.91	727.07
Reserve for:			
Developer's Escrow		435,388.95	453,528.80
Unemployment Compensation Insurance		128,859.04	126,928.16
Recreation		113,138.56	151,203.26
Parking Offenses Adjudication Act		2,888.98	2,884.98
Open Space		98,570.66	120,653.16
Recycling		8,212.25	13,466.04
Police Outside Duty		46,712.74	28,712.74
Fire Penalty		550.44	548.14
Tax Sale Premiums		133,900.00	183,700.00
Forfeited Assets		3,740.99	1,577.87
Municipal Alliance		57,218.15	38,756.95
Community Pass		40.00	
		<u>1,030,047.67</u>	<u>1,122,687.17</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,045,512.67</u>	<u>\$ 1,139,224.15</u>

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

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,319,177.52	\$ 1,526,597.79
Deferred Charges to Future Taxation:			
Funded		4,560,000.00	5,210,000.00
Unfunded	C-4	9,925,750.00	6,642,500.00
<u>TOTAL ASSETS</u>		<u>\$ 15,804,927.52</u>	<u>\$ 13,379,097.79</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 4,560,000.00	\$ 5,210,000.00
Bond Anticipation Notes Payable	C-7	9,925,750.00	6,642,500.00
Improvement Authorizations:			
Funded	C-5		759.00
Unfunded	C-5	892,933.39	562,074.13
Capital Improvement Fund	C-6	92,062.64	7,312.64
Reserve For:			
Senior Center		30,000.00	30,000.00
Encumbrances		78,817.98	610,450.51
Fund Balance	C-1	225,363.51	316,001.51
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 15,804,927.52</u>	<u>\$ 13,379,097.79</u>

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

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

	<u>Ref</u>	
Balance December 31, 2016	C	\$ 316,001.51
Increased by:		
Premium on Sale of Notes		9,362.00
		<u>325,363.51</u>
Decreased by:		
Fund Balance Anticipated - Current Fund		100,000.00
		<u>100,000.00</u>
Balance December 31, 2017	C	<u><u>\$ 225,363.51</u></u>

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

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
SEWER UTILITY FUND #1

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUND #1  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2017	2016
<b>Operating Fund:</b>			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 607,788.29	\$ 1,019,206.89
		<u>607,788.29</u>	<u>1,019,206.89</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-6	410,226.16	236,109.87
		<u>410,226.16</u>	<u>236,109.87</u>
Total Operating Fund		<u>1,018,014.45</u>	<u>1,255,316.76</u>
<b>Assessment Trust Fund:</b>			
Cash and Cash Equivalents	D-4	165,662.58	219,124.79
Assessments Receivable	D-9	193,057.22	239,595.01
Assessment Liens Receivable	D-9A	5,159.68	5,159.68
Total Assessment Trust Fund		<u>363,879.48</u>	<u>463,879.48</u>
<b>Capital Fund:</b>			
Cash and Cash Equivalents	D-4	1,332,616.03	1,532,058.27
Wastewater Treatment Trust Loan Receivable		4,200.00	72,681.00
Fixed Capital	D-10	18,636,598.34	18,603,656.49
Fixed Capital Authorized and Uncompleted	D-11	7,800,000.00	7,800,000.00
Total Capital Fund		<u>27,773,414.37</u>	<u>28,008,395.76</u>
<b><u>TOTAL ASSETS</u></b>		<u>\$ 29,155,308.30</u>	<u>\$ 29,727,592.00</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUND #1  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-12	\$ 155,056.07	\$ 120,555.55
Encumbered	D-3;D-12	102,177.26	169,577.77
Total Appropriation Reserves		<u>257,233.33</u>	<u>290,133.32</u>
Prepaid/Overpaid Sewer Rents		4,168.54	4,582.39
Accrued Interest on Bonds		8,400.00	11,243.75
Accrued Interest on Notes		6,735.30	9,666.25
Accrued Interest on Loans		<u>23,695.32</u>	<u>25,551.57</u>
		300,232.49	341,177.28
Reserve for Receivables and Inventory	D	410,226.16	236,109.87
Fund Balance	D-1	<u>307,555.80</u>	<u>678,029.61</u>
Total Operating Fund		<u>1,018,014.45</u>	<u>1,255,316.76</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens	D-13	198,216.90	244,754.69
Fund Balance	D-1A	<u>165,662.58</u>	<u>219,124.79</u>
Total Assessment Trust Fund		<u>363,879.48</u>	<u>463,879.48</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUND #1  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31	
		2017	2016
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Fund:			
Serial Bonds Payable	D-20	\$ 960,000.00	\$ 1,285,000.00
Bond Anticipation Notes Payable	D-18	1,256,000.00	1,406,000.00
Wastewater Treatment Loans Payable #1	D-19	81,368.90	115,912.89
Wastewater Treatment Loans Payable #2	D-19A	520,426.21	587,736.90
Wastewater Treatment Loans Payable #3	D-19B	4,732,058.00	5,001,561.62
Improvement Authorizations:			
Funded	D-14	578,289.81	614,968.28
Unfunded	D-14	1,716,969.28	2,292,129.72
Encumbrances Payable	D-14	413,473.00	39,557.33
Capital Improvement Fund	D-15	121,761.28	121,761.28
Reserve for Amortization	D-17	17,354,146.23	16,474,846.08
Fund Balance	D-1B	38,921.66	68,921.66
Total Capital Fund		<u>27,773,414.37</u>	<u>28,008,395.76</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 29,155,308.30</u>	<u>\$ 29,727,592.00</u>

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

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #1  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2017	2016
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 400,000.00	\$ 500,000.00
Sewer Rents		1,954,439.11	2,184,671.37
Miscellaneous Revenue		35,313.29	38,798.41
Sewer Assessment #1 Fund Balance		100,000.00	75,000.00
Sewer Utility Capital #1 Fund Balance		30,000.00	30,000.00
Sewer Utility Operating Fund #2 - Service Agreement		75,000.00	70,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		118,485.25	87,539.33
Total Income		<u>2,713,237.65</u>	<u>2,986,009.11</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operating		1,600,000.00	1,619,100.02
Capital Improvements		45,000.00	50,000.00
Debt Service		992,710.64	1,019,277.41
Statutory Expenditures		46,000.82	46,000.82
Total Expenditures		<u>2,683,711.46</u>	<u>2,734,378.25</u>
Excess Revenue/Statutory Excess to Fund Balance		29,526.19	251,630.86
<u>Fund Balance</u>			
Balance January 1	E	678,029.61	926,398.75
		707,555.80	1,178,029.61
Decreased by:			
Utilized by Sewer Utility #1 Operating Budget		400,000.00	500,000.00
Balance December 31	E	<u>\$ 307,555.80</u>	<u>\$ 678,029.61</u>

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

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 219,124.79
Increased by:		
Collection of Unpledged Assessments		46,537.79
		<u>265,662.58</u>
Decreased by:		
Surplus Anticipated in Sewer Utility Operating Fund #1		100,000.00
		<u>100,000.00</u>
Balance December 31, 2017	D	<u>\$ 165,662.58</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 68,921.66
Decreased by:		
Surplus Anticipated in Sewer Utility Operating Fund #1		30,000.00
		<u>30,000.00</u>
Balance December 31, 2017	D	<u>\$ 38,921.66</u>

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

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #1  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 400,000.00	\$ 400,000.00	
Sewer Rents	2,152,622.89	1,954,439.11	\$ 198,183.78 *
Sewer Assessment #1 Surplus	100,000.00	100,000.00	
Sewer Utility Capital #1 Fund Balance	30,000.00	30,000.00	
Sewer Utility Operating Fund #2 Service Agreement	75,000.00	75,000.00	
Miscellaneous Revenue	35,000.00	35,313.29	313.29
	<u>\$ 2,792,622.89</u>	<u>\$ 2,594,752.40</u>	<u>\$ 197,870.49 *</u>

Analysis of Sewer Rents Realized:

Collections	\$ 1,949,856.72		
Prepaid Rents Applied	<u>4,582.39</u>		
		<u>\$ 1,954,439.11</u>	

Miscellaneous Revenue

Treasurer:			
Interest on Investments	\$ 3,848.64		
Interest on Sewer Rents	6,255.87		
Other Miscellaneous	<u>25,208.78</u>		
		<u>\$ 35,313.29</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #1  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

	Appropriation		Expended by			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 500,000.00	\$ 525,000.00	\$ 514,626.70	\$ 10,373.30		
Other Expenses	1,200,000.00	1,175,000.00	963,321.10	111,678.90	\$ 100,000.00	
Capital Improvements:						
Capital Outlay	45,000.00	45,000.00	21,489.51	23,510.49		
Debt Service:						
Payment of Bond Principal	325,000.00	325,000.00	325,000.00			
Payment of Notes and Loans	521,358.30	521,358.30	521,358.30			
Interest on Bonds	66,058.75	66,058.75	66,058.75			
Interest on Notes and Loans	89,205.02	89,205.02	80,293.59		8,911.43	
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System	1,000.82	1,000.82		1,000.82		
Social Security System (O.A.S.I.)	45,000.00	45,000.00	36,507.44	8,492.56		
Total Sewer Utility Appropriations	\$ 2,792,622.89	\$ 2,792,622.89	\$ 2,528,655.39	\$ 155,056.07	\$ 108,911.43	

Ref.

D

Cash Disbursed	\$ 2,280,125.79
Encumbrances Payable	102,177.26
Accrued Interest on Bonds and Notes	146,352.34
	<u>\$ 2,528,655.39</u>

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
SEWER UTILITY FUND # 2

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUND #2  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2017	2016
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 519,902.24	\$ 576,709.55
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	E-6	45,803.77	24,303.79
 Total Operating Fund		<u>565,706.01</u>	<u>601,013.34</u>
 Capital Fund:			
Cash and Cash Equivalents	E-4	62,934.34	62,934.34
Fixed Capital	E-7	616,832.95	599,645.73
Fixed Capital Authorized and Uncomplete	E-8	825,000.00	825,000.00
 Total Capital Fund		<u>1,504,767.29</u>	<u>1,487,580.07</u>
 <u>TOTAL ASSETS</u>		<u>\$ 2,070,473.30</u>	<u>\$ 2,088,593.41</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 116,988.54	\$ 153,900.48
Encumbered	E-3;E-9	30,333.72	36,888.30
		<u>147,322.26</u>	<u>190,788.78</u>
Prepaid/Overpaid Sewer Rents		1,313.09	487.39
Accrued Interest on Bonds		1,080.00	1,255.00
Accrued Interest on Notes			488.13
		<u>149,715.35</u>	<u>193,019.30</u>
Reserve for Receivables	E	45,803.77	24,303.79
Fund Balance	E-1	370,186.89	383,690.25
 Total Operating Fund		<u>565,706.01</u>	<u>601,013.34</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUND #2  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Fund:			
Serial Bonds Payable	E-14	\$ 30,000.00	\$ 35,000.00
Bond Anticipation Notes Payable	E-15		71,000.00
Improvement Authorizations:			
Funded	E-10	13,261.88	13,261.88
Capital Improvement Fund	E-11	16,500.00	16,500.00
Reserve for Amortization	E-9	1,411,832.95	1,318,645.73
Fund Balance	E-1A	33,172.46	33,172.46
		<u>1,504,767.29</u>	<u>1,487,580.07</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,070,473.30</u>	<u>\$ 2,088,593.41</u>

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

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #2  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 180,000.00	\$ 180,000.00
Rents		489,810.02	522,409.81
Miscellaneous Revenue Not Anticipated		1,844.62	4,340.10
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		<u>159,242.00</u>	<u>96,751.58</u>
Total Income		<u>830,896.64</u>	<u>803,501.49</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		497,115.63	509,806.67
Capital Outlay		80,000.00	20,000.00
Debt Service		78,284.37	120,205.24
Statutory Expenditures		<u>9,000.00</u>	<u>9,000.00</u>
Total Expenditures		<u>664,400.00</u>	<u>659,011.91</u>
Statutory Excess to Fund Balance		166,496.64	144,489.58
<u>Fund Balance</u>			
Balance January 1		<u>383,690.25</u>	<u>419,200.67</u>
		550,186.89	563,690.25
Decreased by:			
Utilized as Anticipated Revenue		<u>180,000.00</u>	<u>180,000.00</u>
Balance December 31	E	<u><u>\$ 370,186.89</u></u>	<u><u>\$ 383,690.25</u></u>

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

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 33,172.46
Balance December 31, 2017	E	<u>\$ 33,172.46</u>

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

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #2  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

	<u>Budget Anticipated</u>	<u>Realized</u>	<u>Excess/ Deficit*</u>
Operating Surplus Anticipated	\$ 180,000.00	\$ 180,000.00	
Sewer Rents	485,000.00	489,810.02	\$ 4,810.02
	<u>665,000.00</u>	<u>669,810.02</u>	<u>4,810.02</u>
Miscellaneous Revenue Not Anticipated		1,844.62	1,844.62
	<u>\$ 665,000.00</u>	<u>\$ 671,654.64</u>	<u>\$ 6,654.64</u>

Analysis of Sewer Rents Realized:

Collections	\$ 489,322.63
Prepaid/Overpaid Sewer Rents Applied	487.39
	<u>\$ 489,810.02</u>

Analysis of Miscellaneous Revenue Not Anticipated

Treasurer:	
Interest on Delinquent Sewer Rents	\$ 1,522.18
Miscellaneous Revenue	98.29
Interest on Investments	224.15
	<u>\$ 1,844.62</u>

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



TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

TOWNSHIP OF CHATHAM  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(UNAUDITED)

	December 31,	
	2017	2016
<u>ASSETS</u>		
Land	\$ 15,976,283.00	\$ 14,175,641.00
Land Improvements	2,600,530.00	2,350,388.00
Buildings and Improvements	9,587,090.00	8,555,953.00
Equipment	1,650,069.00	1,490,394.00
Vehicles	4,005,269.00	3,832,584.00
	<u>\$ 33,819,241.00</u>	<u>\$ 30,404,960.00</u>
 <u>TOTAL ASSETS</u>	<u>\$ 33,819,241.00</u>	<u>\$ 30,404,960.00</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 33,819,241.00	\$ 30,404,960.00
	<u>\$ 33,819,241.00</u>	<u>\$ 30,404,960.00</u>
<u>TOTAL RESERVES</u>	<u>\$ 33,819,241.00</u>	<u>\$ 30,404,960.00</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Chatham include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Chatham, as required by N.J.S. 40A:5-5. Accordingly, the financial statements do not include the operations of the 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 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 accounts for its financial transactions through the following separate funds:

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

Trust Fund - Receipt, 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.

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

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

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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 following is a summary of the significant accounting policies.

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

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

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

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

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

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

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase agreements.

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

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

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.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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

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

General fixed assets and buildings are recorded at estimated historical cost, except for land which is recorded at assessed value in the year of acquisition. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for 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 sewer utility funds. 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 of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Funds do not record depreciation on fixed assets.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for Current and Sewer Utility Operating Funds and Open Space Trust Fund. 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.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2017	2016	2015
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 14,485,750.00	\$ 11,852,500.00	\$ 11,906,750.00
Sewer Utility Fund #1:			
Bonds, Notes and Loans	7,549,853.11	8,396,211.41	8,444,080.04
Sewer Utility Fund #2:			
Bonds, Notes and Loans	30,000.00	106,000.00	223,000.00
Net Debt Issued	22,065,603.11	20,354,711.41	20,573,830.04
<u>Authorized but not Issued:</u>			
Sewer Utility Fund #1:			
Bonds and Notes	1,532,599.00	1,532,599.00	1,532,599.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	\$ 23,598,202.11	\$ 21,887,310.41	\$ 22,106,429.04

Summary of Statutory Debt Condition –Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.418%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 24,636,146.70	\$ 24,636,146.70	
Sewer Utility Fund #1 Debt	9,082,452.11	9,082,452.11	
Sewer Utility Fund #2 Debt	30,000.00	30,000.00	
General Debt	14,485,750.00		\$ 14,485,750.00
	\$ 48,234,348.81	\$ 33,748,598.81	\$ 14,485,750.00

Net Debt: \$14,485,750 divided by Average Equalized Valuations of \$3,461,769,972.67 of Real Property = 0.418%.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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

3-1/2% Average Equalized Valuation of Real Property	\$ 121,161,949.04
Net Debt	<u>14,485,750.00</u>
Remaining Borrowing Power	<u>\$ 106,676,199.04</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility #1 Per N.J.S. 40A:2-45 - Sewer Utility Fund #1

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,594,752.40
Deductions:	
Operating and Maintenance Costs	\$ 1,601,000.82
Debt Service	<u>992,710.64</u>
	<u>2,593,711.46</u>
Excess in Revenue	<u>\$ 1,040.94</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 671,654.64
Deductions:	
Operating and Maintenance Costs	\$ 506,115.63
Debt Service	<u>78,284.37</u>
	<u>584,400.00</u>
Excess in Revenue	<u>\$ 87,254.64</u>

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

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

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Serial Bonds:				
General Capital Fund	\$ 5,835,000.00		\$ 625,000.00	\$ 5,210,000.00
Sewer Utility #1 Capital Fund	1,610,000.00		325,000.00	1,285,000.00
Sewer Utility #2 Capital Fund	150,000.00		115,000.00	35,000.00
Bond Anticipation Notes:				
General Capital Fund	6,071,750.00	\$ 6,642,500.00	6,071,750.00	6,642,500.00
Sewer Utility #1 Capital Fund	756,000.00	1,406,000.00	756,000.00	1,406,000.00
Sewer Utility #2 Capital Fund	73,000.00	71,000.00	73,000.00	71,000.00
Loans Payable:				
Sewer Utility #1 Capital Fund:				
Wastewater Treatment Loans	6,078,080.04		372,868.63	5,705,211.41
	<u>\$ 20,573,830.04</u>	<u>\$ 8,119,500.00</u>	<u>\$ 8,338,618.63</u>	<u>\$ 20,354,711.41</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Serial Bonds:				
General Capital Fund	\$ 5,210,000.00		\$ 650,000.00	\$ 4,560,000.00
Sewer Utility #1 Capital Fund	1,285,000.00		325,000.00	960,000.00
Sewer Utility #2 Capital Fund	35,000.00		5,000.00	30,000.00
Bond Anticipation Notes:				
General Capital Fund	6,642,500.00	\$ 9,925,750.00	6,642,500.00	9,925,750.00
Sewer Utility #1 Capital Fund	1,406,000.00	1,256,000.00	1,406,000.00	1,256,000.00
Sewer Utility #2 Capital Fund	71,000.00		71,000.00	
Loans Payable:				
Sewer Utility #1 Capital Fund:				
Wastewater Treatment Loans	5,705,211.41		371,358.30	5,333,853.11
	<u>\$ 20,354,711.41</u>	<u>\$ 11,181,750.00</u>	<u>\$ 9,470,858.30</u>	<u>\$ 22,065,603.11</u>

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

The Township's bonded debt and notes issued and outstanding on December 31, 2017 is described as follows:

<u>General Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
General Bonds of 2006	02/01/22	3.75%	\$ 2,680,000.00
General Bonds of 2013	11/15/26	2.00-2.625%	1,880,000.00
			<u>\$ 4,560,000.00</u>
<u>Sewer Capital #1 Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Improvements to Sewer System	11/01/20	5.40%	<u>\$ 960,000.00</u>
<u>Sewer Capital #2 Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Improvements to Sewer System	11/01/20	5.25-5.40%	<u>\$ 30,000.00</u>
<u>General Capital Bond Anticipation Notes Payable</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Capital Improvements	07/11/18	1.17%	\$ 7,925,750.00
Purchase of Open Space	07/11/18	2.00%	2,000,000.00
			<u>\$ 9,925,750.00</u>
<u>Sewer Capital #1 Bond Anticipation Notes Payable</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Improvements to Sewer System	07/11/18	1.17%	<u>\$ 1,256,000.00</u>
<u>Sewer Capital #1 Wastewater Treatment Loans Payable</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Chatham Glen/Tanglewood Modifications WPC Plant #1	08/01/20	5.00-5.25%	\$ 81,368.90
	08/01/25	4.00-4.50%	520,426.21
	08/01/33	3.00-5.00%	4,732,058.00
			<u>\$ 5,333,853.11</u>
Total Debt Issued and Outstanding			<u>\$ 22,065,603.11</u>

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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

Calendar Year	General Capital		Sewer Utility Capital		Sewer Utility #2 Capital		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 675,000.00	\$ 132,300.00	\$ 320,000.00	\$ 51,840.00	\$ 10,000.00	\$ 1,620.00	\$ 1,190,760.00
2019	700,000.00	109,762.50	320,000.00	34,560.00	10,000.00	1,080.00	1,175,402.50
2020	735,000.00	86,281.25	320,000.00	17,820.00	10,000.00	540.00	1,169,641.25
2021	765,000.00	61,662.50					826,662.50
2022	775,000.00	36,475.00					811,475.00
2023-2026	910,000.00	57,143.75					967,143.75
Total	<u>\$4,560,000.00</u>	<u>\$483,625.00</u>	<u>\$ 960,000.00</u>	<u>\$104,220.00</u>	<u>\$ 30,000.00</u>	<u>\$ 3,240.00</u>	<u>\$ 6,141,085.00</u>

Wastewater Treatment Loans Payable

On November 9, 2000, the Township entered into an agreement with the New Jersey Environmental Infrastructure Trust for a Wastewater Treatment Loan, in the amount of \$275,000, which represents a direct obligation of the Township. The loan agreement was obtained to finance improvements to the Sewer Utility system.

Principal payments on the Loan commenced on August 1, 2002, and will continue on an annual basis through August 1, 2020 at interest rates varying from 5.00-5.25%. The Township will be responsible for all such interest and principal payments.

Additionally, on November 10, 2005, the Township entered into an agreement with the New Jersey Environmental Infrastructure Trust for a Wastewater Treatment Loan, in the amount of \$630,000, which represents a direct obligation of the Township. The loan agreement was obtained to finance improvements to the Sewer Utility system.

Principal payments on the Loan commenced on August 1, 2007, and will continue on an annual basis through August 1, 2025 at interest rates varying from 4.00-4.50%. The Township will be responsible for all such interest and principal payments.

Furthermore, on May 21, 2014, the Township entered into two agreements with the New Jersey Environmental Infrastructure Trust for Wastewater Treatment Loans, in the amount of \$5,467,401, which represents a direct obligation of the Township. The loan agreements were obtained to finance improvements to the Sewer Utility system.

Principal payments on the Loan commenced on August 1, 2015, and will continue on an annual basis through August 1, 2033 at interest rates varying from 3.00-5.00%. The Township will be responsible for all such interest and principal payments.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

Wastewater Treatment Loans Payable (Cont'd)

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

Calendar Year	Sewer Utility Capital		Total
	Wastewater Treatment Loans		
	Principal	Interest	
2018	\$ 374,832.96	\$ 63,187.52	\$ 438,020.48
2019	367,425.76	57,900.02	425,325.78
2020	372,213.55	52,612.52	424,826.07
2021	356,063.74	46,762.52	402,826.26
2022	354,945.86	41,762.53	396,708.39
2023-2027	1,651,349.44	133,943.78	1,785,293.22
2028-2032	1,542,518.10	56,831.30	1,599,349.40
2033	314,503.70	3,087.50	317,591.20
Total	<u>\$ 5,333,853.11</u>	<u>\$ 456,087.69</u>	<u>\$ 5,789,940.80</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$11,788,535 at December 31, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$12,408,454 at December 31, 2016. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2017 which was included in the Current Fund and the Sewer Utility Operating Funds' introduced budgets for the year ending December 31, 2018 is as follows:

Current Fund	\$ 3,000,000.00
Sewer Utility Fund #1	200,000.00
Sewer Utility Fund #2	139,000.00

Note 4: 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 has not elected to defer school taxes.

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

(Continued)

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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members 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.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$378,856 for 2017.

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

Pension Liabilities and Pension Expense

At December 31, 2017, the Township's liability was \$11,788,535 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 0.039%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015. The Township has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2016 pension information in the Notes to the Financial Statements as the June 30, 2017 pension information has not been released as of the date of this audit.

For the year ended December 31, 2017, the Township recognized actual pension expense in the amount of \$378,856.

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%

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

The actuarial assumptions used in the July 1, 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..

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:

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% 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.

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

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 December 31, 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:

	December 31, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Township's proportionate share of the Net Pension Liability	\$ 14,445,473	\$ 11,788,535	\$ 9,595,002

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).

Benefits Provided

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

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2016 State special funding situation net pension liability amounts are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2016 State special funding situation pension expense 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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded 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.

Township contributions to PFRS amounted to \$529,621 for the year ended December 31, 2017. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$39,926 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$133,088.

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

Pension Liabilities and Pension Expense

At December 31, 2016, the Township's liability for its proportionate share of the net pension liability was \$12,408,454. 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

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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 0.065%, which was a decrease of 0.007% from its proportion measured as of June 30, 2015. The Township has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2016 pension information in the Notes to the Financial Statements as the June 30, 2017 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,042,002 as of December 31, 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 0.065%, which was a decrease of 0.007% from its proportion measured as of June 30, 2016 which is the same proportion as the Township's. The Township has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Township's Proportionate Share of the Net Pension Liability	\$ 12,408,454
State's Proportionate Share of the Net Pension Liability Associated with the Township	1,042,002
Total Net Pension Liability	\$ 13,450,456

For the year ended December 31, 2017, the Township recognized total pension expense of \$529,621.

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%

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

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 CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

(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 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 December 31, 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:

	Year Ended December 31, 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	\$ 17,343,377	\$ 13,450,456	\$ 10,276,013

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 5: Pension Plans (Cont'd)

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

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 \$1,437 for the year ended December 31, 2017. Employee contributions to DCRP amounted to \$2,869 for the year ended December 31, 2017.

Note 6: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 5, the Township provides other post-retirement benefits to certain Township employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

In accordance with the Township's resolution, Township employees are entitled to the following benefits:

The coverage applies to the employee and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty-five (25) years of full-time service in the pension system and ten (10) years of full-time service with the Township.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

For the year ended December 31, 2017, the Township had 56 retired employees who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$1,220,612.65. For the year

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

(Continued)

Note 6: Post-Retirement Medical Benefits (Cont'd)

ended December 31, 2016, the Township had 56 retired employees who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$1,111,348.20.

Note 7: Accrued Sick Benefits

The Township permits employees to accrue a limited amount of unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$196,970.06 at December 31, 2017. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	\$ 1.787	\$ 1.749	\$ 1.752
<u>Apportionment of Tax Rate</u>			
Municipal	0.300	0.301	0.311
County	0.291	0.273	0.274
Regional School	1.196	1.175	1.167
<u>Assessed Valuations</u>			
2017	\$ 3,145,668,685		
2016		\$ 3,104,438,185	
2015			\$ 3,072,176,479

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 56,665,493.80	\$ 55,832,448.12	98.52%
2016	55,164,636.47	54,666,975.37	99.09%
2015	54,209,387.04	53,695,864.24	99.05%

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 8: Selected Tax Information (Cont'd)

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

Note 9: Cash and Cash Equivalents

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of 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 permitted under state statutes as detailed below and on the following page.

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

Deposits:

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

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

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

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

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

(Continued)

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (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 CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

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

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

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 170.00	\$15,120,772.43	\$15,120,942.43
Animal Control		15,465.00	15,465.00
Other Trust		896,147.67	896,147.67
General Capital		1,319,177.52	1,319,177.52
Sewer Utility Operating Fund		607,788.29	607,788.29
Sewer Utility Assessment Fund		165,662.58	165,662.58
Sewer Utility Capital Fund		1,332,616.03	1,332,616.03
Sewer Utility #2 Operating Fund		519,902.24	519,902.24
Sewer Utility #2 Capital Fund		62,934.34	62,934.34
	<u>\$ 170.00</u>	<u>\$20,040,466.10</u>	<u>\$20,040,636.10</u>

During the period ended December 31, 2017, the Township held no investment accounts. The carrying amount of the Township's cash and cash equivalents at December 31, 2017, was \$20,040,636.10 and the bank balance was \$18,919,968.15.

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

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

The following coverages are offered by this 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.) Environmental

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.

The fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 10: Risk Management (Cont'd)

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

Total Assets	\$ 27,753,863
Net Position	\$ 12,178,035
Total Revenue	\$ 19,261,910
Total Expenses	\$ 15,715,706
Change in Net Position	\$ 3,546,204
Members Dividends	\$ -0-

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

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
(201) 881-7632

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ -0-	\$ 6,994.10	\$ 583.50	\$ 5,646.72	\$ 128,859.04
2016	-0-	6,656.46	247.56	14,276.28	126,928.16
2015	-0-	6,817.20	139.76	9,775.00	134,300.42

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 30,237.14	\$ 133,900.00
Federal and State Grant Funds		29,410.23
Other Trust Funds	133,900.00	826.91
	<u>\$ 164,137.14</u>	<u>\$ 164,137.14</u>

The interfund receivable in the Federal and State Grant Fund represents the net of Federal and State grant expenditures paid and grant receipts collected by the Current Fund.

The interfund receivable in the Other Trust Funds represents the balance of tax sale premiums as of December 31, 2017. The interfund payable in the Other Trust Funds represents interest earnings in the Other Trust Funds which are due to the Current Fund.

Note 12: Open Space Trust Fund

The Township created in 1997 an Open Space Trust Fund with a tax levy of up to \$.006 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Township. As of December 31, 2017, the balance in the Open Space Trust Fund was \$98,570.66.

Note 13: Contingent Liabilities

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. The Township vigorously contests these lawsuits and believes the ultimate resolution will not 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.

Note 14: Economic Dependency

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

Note 15: Deferred Compensation Plans

The Township offers its employees deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by Great West and AXA Equitable, are available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

TOWNSHIP OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

Note 16: Fixed Assets (Unaudited)

The following is a summarization of general fixed assets for the year ended December 31, 2017:

	<u>Balance</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
Land	\$ 14,175,641.00	\$ 1,800,642.00		\$ 15,976,283.00
Land Improvements	2,350,388.00	250,142.00		2,600,530.00
Buildings and Improvements	8,555,953.00	1,031,137.00		9,587,090.00
Equipment	1,490,394.00	159,675.00		1,650,069.00
Vehicles	3,832,584.00	214,139.00	\$ 41,454.00	4,005,269.00
	<u>\$ 30,404,960.00</u>	<u>\$ 3,455,735.00</u>	<u>\$ 41,454.00</u>	<u>\$ 33,819,241.00</u>

TOWNSHIP OF CHATHAM

SUPPLEMENTARY DATA

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

Name	Title	Amount of Bond	Name of Corporate Surety
Curt Ritter	Mayor	**	
Karen Swartz	Deputy Mayor	**	
Kevin Sullivan	Committee Member	**	
Michael Kelly	Committee Member	**	
John Maurer	Committee Member (through 8/31/17)	**	
Tayfun Selen	Committee Member (starting 9/12/17)	**	
Thomas Ciccarone	Township Administrator	**	
Debra King	Chief Financial Officer	\$ 1,000,000.00	MCMJIF/ MELJIF
Mary Ellen Babyack	Tax Collector, Utility Collector and Tax Search Officer	\$ 1,000,000.00	MCMJIF/ MELJIF
Gregory LaConte	Township Clerk, Assessment/Subdivision Searcher, Registrar of Vital Statistics, Dog Licensing Official, Board of Health Secretary	**	
Richard Young	Superintendent of Public Works	**	
Gregory Impink	Construction Code Official	**	
Dennis Bettler	Fire Official	**	
Glen Sherman	Township Tax Assessor	**	
Steve Hennelly	Police Chief	**	
Bob Evans	Fire Chief CTFD	**	

All bonds were examined and were properly executed.

\*\* All employees, who are not specifically bonded, are covered under \$1,000,000 Faithful Performance Blanket Bonds with the Municipal Excess Liability Joint Insurance Fund.

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
CURRENT FUND

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 6,536,883.66
Increased by Receipts:		
Tax Collector	\$ 66,053,053.27	
Revenue Accounts Receivable	1,897,982.07	
Interest on Investments	41,920.07	
Miscellaneous Revenue Not Anticipated	974,816.86	
Due Federal and State Grant Fund:		
Grant Receivable	426,519.35	
Unappropriated Reserves	15,942.78	
Due Other Trust Funds:		
Interest Earned	1,816.95	
Due General Capital Fund:		
Interest Earned	8,123.32	
Due to the State of New Jersey:		
Marriage License Fees	775.00	
DCA Training Fees	33,108.00	
Veterans and Senior Citizens' Deductions	52,500.00	
Appropriation Refunds	23,537.75	
	<hr/>	69,530,095.42
		<hr/>
		76,066,979.08
Decreased by Disbursements:		
2017 Appropriation Expenditures	12,661,776.85	
2016 Appropriation Reserves	328,358.98	
Regional School Taxes	37,591,701.00	
County Taxes	9,204,320.82	
Due Other Trust Funds:		
Open Space Tax Levy	158,554.02	
Tax Overpayments	36,554.46	
Due to the State of New Jersey:		
Marriage License Fees	775.00	
DCA Training Fees	33,108.00	
Third Party Tax Title Liens	297,617.93	
Tax Sale Premiums	55,300.00	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	578,139.59	
	<hr/>	60,946,206.65
		<hr/>
		60,946,206.65
Balance December 31, 2017	A	<u>\$ 15,120,772.43</u>

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2017

Increased by Receipts:

Taxes Receivable	\$ 55,758,490.86
2018 Prepaid Taxes	9,982,489.80
Interest and Costs on Taxes	88,313.38
Tax Overpayments	68,301.50
Tax Sale Premiums	5,500.00
Third Party Tax Liens	149,797.73
Other Miscellaneous	160.00
	66,053,053.27

Decreased by:

Paid to Treasurer	\$ 66,053,053.27
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TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

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

Year	Balance		Collections		Overpayments Applied	NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2017
	Dec. 31, 2016	2017 Levy	2016	2017					
2013	\$ 17,994.18								\$ 17,994.18
2014	28,677.00								28,677.00
2015	29,146.19			\$ 238.19					28,908.00
2016	452,996.77			423,476.59					29,520.18
	528,814.14			423,714.78					105,099.36
2017	\$ 528,814.14	\$ 56,665,493.80	\$ 431,558.42	55,334,776.08	\$ 10,204.44	\$ 55,909.18	\$ 32,272.27	\$ 8,735.60	792,037.81
	\$ 528,814.14	\$ 56,665,493.80	\$ 431,558.42	\$ 55,758,490.86	\$ 10,204.44	\$ 55,909.18	\$ 32,272.27	\$ 8,735.60	\$ 897,137.17

Ref. A

A

Analysis of 2017 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 56,213,101.31
Added, Omitted & Rollback Taxes	452,392.49
	<u>\$56,665,493.80</u>
Tax Levy:	
Regional School District Taxes	\$ 37,591,701.00
County Taxes	73,654.15
Due County for Added and Omitted Taxes	9,204,320.82
Due Other Trust Funds:	
Local Tax for Open Space	157,283.43
Additional Taxes Levied	1,270.59
	<u>158,554.02</u>
	<u>46,954,575.84</u>
Local Tax for Municipal Purposes Levied	8,251,021.69
Minimum Library Tax Levied	1,064,612.00
Additional Taxes Levied	395,284.27
	<u>9,710,917.96</u>
	<u>\$56,665,493.80</u>

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 261,697.75
Increased by:		
Transfer from Taxes Receivable		<u>8,735.60</u>
Balance December 31, 2017	A	<u>\$ 270,433.35</u>

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Accrued	Collected
Licenses:		
Alcoholic Beverage Licenses	\$ 8,132.00	\$ 8,132.00
Other Licenses	5,800.00	5,800.00
Fees and Permits:		
Clerk	690.00	690.00
Registrar	933.00	933.00
Board of Adjustment	7,700.00	7,700.00
Sewer Inspection	2,750.00	2,750.00
Police	424.00	424.00
Planning and Zoning	2,403.25	2,403.25
Fire Inspection	315.00	315.00
Department of Public Works	4,325.00	4,325.00
Building Inspector	73,708.00	73,708.00
Board of Health	225.00	225.00
Municipal Court:		
Fines and Costs	66,584.32	66,584.32
Energy Tax Receipts	836,467.00	836,467.00
Uniform Construction Code Fees	588,363.00	588,363.00
Colony Pool Dues and Membership Fees	199,162.50	199,162.50
Capital Fund Balance Anticipated	100,000.00	100,000.00
	\$ 1,897,982.07	\$ 1,897,982.07

TOWNSHIP OF CHATHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2016	Budget Revenue Realized	Cash Received	Transferred From Unappropriated Reserves	Cancelled	Balance Dec. 31, 2017
Municipal Alliance Program	\$ 20,073.00	\$ 20,073.00	\$ 19,890.68		\$ 182.32	\$ 20,073.00
Municipal Alliance Program - Supplemental		4,000.00				4,000.00
Clean Communities Program		21,849.52	21,849.52			
Body Armor		2,184.17		\$ 2,184.17		
New Jersey American Water Lafayette Avenue Restoration Grant		210,000.00	210,000.00			
New Jersey Department of Transportation: Spring and Lafayette Street Improvements	578,000.00					578,000.00
Woodland Road Improvements	138,000.00	82,500.00	165,375.00			55,125.00
FEMA Emergency Generator Grant	100,000					100,000.00
Recycling Tonnage Grant		9,404.15	9,404.15			
	<u>\$ 836,073.00</u>	<u>\$ 350,010.84</u>	<u>\$ 426,519.35</u>	<u>\$ 2,184.17</u>	<u>\$ 182.32</u>	<u>\$ 757,198.00</u>

Ref. A

A

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration:				
Salaries & Wages	\$ 18,443.92	\$ 18,443.92	\$ 2,777.40	\$ 15,666.52
Other Expenses	3,747.83	3,747.83	3,583.26	164.57
Mayor and Council:				
Other Expenses	24.00	24.00		24.00
Municipal Clerk:				
Salaries & Wages	6,721.68	6,721.68		6,721.68
Other Expenses	5,532.32	5,532.32	3,254.62	2,277.70
Financial Administration:				
Salaries & Wages	955.18	955.18		955.18
Other Expenses	245.00	245.00		245.00
Audit Services:				
Other Expenses	22,171.25	22,171.25	21,446.25	725.00
Computerized Data Processing				
Salaries & Wages	2,560.76	2,560.76		2,560.76
Other Expenses	1,372.08	1,372.08	75.85	1,296.23
Revenue Administration (Tax Collection):				
Salaries & Wages	987.61	987.61		987.61
Other Expenses	3,421.05	3,421.05	278.54	3,142.51
Tax Assessment Administration:				
Salaries & Wages	241.35	241.35		241.35
Legal Services and Costs:				
Other Expenses	50,856.97	50,856.97	22,081.06	28,775.91
Engineering Services and Costs:				
Other Expenses	25,237.98	25,237.98	25,105.70	132.28
Municipal Land Use Law:				
Planning Board:				
Salaries & Wages	1,750.00	1,750.00		1,750.00
Other Expenses	15,346.63	15,346.63	1,517.89	13,828.74
Board of Adjustment:				
Salaries & Wages	4,600.00	4,600.00		4,600.00
Other Expenses	6,521.09	6,521.09	1,511.58	5,009.51
General Liability Insurance	974.18	974.18		974.18
Special Assessment	0.66	0.66		0.66
Group Insurance Plan for Employees	14,159.70	14,159.70	14,159.70	
Group Health Insurance Waivers	72.75	72.75		72.75
Fire:				
Other Expenses	38,238.88	38,238.88	38,238.88	
Contractual Radio Dispatch	81.71	81.71		81.71
Municipal Court:				
Other Expenses	527.11	527.11		527.11
Police:				
Salaries & Wages	36,002.59	36,002.59	4,669.89	31,332.70
Other Expenses	40,789.53	40,789.53	30,096.16	10,693.37

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Aid to Volunteer Fire Company	\$ 30,891.27	\$ 30,891.27	\$ 1,540.80	\$ 29,350.47
Emergency Management Services:				
Salaries & Wages	5,000.00	5,000.00		5,000.00
Other Expenses	500.00	500.00		500.00
Street and Road Repairs and Maintenance:				
Salaries & Wages	43,292.47	43,292.47	700.71	42,591.76
Other Expenses	112,862.18	112,862.18	40,552.57	72,309.61
Solid Waste Collection:				
Other Expenses	81,720.23	81,720.23	29,428.12	52,292.11
Public Building and Grounds:				
Salaries & Wages	9,540.90	9,540.90	1,008.01	8,532.89
Other Expenses	25,359.92	25,359.92	16,841.59	8,518.33
Vehicle Maintenance:				
Other Expenses	25,017.92	25,017.92	24,127.30	890.62
Tree Protection:				
Other Expenses	2,000.00	2,000.00		2,000.00
Board of Health:				
Salaries & Wages	35.74	35.74		35.74
Other Expenses	9,985.95	9,985.95	441.88	9,544.07
Animal Control:				
Other Expenses	388.01	388.01	275.00	113.01
Environmental Commission:				
Other Expenses	709.84	709.84	150.00	559.84
Board of Recreation Commissioners:				
Salaries & Wages	10,000.00	10,000.00		10,000.00
Other Expenses	8,676.11	8,676.11	533.57	8,142.54
Colony Pool:				
Salaries & Wages	3,939.38	3,939.38		3,939.38
Other Expenses	1,388.23	1,388.23	641.40	746.83
Maintenance of Parks:				
Other Expenses	1,000.00	1,000.00		1,000.00
Celebration of Public Events	1,530.35	1,530.35		1,530.35
Construction Code Official:				
Salaries & Wages	25,454.56	25,454.56	2,764.00	22,690.56
Other Expenses	5,679.95	5,679.95	1,226.28	4,453.67
Unclassified:				
Utilities				
Electricity	25,860.19	25,860.19	14,052.03	11,808.16
Street Lighting	8,328.49	8,328.49	3,882.24	4,446.25
Telephone	5,868.27	5,868.27	4,654.27	1,214.00
Water	2,040.23	2,040.23	1,653.51	386.72
Natural Gas	11,053.13	11,053.13	5,974.28	5,078.85
Gasoline	46,829.49	46,829.49	13,460.69	33,368.80

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Contributions to:				
Public Employee's Retirement System				
DCRP	\$ 2,213.87	\$ 2,213.87	\$ 137.48	\$ 2,076.39
Social Security System (O.A.S.I.)	5,940.07	5,940.07		5,940.07
Police and Firemen's Retirement System	360.00	360.00		360.00
Contingent	500.00	500.00		500.00
Operations Excluded from "CAPS":				
Fair Housing Act:				
Affordable Housing:				
Other Expenses	61,179.19	61,179.19	61,179.19	
Length of Service Award Program (LOSAP)	3,800.00	3,800.00		3,800.00
	<u>\$ 880,529.75</u>	<u>\$ 880,529.75</u>	<u>\$ 394,021.70</u>	<u>\$ 486,508.05</u>
 <u>Balance December 31, 2016:</u>				
	<u>Ref.</u>			
Unencumbered	A	\$ 493,545.74		
Encumbered	A	<u>386,984.01</u>		
		<u>\$ 880,529.75</u>		
			\$ 328,358.98	
Cash Disbursed			65,662.72	
Accounts Payable			<u>\$ 394,021.70</u>	

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2017

Ref.

Increased by:

Levy - Calendar Year 2017

\$ 37,591,701.00

Decreased by:

Payments to Regional School District

\$ 37,591,701.00

TOWNSHIP OF CHATHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES - FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2016	Dec. 31, 2016 Encumbrances Payable Returned	Transferred from 2017 Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2017
Clean Communities Grant						
Investor's Tree Grant	\$ 465.00		\$ 21,849.52	\$ 21,849.52		\$ 465.00
Municipal Alliance Grant			20,073.00	20,073.00		
Municipal Alliance Grant - Matching Funds			3,509.12	3,509.12		
Municipal Alliance Grant - Supplemental			4,000.00	4,000.00		
Body Armor Replacement Fund			2,184.17	2,868.00		3,849.48
New Jersey American Water Lafayette Avenue Restoration Grant			210,000.00	210,000.00		
Recycling Tonnage Grant			9,404.15	3,900.00		119,110.39
New Jersey Department of Transportation:						
Spring and Lafayette Street Improvements			82,500.00	220,500.00		578,000.00
Woodland Road Improvements				89,920.00		
FEMA Emergency Generator Grant				1,519.95		10,080.00
Melvin Reinhart Police Grant						340.12
	<u>\$ 934,944.67</u>	<u>\$ 1,519.95</u>	<u>\$ 353,519.96</u>	<u>\$ 578,139.59</u>	<u>\$ -0-</u>	<u>\$ 711,844.99</u>
Ref.	A					A
Federal and State Grants			\$ 350,010.84			
Local Grants/Local Match			<u>3,509.12</u>			
			<u>\$ 353,519.96</u>			

TOWNSHIP OF CHATHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES - FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2016	Cash Received	Transferred to Grants Receivable	Balance Dec. 31, 2017
Body Armor Replacement Fund	\$ 2,184.17	\$ 2,187.25	\$ 2,184.17	\$ 2,187.25
Recycling Tonnage Grant		13,755.53		13,755.53
	\$ 2,184.17	\$ 15,942.78	\$ 2,184.17	\$ 15,942.78
<u>Ref.</u>	A			A

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
TRUST FUNDS

TOWNSHIP OF CHATHAM  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2016	B	\$ 16,536.98	\$ 938,987.17
Increased by Receipts:			
Township Dog License Fees		\$ 6,850.80	
Penalties on Dog License Fees		220.00	
Cat License Fees		128.00	
State Dog License Fees		478.20	
Interest Earned		97.50	\$ 1,916.79
Reserve for:			
Developers' Deposits			197,399.38
Unemployment Compensation Insurance			7,577.60
Recreation			23,014.91
Recycling			16,101.12
Parking Offenses Adjudication Act			4.00
Open Space Trust Fund:			
Open Space Tax Levy			158,554.02
Interest Earned			508.33
Police Outside Duty			316,540.00
Fire Penalty			2.30
Forfeited Assets			3,130.48
Municipal Alliance			31,268.99
Community Pass			199,335.81
		<u>7,774.50</u>	<u>955,353.73</u>
		24,311.48	1,894,340.90
Decreased by Disbursements:			
Due to State of New Jersey		478.20	
Due Current Fund:			
Current Year Interest		97.50	1,816.95
Current Year Statutory Excess		8,270.78	
Reserve for:			
Developers' Deposits Refunds			215,539.23
Unemployment Compensation Insurance			5,646.72
Recreation			61,079.61
Recycling			21,354.91
Open Space Trust Fund			181,144.85
Police Outside Duty			298,540.00
Forfeited Assets			967.36
Municipal Alliance			12,807.79
Community Pass			199,295.81
		<u>\$ 8,846.48</u>	<u>\$ 998,193.23</u>
Balance December 31, 2017	B	<u>\$ 15,465.00</u>	<u>\$ 896,147.67</u>

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

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 15,566.78
Increased by:		
Dog License Fees		\$ 6,850.80
Penalties		220.00
Cat License Fees		128.00
2017 Prepaid Licenses Realized:		
Dog License Fees		970.20
Interest Earnings		97.50
		8,266.50
		23,833.28
Decreased by:		
Due to Current Fund:		
Interest Returned		97.50
Statutory Excess		8,270.78
		8,368.28
Balance December 31, 2017	B	\$ 15,465.00
<u>License Fees Collected</u>		
2015		\$ 7,949.80
2016		7,515.20
		15,465.00
Maximum Allowable Reserve		\$ 15,465.00

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
GENERAL CAPITAL FUND

TOWNSHIP OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 1,526,597.79
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund	\$ 166,500.00	
Contribution in Aid of Construction		
Deferred Charges to Future Taxation Unfunded	270,000.00	
Premium on Sale of Notes	9,362.00	
Bond Anticipation Notes Issued	9,925,750.00	
Due Current Fund:		
Interest Earned	<u>8,123.32</u>	
		<u>10,379,735.32</u>
		<u>11,906,333.11</u>
Decreased by Disbursements:		
Improvement Authorizations	3,836,532.27	
Anticipated Revenue - Current Fund:		
Fund Balance Anticipated	100,000.00	
Bond Anticipation Notes Matured	6,642,500.00	
Due Current Fund:		
Interest Earned	<u>8,123.32</u>	
		<u>10,587,155.59</u>
Balance December 31, 2017	C	<u><u>\$ 1,319,177.52</u></u>



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

Ord. Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Funded by		Balance Dec. 31, 2017	Analysis of Balance Dec. 31, 2017	
				Budget Appropriation			Bond Anticipation Notes	Unexpended Improvement Authorizations
12-09	Various Capital Improvements 2009	\$ 219,250.00		\$ 51,000.00		\$ 168,250.00	\$ 168,250.00	
10-10	Various Capital Improvements 2010	427,500.00		80,000.00		347,500.00	347,500.00	
18-10	Purchase of Communication Equipment	262,500.00		17,500.00		245,000.00	245,000.00	
10-11	Various Capital Improvements 2011	593,000.00		24,000.00		569,000.00	569,000.00	
06-12	Various Capital Improvements 2012	536,750.00		28,500.00		508,250.00	508,250.00	
10-13	Various Capital Improvements 2013	585,000.00		32,500.00		552,500.00	552,500.00	
10-14	Various Capital Improvements 2014	707,750.00		36,500.00		671,250.00	671,250.00	
12-15	Various Capital Improvements 2015	2,470,000.00				2,470,000.00	2,470,000.00	
13-16	Various Capital Improvements 2016	840,750.00				840,750.00	840,750.00	
07-17	Various Capital Improvements 2017		\$ 1,453,500.00			1,453,500.00	1,453,500.00	
10-17	Woodland Road Pathway Extension		99,750.00			99,750.00	99,750.00	
12-17	Acquisition of Open Space		2,000,000.00			2,000,000.00	2,000,000.00	
		<u>\$ 6,642,500.00</u>	<u>\$ 3,553,250.00</u>	<u>\$ 270,000.00</u>		<u>\$ 9,925,750.00</u>	<u>\$ 9,925,750.00</u>	<u>\$ -0-</u>

Ref.	C	C
	Improvement Authorizations - Unfunded	\$ 892,933.39
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
	Various Capital Improvements 2014	734.46
	Various Capital Improvements 2015	55,062.03
	Various Capital Improvements 2016	280,907.17
	Various Capital Improvements 2017	346,534.56
	Woodland Road Pathway Extension	10,336.85
	Acquisition of Open Space	199,358.32
		<u>892,933.39</u>
		<u>\$ -0-</u>

TOWNSHIP OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2016		2017 Authorizations		Prior Year Encumbrances Returned	Paid or Charged	Balance December 31, 2017	
				Funded	Unfunded	Deferred Charges to Future Taxation Unfunded	Capital Improvement Fund			Funded	Unfunded
12-09	Various Capital Improvements 2009	06/25/09	\$ 850,000.00	\$	30,926.64			\$ 28,071.00	\$ 58,997.64		
06-12	Shunpike Field Improvements	04/12/12	625,000.00				2,225.94		2,225.94		
12-12	Various Capital Improvements 2012	09/13/12	60,000.00	\$	759.00				759.00		
10-14	Various Capital Improvements 2014	05/22/14	745,000.00		55,324.46			23,277.06	77,867.06		\$ 734.46
13-14	Drainage Improvements at Nash Field	09/11/14	70,000.00								
12-15	Various Capital Improvements 2015	05/14/15	2,600,000.00		98,498.54			95,448.51	138,885.02		55,062.03
13-16	Various Capital Improvements 2016	06/09/16	885,000.00		377,324.49			461,428.00	557,845.32		280,907.17
07-17	Various Capital Improvements 2017	05/11/17	1,530,000.00			\$ 1,453,500.00	\$ 76,500.00		1,183,465.44		346,534.56
10-17	Woodland Road Pathway Extension	06/08/17	105,000.00			99,750.00	5,250.00		94,663.15		10,336.85
12-17	Acquisition of Open Space	06/08/17	2,000,000.00			2,000,000.00			1,800,641.68		199,358.32
				\$	759.00	\$ 562,074.13	\$ 81,750.00	\$ 610,450.51	\$ 3,915,350.25	\$ -0-	\$ 892,933.39
				Ref.	C	C		Ref.	C	C	C
							Cash Disbursed Encumbered		\$ 3,836,532.27		
								C	78,817.98		
									\$ 3,915,350.25		

TOWNSHIP OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 7,312.64
Increased by:		
Current Fund Budget Appropriation		166,500.00
		173,812.64
Decreased by:		
Appropriated to Finance Improvement Authorizations		81,750.00
		81,750.00
Balance December 31, 2017	C	\$ 92,062.64

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

Ord. No.	Improvement Description	Date of				Interest Rate	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
		Issue of Original Note	Issue	Maturity	Rate					
12-09	Various Capital Improvements 2009	7/24/09	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	\$ 219,250.00	\$ 168,250.00	\$ 219,250.00	\$ 168,250.00	
10-10	Various Capital Improvements 2010	07/23/10	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	427,500.00	347,500.00	427,500.00	347,500.00	
18-10	Purchase of Communication Equipment	07/23/10	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	262,500.00	245,000.00	262,500.00	245,000.00	
10-11	Various Capital Improvements 2011	07/22/11	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	593,000.00	569,000.00	593,000.00	569,000.00	
06-12	Various Capital Improvements 2012	7/20/12	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	536,750.00	508,250.00	536,750.00	508,250.00	
10-13	Various Capital Improvements 2013	07/19/13	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	585,000.00	552,500.00	585,000.00	552,500.00	
10-14	Various Capital Improvements 2014	7/17/14	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	707,750.00	671,250.00	707,750.00	671,250.00	
12-15	Various Capital Improvements 2015	07/17/15	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	2,470,000.00	2,470,000.00	2,470,000.00	2,470,000.00	
13-16	Various Capital Improvements 2016	07/13/16	07/13/16 07/13/17	07/13/17 07/11/18	1.50% 1.17%	840,750.00	840,750.00	840,750.00	840,750.00	
07-17	Various Capital Improvements 2017	07/13/17	07/13/17	07/11/18	1.17%	1,453,500.00	1,453,500.00	1,453,500.00	1,453,500.00	
10-17	Woodland Road Pathway Extension	07/13/17	07/13/17	07/11/18	1.17%	99,750.00	99,750.00	99,750.00	99,750.00	
12-17	Purchase of Open Space	11/15/17	11/15/17	07/11/18	2.00%	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	
						\$ 6,642,500.00	\$ 9,925,750.00	\$ 6,642,500.00	\$ 9,925,750.00	
						Ref.	C			
						Renewed	\$ 6,372,500.00	\$ 6,372,500.00		
						Issued for Cash	3,553,250.00	270,000.00		
						Paid by Budget Appropriation	\$ 9,925,750.00	\$ 6,642,500.00		

TOWNSHIP OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2016	Matured	Balance Dec. 31, 2017
			Outstanding Date	Amount				
General Bonds of 2006	2/1/2006	\$ 6,910,000.00	2/1/18	\$ 495,000.00	3.750%	\$ 3,155,000.00	\$ 475,000.00	\$ 2,680,000.00
			2/1/19	515,000.00	3.750%			
			2/1/20	540,000.00	3.750%			
			2/1/21	565,000.00	3.750%			
			2/1/22	565,000.00	3.750%			
General Bonds of 2013	11/15/2013	2,550,000.00	11/15/18	180,000.00	2.000%	2,055,000.00	175,000.00	1,880,000.00
			11/15/19	185,000.00	2.000%			
			11/15/20	195,000.00	2.000%			
			11/15/21	200,000.00	2.000%			
			11/15/22	210,000.00	2.000%			
			11/15/23	215,000.00	2.125%			
			11/15/24	225,000.00	2.250%			
		11/15/25	230,000.00	2.500%				
		11/15/26	240,000.00	2.625%				
						\$ 5,210,000.00	\$ 650,000.00	\$ 4,560,000.00

Ref.

C

C

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

Ord. No.	Purpose	Balance Dec. 31, 2016	2017 Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2017
07-17	Various Capital Improvements 2017		\$ 1,453,500.00	\$ 1,453,500.00	
10-17	Woodland Road Pathway Extension		99,750.00	99,750.00	
12-17	Open Space Purchase		2,000,000.00	2,000,000.00	
		\$ -0-	\$ 3,553,250.00	\$ 3,553,250.00	\$ -0-

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
SEWER UTILITY FUND #1

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUNDS #1  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Balance December 31, 2016	\$ 1,019,206.89	\$ 219,124.79	\$ 1,532,058.27
Increased by Receipts:			
Sewer Rents	\$ 1,949,856.72		
Interest on Delinquent Sewer Rents	6,255.87		
Interest on Investments	3,848.64		
Prepaid Sewer Rents	4,168.54		
Miscellaneous Revenue	25,208.78		
Due from New Jersey Wastewater Treatment Fund			\$ 68,481.00
Sewer Assessment Collections		\$ 46,537.79	
Due Sewer Utility Operating Fund #1:			
Interest on Investments		1,057.70	5,756.02
Due from Sewer Utility Assessment Fund #1:			
Fund Balance Anticipated	100,000.00		
Due Sewer Utility Capital Fund #1:			
Fund Balance Anticipated	30,000.00		
Due From Sewer Operating Utility Fund #2:			
Service Agreement	75,000.00		
	2,194,338.55	47,595.49	74,237.02
	3,213,545.44	266,720.28	1,606,295.29

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUNDS #1  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Decreased by Disbursements:			
2017 Budget Appropriations	\$ 2,280,125.79		
2016 Appropriation Reserves	171,648.07		
Accrued Interest on Bonds	68,902.50		
Accrued Interest on Notes	16,943.27		
Accrued Interest on Loan	68,137.52		
Improvement Authorizations		\$ 237,923.24	
Due Sewer Utility Operating Fund #1:			
Fund Balance Anticipated		\$ 100,000.00	30,000.00
Interest on Investments		1,057.70	5,756.02
	<u>\$ 2,605,757.15</u>	<u>\$ 101,057.70</u>	<u>\$ 273,679.26</u>
Balance December 31, 2017	<u>\$ 607,788.29</u>	<u>\$ 165,662.58</u>	<u>\$ 1,332,616.03</u>

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
ANALYSIS OF SEWER ASSESSMENT TRUST CASH

	Balance		Receipts		Disbursements		Balance Dec. 31, 2017
	Dec. 31, 2016		Assessments Receivable	Miscellaneous	Miscellaneous		
Fund Balance	\$ 219,124.79		\$ 46,537.79		\$ 100,000.00		\$ 165,662.58
Due Sewer Utility Operating Fund #1				\$ 1,057.70	1,057.70		
	<u>\$ 219,124.79</u>		<u>\$ 46,537.79</u>	<u>\$ 1,057.70</u>	<u>\$ 101,057.70</u>		<u>\$ 165,662.58</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
ANALYSIS OF SEWER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2016	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2017	
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 68,921.66				\$ 30,000.00			\$ 38,921.66	
Capital Improvement Fund	121,761.28							121,761.28	
Wasterwater Treatment Loans Receivable	(72,681.00)	\$ 68,481.00						(4,200.00)	
Due to Sewer Utility Operating Fund #1		5,756.02			5,756.02				
Reserve for Encumbrances Payable	39,557.33						\$ 39,557.33	413,473.00	
<b>Ord.</b>									
<b>No.</b>									
15-13	Chatham Glen/Tanglewood Modifications WPC Plant #1	614,968.28		\$ 49,735.80				13,057.33	578,289.81
18-16	Various Sewer Improvements and Acquisition of New Vehicle	759,530.72		188,187.44			413,473.00	26,500.00	184,370.28
		<u>\$ 1,532,058.27</u>	<u>\$ 74,237.02</u>	<u>\$ 237,923.24</u>	<u>\$ 35,756.02</u>	<u>\$ 453,030.33</u>	<u>\$ 453,030.33</u>	<u>\$ 1,332,616.03</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #1  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 236,109.87
Increased by:		
Sewer Rents		\$ 2,128,555.40
Interest on Delinquent Sewer Rents		6,255.87
		2,134,811.27
		2,370,921.14
Decreased by:		
Collections:		
Sewer Rents		1,949,856.72
Prepaid/Overpaid Sewer Rents Applied		4,582.39
Interest on Delinquent Sewer Rents		6,255.87
		1,960,694.98
Balance December 31, 2017	D	\$ 410,226.16

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY UTILITY REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
SCHEDULE OF UTILITY SHARE OF SEWER ASSESSMENT BONDS ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
SCHEDULE OF AMOUNT TO BE RAISED BY FUTURE REVENUE FOR CANCELLED ASSESSMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
SCHEDULE OF ASSESSMENTS RECEIVABLE

Ord. No.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2016	Collected	Balance Dec. 31, 2017	Balance Pledged to Reserve
<u>Assessments Receivable:</u>								
08-140	River Road, Fairmont Ave, Johnson Dr., Mountain & Candance Lane - Sanitary Sewer Project	7/17/2008	15	09/15/08-23	\$ 239,595.01	\$ 46,537.79	\$ 193,057.22	\$ 193,057.22
					<u>\$ 239,595.01</u>	<u>\$ 46,537.79</u>	<u>\$ 193,057.22</u>	<u>\$ 193,057.22</u>

Ref.      D                      D

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #1  
SCHEDULE OF ASSESSMENTS LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2016	D	<u>\$ 5,159.68</u>
Balance December 31, 2017	D	<u><u>\$ 5,159.68</u></u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions By</u> <u>Budget-</u> <u>Capital Outlay</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Sewer Plant Improvements	\$ 18,603,656.49	\$ 32,941.85	\$ 18,636,598.34
	<u>\$ 18,603,656.49</u>	<u>\$ 32,941.85</u>	<u>\$ 18,636,598.34</u>
<u>Ref.</u>	D		D

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Balance Dec. 31, 2016	Balance Dec. 31, 2017
15-13	Chatham Glen/Tanglewood Modifications WPC Plant #1	\$ 7,000,000.00	\$ 7,000,000.00
18-16	Various Sewer Improvements and Acquisition of Vehicle	<u>800,000.00</u>	<u>800,000.00</u>
		<u>\$ 7,800,000.00</u>	<u>\$ 7,800,000.00</u>
	<u>Ref.</u>	D	D

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #1  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 11,335.35	\$ 11,335.35	\$ 2,349.44	\$ 8,985.91
Other Expenses	252,072.07	252,072.07	157,666.57	94,405.50
Capital Improvements:				
Capital Outlay	15,874.50	15,874.50	11,452.34	4,422.16
Statutory Expenditures:				
Public Employees Retirement System	1,000.82	1,000.82		1,000.82
Social Security System (OASI)	9,850.58	9,850.58	179.72	9,670.86
	<u>\$ 290,133.32</u>	<u>\$ 290,133.32</u>	<u>\$ 171,648.07</u>	<u>\$ 118,485.25</u>

Ref.

Balance December 31, 2016

Unencumbered	D	\$ 120,555.55
Encumbered	D	<u>169,577.77</u>
		<u>\$ 290,133.32</u>

TOWNSHIP OF CHATHAM  
SEWER ASSESSMENT TRUST FUND #1  
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Collections to Fund Balance	Balance Dec. 31, 2017
<u>Assessments Receivable:</u>				
08-140	River Road, Fairmont Ave, Johnson Dr., Mountain & Candance Lane - Sanitary Sanitary Sewer Project	\$ 239,595.01	\$ 46,537.79	\$ 193,057.22
<u>Assessments Liens:</u>				
3-66	Sanitary Sewers - River and Club Roads	3,271.65		3,271.65
4-66	Lateral Sewers - First Stage	1,888.03		1,888.03
		<u>\$ 244,754.69</u>	<u>\$ 46,537.79</u>	<u>\$ 198,216.90</u>
	<u>Ref.</u>	D		D

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance		Balance December 31, 2016		Paid or Charged	Prior Year Encumbrances Returned	Balance December 31, 2017	
			Amount		Funded	Unfunded			Funded	Unfunded
15-13	Chatham Glen/Tanglewood Modifications WPC Plant #1	08/15/2013	\$ 7,000,000.00	\$ 614,968.28	\$ 1,532,599.00	\$ 13,057.33	\$ 49,735.80	\$ 578,289.81	\$ 1,532,599.00	
18-16	Various Sewer Improvements and Acquisition of Vehicle	07/21/2016	800,000.00		759,530.72	26,500.00	601,660.44		184,370.28	
				\$ 614,968.28	\$ 2,292,129.72	\$ 39,557.33	\$ 651,396.24	\$ 578,289.81	\$ 1,716,969.28	
				<u>Ref.</u>	D	D				D
							Cash Disbursed		\$ 237,923.24	
							Encumbrances		413,473.00	
									<u>\$ 651,396.24</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 121,761.28
Balance December 31, 2017	E	<u>\$ 121,761.28</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 16,474,846.08
Increased by:		
Serial Bonds Paid by Operating Budget	\$	325,000.00
Bond Anticipation Notes Paid by Operating Budget		150,000.00
Wastewater Treatment Loans Paid by Operating Budget		371,358.30
Capital Outlay:		
2017 Budget Appropriations		21,489.51
		<u>879,300.15</u>
Balance December 31, 2017	D	<u>\$ 17,354,146.23</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of		Interest Rate	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
		Original Issue	Issue					
15-04	Engineering Work for Sewer Extension	12/18/08	07/13/16 07/13/17	1.50% 1.17%	\$ 163,500.00	\$ 123,000.00	\$ 163,500.00	\$ 123,000.00
19-06	Engineering Work Regarding WPC Plant #1	12/18/08	07/13/16 07/13/17	1.50% 1.17%	170,500.00	129,500.00	170,500.00	129,500.00
16-08	Various Improvements Regarding WPC Plant #1	12/08/08	07/13/16 07/13/17	1.50% 1.17%	272,000.00	203,500.00	272,000.00	203,500.00
18-16	Various Sewer Improvements and Acquisition of Vehicle	07/13/16	07/13/16 07/13/17	1.50% 1.17%	800,000.00	800,000.00	800,000.00	800,000.00
					<u>\$ 1,406,000.00</u>	<u>\$ 1,256,000.00</u>	<u>\$ 1,406,000.00</u>	<u>\$ 1,256,000.00</u>
				<u>Ref.</u>	<u>D</u>			<u>D</u>
	Renewals				\$ 1,256,000.00	\$ 1,256,000.00	\$ 1,256,000.00	\$ 1,256,000.00
	Paid from Budget Appropriation					150,000.00		
					<u>\$ 1,256,000.00</u>	<u>\$ 1,406,000.00</u>	<u>\$ 1,406,000.00</u>	<u>\$ 1,406,000.00</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
WASTEWATER TREATMENT TRUST LOAN PAYABLE - LOAN #1

<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Matured</u>	<u>Balance Dec. 31, 2017</u>
Chatham Glen/Tanglewood Modifications WPC Plant #1	<u>\$ 115,912.89</u>	<u>\$ 34,543.99</u>	<u>\$ 81,368.90</u>
Ref.	D		D

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2017

<u>Due Date</u>	<u>Trust Principal</u>	<u>Trust Interest</u>	<u>Fund Principal</u>	<u>Balance</u>
				\$ 81,368.90
2018	\$ 20,000.00	\$ 3,150.00	\$ 13,912.95	47,455.95
2019	20,000.00	2,100.00	7,455.95	20,000.00
2020	20,000.00	1,050.00		-0-
	<u>\$ 60,000.00</u>	<u>\$ 6,300.00</u>	<u>\$ 21,368.90</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
WASTEWATER TREATMENT TRUST LOAN PAYABLE - LOAN #2

<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Matured</u>	<u>Balance Dec. 31, 2017</u>
Chatham Glen/Tanglewood Modifications WPC Plant #1	<u>\$ 587,736.90</u>	<u>\$ 67,310.69</u>	<u>\$ 520,426.21</u>
<u>Ref.</u>	D		D

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2017

<u>Due Date</u>	<u>Trust Principal</u>	<u>Trust Interest</u>	<u>Fund Principal</u>	<u>Balance</u>
				\$ 520,426.21
2018	\$ 35,000.00	\$ 14,181.26	\$ 31,416.39	454,009.82
2019	35,000.00	12,693.76	30,466.19	388,543.63
2020	40,000.00	11,206.26	32,709.93	315,833.70
2021	40,000.00	9,406.26	31,560.12	244,273.58
2022	40,000.00	7,656.26	30,442.24	173,831.34
2023	45,000.00	5,906.26	32,518.30	96,313.04
2024	45,000.00	3,937.50	6,313.04	45,000.00
2025	45,000.00	1,968.72		-0-
	<u>\$ 325,000.00</u>	<u>\$ 66,956.28</u>	<u>\$ 195,426.21</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
WASTEWATER TREATMENT TRUST LOAN PAYABLE - LOAN #3

<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Matured</u>	<u>Balance Dec. 31, 2017</u>
Chatham Glen/Tanglewood Modifications WPC Plant #1	<u>\$ 5,001,561.62</u>	<u>\$ 269,503.62</u>	<u>\$ 4,732,058.00</u>
<u>Ref.</u>	D		D

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2017

<u>Due Date</u>	<u>Trust Principal</u>	<u>Trust Interest</u>	<u>Fund Principal</u>	<u>Balance of Loan</u>
				\$ 4,732,058.00
2018	\$ 55,000.00	\$ 45,856.26	\$ 219,503.62	4,457,554.38
2019	55,000.00	43,106.26	219,503.62	4,183,050.76
2020	60,000.00	40,356.26	219,503.62	3,903,547.14
2021	65,000.00	37,356.26	219,503.62	3,619,043.52
2022	65,000.00	34,106.26	219,503.62	3,334,539.90
2023	70,000.00	30,856.26	219,503.62	3,045,036.28
2024	75,000.00	27,356.26	219,503.62	2,750,532.66
2025	75,000.00	23,606.26	219,503.62	2,456,029.04
2026	80,000.00	21,356.26	219,503.62	2,156,525.42
2027	80,000.00	18,956.26	219,503.62	1,857,021.80
2028	85,000.00	16,556.26	219,503.62	1,552,518.18
2029	85,000.00	14,006.26	219,503.62	1,248,014.56
2030	90,000.00	11,456.26	219,503.62	938,510.94
2031	90,000.00	8,756.26	219,503.62	629,007.32
2032	95,000.00	6,056.26	219,503.62	314,503.70
2033	95,000.00	3,087.50	219,503.70	-0-
	<u>\$ 1,220,000.00</u>	<u>\$ 382,831.40</u>	<u>\$ 3,512,058.00</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF SEWER CAPITAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2017			Interest Rate	Balance Dec. 31, 2016	Matured	Balance Dec. 31, 2017
			Date	Amount					
Improvements to Sewer System	11/1/2000	\$ 5,500,000.00	11/1/2018	\$ 320,000.00	5.400%	\$ 1,285,000.00	\$ 325,000.00	\$ 960,000.00	
			11/1/2019	320,000.00	5.400%				
			11/1/2020	320,000.00	5.400%				
						<u>\$ 1,285,000.00</u>	<u>\$ 325,000.00</u>	<u>\$ 960,000.00</u>	
					<u>Ref.</u>	<u>D</u>		<u>D</u>	

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #1  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Balance Dec. 31, 2017</u>
15-13	Chatham Glen/Tanglewood Modifications WPC Plant #1	<u>\$ 1,532,599.00</u>	<u>\$ 1,532,599.00</u>

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
SEWER UTILITY FUND # 2

TOWNSHIP OF CHATHAM  
SEWER UTILITY FUND #2  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2016	E	\$ 576,709.55	\$ 62,934.34
Increased by Receipts:			
Sewer Rents		\$ 489,322.63	
Interest on Delinquent Sewer Rents		1,522.18	
Prepaid/Overpaid Sewer Rents		1,313.09	
Interest on Investments		224.15	
Miscellaneous Revenue Not Anticipated		98.29	
		<u>492,480.34</u>	
		1,069,189.89	<u>62,934.34</u>
Decreased by Disbursements:			
2017 Budget Appropriations		514,793.37	
2016 Appropriation Reserves		31,546.78	
Accrued Interest on Bonds		1,882.50	
Accrued Interest on Notes		1,065.00	
		<u>549,287.65</u>	
Balance December 31, 2017	E	<u>\$ 519,902.24</u>	<u>\$ 62,934.34</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
ANALYSIS OF SEWER CAPITAL CASH

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Fund Balance	\$ 33,172.46	\$ 33,172.46
Capital Improvement Fund	16,500.00	16,500.00
<u>Ord Date</u>	<u>Improvement Description</u>	
04/25/2002	Improvements of Sanitary Sewer System	
	<u>13,261.88</u>	<u>13,261.88</u>
	<u>\$ 62,934.34</u>	<u>\$ 62,934.34</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #2  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 24,303.79
Increased by:		
Sewer Rents		\$ 511,310.00
Interest on Delinquent Sewer Rents		1,522.18
		512,832.18
		537,135.97
Decreased by:		
Collections:		
Sewer Rents		489,322.63
Prepaid/Overpaid Sewer Rents Applied		487.39
		489,810.02
Interest on Delinquent Sewer Rents		1,522.18
		491,332.20
Balance December 31, 2017	E	\$ 45,803.77

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u> <u>by Budget</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Sewer Plant	<u>\$ 599,645.73</u>	<u>\$ 17,187.22</u>	<u>\$ 616,832.95</u>
<u>Ref.</u>	E		E

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETE

Improvement Description	Ordinance		Amount	Balance	
	Number	Date		Dec. 31, 2016	Dec. 31, 2017
Improvements of Sanitary Sewer System	02-07	4/25/2002	\$ 825,000.00	\$ 825,000.00	\$ 825,000.00
				\$ 825,000.00	\$ 825,000.00

Ref.

E

E

TOWNSHIP OF CHATHAM  
SEWER UTILITY OPERATING FUND #2  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 22,052.46	\$ 22,052.46		\$ 22,052.46
Other Expenses	150,307.20	150,307.20	\$ 28,708.12	121,599.08
Capital Improvements:				
Capital Outlay	16,539.50	16,539.50	2,838.66	13,700.84
Statutory Expenditures:				
Social Security System (OASI)	1,889.62	1,889.62		1,889.62
	<u>\$ 190,788.78</u>	<u>\$ 190,788.78</u>	<u>\$ 31,546.78</u>	<u>\$ 159,242.00</u>

	<u>Ref.</u>	
<u>Balance December 31, 2016:</u>		
Encumbered	E	\$ 36,888.30
Unencumbered	E	<u>153,900.48</u>
		<u>\$ 190,788.78</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2016	Balance Dec. 31, 2017
		Date	Amount	Funded	Funded
02-07	Improvements of Sanitary Sewer System	04/25/2002	\$ 825,000.00	\$ 13,261.88	\$ 13,261.88
				<u>\$ 13,261.88</u>	<u>\$ 13,261.88</u>
			<u>Ref.</u>	E	E

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2016	E	<u>\$ 16,500.00</u>
Balance December 31, 2017	E	<u><u>\$ 16,500.00</u></u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 1,318,645.73
Increased by:		
Serial Bonds Paid by Operating Budget		\$ 5,000.00
Bond Anticipation Notes Paid by Operating Budget		71,000.00
Capital Outlay:		
2017 Budget Appropriations		14,348.56
Appropriation Reserves		<u>2,838.66</u>
		<u>93,187.22</u>
Balance December 31, 2017	E	<u>\$ 1,411,832.95</u>

TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF SEWER CAPITAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2017			Interest Rate	Balance Dec. 31, 2016	Matured	Balance Dec. 31, 2017
			Date	Amount	Amount				
Improvements to Sewer System	11/1/2000	\$ 115,000.00	11/1/2018	\$ 10,000.00	5.250%	\$ 35,000.00	\$ 5,000.00	\$ 30,000.00	
			11/1/2019	10,000.00	5.400%				
			11/1/2020	10,000.00	5.400%				
						<u>\$ 35,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 30,000.00</u>	

Ref. E E



TOWNSHIP OF CHATHAM  
SEWER UTILITY CAPITAL FUND #2  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF CHATHAM  
COUNTY OF MORRIS  
2017  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF CHATHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2017

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

Federal Department	Federal Program	C.F.D.A. Account Number	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO	
				From	To			Cumulative Total Expenditures	Amounts Provided to Subrecipients
U.S. Department of Homeland Security: (Passed through N.J. Department of Public Safety)	Disaster Grants - Public Assistance - FEMA: Generator Grant	97.036	\$ 100,000.00	01/01/16	12/31/18		\$ 89,920.00	\$ 89,920.00	
Total U.S. Department of Homeland Security							89,920.00	89,920.00	
<b>TOTAL FEDERAL AWARDS</b>						\$ -0-	\$ 89,920.00	\$ 89,920.00	\$ -0-

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

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO Cumulative Total Expenditures
				From	To			
Department of Environmental Protection	Clean Communities Grant	042-4900-765-004-178910	\$ 21,849.52	01/01/17	12/31/17	\$ 21,849.52	\$ 21,849.52	\$ 21,849.52
	Recycling Tonnage Grant	042-4910-100-224-238490	4,419.02 9,404.15 13,755.53	01/01/07 01/01/16 01/01/17	12/31/18 12/31/18 12/31/18	9,404.15 13,755.53	3,900.00	3,900.00
Total Department of Environmental Protection								
Department of the Treasury:								
Passed through the County of Morris: Governor's Council on Alcoholism and Drug Abuse								
Total Department of the Treasury	Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-2000-044-995120	20,073.00 24,073.00	07/01/16 07/01/16	06/30/17 06/30/18	19,890.68	24,073.00	20,073.00 24,073.00
	Total Department of the Treasury							
Department of Transportation	New Jersey Transportation Planning Authority Grant - Woodland Road Improvements	078-6320-480-AMF-609166	220,500.00	01/01/17	12/31/18	165,375.00	220,500.00	220,500.00
	Total Department of Law and Public Safety							
Department of Law and Public Safety	Body Armor Replacement Fund	066-1020-718-001-090160	2,271.38 2,268.08 2,187.25	01/01/14 01/01/15 01/01/17	12/31/17 12/31/18 12/31/18	2,265.23 602.77 2,187.25	2,265.23 602.77	2,271.38 602.77
	Total Department of Law and Public Safety							
TOTAL STATE AWARDS						\$ 232,462.13	\$ 273,190.52	\$ 293,269.67

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

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

Note 1. BASIS OF PRESENTATION

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

Note 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 not to use the 10 percent de minimus 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 Chatham has the following loans outstanding in the Sewer Utility Fund as of December 31, 2017:

Wastewater Treatment Loan Payable #1	\$ 81,368.90
Wastewater Treatment Loan Payable #2	520,426.21
Wastewater Treatment Loan Payable #3	<u>4,732,058.00</u>
	<u>\$ 5,333,853.11</u>

The projects which relate to these loans are complete, and the Township is repaying the loan balances. There were no loan receipts or expenditures in the current year.



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

Independent Auditor's Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Chatham  
 Chatham, 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 Chatham, in the County of Morris (the "Township") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 9, 2018. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

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

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

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Chatham  
Page 2

### **Compliance and Other Matters**

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

### **The Township's 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  
March 9, 2018

NISIVOCCIA LLP



Valerie A. Dolan

Certified Public Accountant

Registered Municipal Accountant No. 548

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

Summary of Auditors' Results:

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

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

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

Finding 2017-01

Segregation of Duties

Criteria

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

Condition

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. 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 various departments of the Township are responsible for the issuance and collection of permits, licenses and court fines and costs; and recording of collections. The reconciliation of certain bank accounts, the preparation of the general ledger for the various funds as well as the preparation of certain aspects of payroll are performed by the Chief Financial Officer. Also, the Tax/Utilities Rent Collector is responsible for cash collections and posting process. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Cause

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

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

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

Finding 2017-01 (Cont'd)

Effect or Potential Effect

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

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Responses for Federal Awards:

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

Findings and Responses for State Awards:

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

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

The Township's prior year audit finding 2016-01 regarding segregation of duties has not been resolved due to budgetary constraints and is included as finding 2017-01 in the current year's audit report.

TOWNSHIP OF CHATHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF CHATHAM  
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection B. of Section 9 of P.L. 1971, C. 198 (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) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$40,000.

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

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 authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S.A. 40A:11-5.

TOWNSHIP OF CHATHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 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, Assessments and Utility Charges

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

On January 6, 2017, the governing body adopted the following resolution 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. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be assessed on delinquencies in excess of \$10,000 at year end.

It appears from an examination on a test basis of the Tax and Sewer Collectors' records that interest was collected in accordance with the foregoing resolution.

It was found that several payments received, although not material, for Taxes and Sewer Rents were not recorded or deposited in a timely manner by the Collector. It is recommended that all deposits received by the Tax and Utility Collector be recorded when received and deposited in a timely manner.

Management's Response

Going forward, the Collector will ensure that all payments will be recorded when received and that all payments are deposited in a timely manner

Delinquent Taxes and Tax Title Liens

Inspection of tax sale certificates on file revealed that all tax sale certificates from prior years' tax sales were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2017	8
2016	8
2015	8

There are a number of old outstanding liens that the Township has been carrying on their books for several years.

It is recommended that a continuing effort be made to utilize all means provided by statute to liquidate the remainder of tax title liens in order to get such properties back on a tax paying basis.

Management's Response

The Township intends to make every effort to liquidate the remainder of tax title liens in order to get these properties back on a tax paying basis.

TOWNSHIP OF CHATHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2017 Taxes	20
Payment of 2018 Taxes	15
Delinquent Taxes	20
Payment of 2017 Sewer Charges	10
Delinquent Sewer Charges	10
Tax Title Liens	1

Verification notices were mailed to confirm balances as of December 31, 2017. The items that were returned were compared to and are in agreement with the Township's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

Third Party Liens

During the course of our audit, it was found that the Tax Collector was not processing third party liens in accordance with statutory guidelines of the State of New Jersey. It is recommended that the Tax Collector process all transactions related to third party liens in accordance with the statutory guidelines of the State of New Jersey.

Management's Response

The Tax Collector will process all third party lien transactions in accordance with the statutory guidelines of the State of New Jersey going forward.

New Jersey Administrative Code Accounting Requirements

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. General ledger accounting and record system.
3. Fixed asset accounting and reporting system.

The Township is currently in compliance with all of these accounting requirements.

Management Suggestion

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 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 CHATHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Status of Prior Year Recommendations

The prior year recommendations concerning segregation of duties, the liquidation of older tax title liens, and the appropriate handling of third party liens were not resolved in the current year and are included in the current year's audit report.

TOWNSHIP OF CHATHAM  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. All deposits received by the Tax and Utility Collector be recorded when received and deposited in a timely manner.
3. A continuing effort be made to utilize all means provided by statute to liquidate the remainder of tax title liens in order to get such properties back on a tax paying basis.
4. Tax Collector process all transactions related to third party liens in accordance with the statutory guidelines of the State of New Jersey.

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