

TOWNSHIP OF WYCKOFF
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017

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TOWNSHIP OF WYCKOFF

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and
Members of the Township Council
Township of Wyckoff
Wyckoff, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Wyckoff, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit 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 entity’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 entity’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.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Wyckoff on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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 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 of the Township of Wyckoff as of December 31, 2017 and 2016, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 40 percent and 42 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Wyckoff as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2017 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

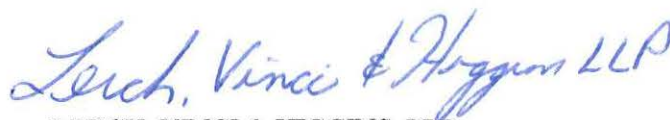
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Wyckoff as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Wyckoff.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

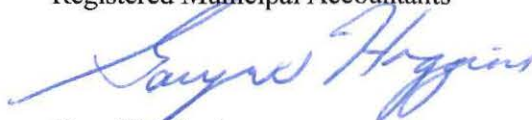
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 10, 2018 on our consideration of the Township of Wyckoff'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 the effectiveness of the Township of Wyckoff's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Wyckoff's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 10, 2018

TOWNSHIP OF WYCKOFF
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	A-4	\$ 17,648,694	\$ 6,132,600
Cash - Change Fund	A-5	<u>500</u>	<u>500</u>
		<u>17,649,194</u>	<u>6,133,100</u>
Grants Receivable	A-11	25,920	21,643
Due from State of NJ - Senior Citizen/Veteran Deduction	A-6	<u>13</u>	<u>330</u>
		<u>25,933</u>	<u>21,973</u>
Receivables and Other Assets with Full Reserves			
Taxes Receivable	A-7	385,482	363,962
Tax Title Liens	A-8	15,317	13,537
Property Acquired for Taxes - Assessed Valuation	A-9	36,700	36,700
Revenue Accounts Receivable	A-10	5,776	35,635
Due from Other Trust Fund	B-8	18,904	222
Due from Animal Control Trust Fund	B-6	<u>4,228</u>	<u>5,361</u>
		<u>466,407</u>	<u>455,417</u>
Deferred Charges			
Emergency Authorization	A-26		100,000
Special Emergency Authorization	A-25	<u>-</u>	<u>220,628</u>
		<u>-</u>	<u>320,628</u>
Total Assets		<u>\$ 18,141,534</u>	<u>\$ 6,931,118</u>

TOWNSHIP OF WYCKOFF
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3, A-12	\$ 792,670	\$ 1,114,184
Encumbrances Payable	A-13	584,015	314,891
Accounts Payable	A-29	60,000	
Prepaid Taxes	A-14	10,986,105	510,681
Tax Overpayments	A-18	155,371	89,101
County Taxes Payable	A-15	51,981	45,432
Reserve for Tax Appeals	A-19	305,557	308,691
Reserve for Revaluation	A-27	37,950	37,950
Unappropriated Grant Reserves	A-21	32,689	3,138
Appropriated Grant Reserves	A-20	50,815	44,670
Special Emergency Notes Payable	A-28		220,628
Fees Payable	A-23	448	12,605
Due to Municipal Open Space Trust Fund	A-22	1,046	947
		<u>13,058,647</u>	<u>2,702,918</u>
Reserve for Receivables and Other Assets	A	466,407	455,417
Fund Balance	A-1	<u>4,616,480</u>	<u>3,772,783</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 18,141,534</u>	<u>\$ 6,931,118</u>

TOWNSHIP OF WYCKOFF
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUE AND OTHER INCOME REALIZED	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Fund Balance Utilized	A-2	\$ 2,000,000	\$ 1,870,000
Miscellaneous Revenue Anticipated	A-2	4,423,103	3,733,150
Receipts from Delinquent Taxes	A-2, A-7	363,962	318,431
Receipts from Current Taxes	A-2	82,025,945	80,178,322
Non Budget Revenue	A-2	720,277	349,203
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	748,857	647,027
Appropriated Grants Cancelled	A-20	3,299	2,949
Interfunds Liquidated	A	1,133	
Statutory Excess- Animal Control Fund	B-6	4,204	5,115
		<u>90,290,780</u>	<u>87,104,197</u>
Total Revenue and Other Income			
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,284,613	6,265,171
Other Expenses	A-3	8,388,782	8,287,314
Capital Improvements	A-3	792,800	609,350
Municipal Debt Service	A-3	763,916	487,530
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,896,217	1,678,612
Other Debits			
Regional School Taxes	A-17	19,269,609	18,936,687
Local School Taxes	A-16	38,124,128	37,293,222
County Taxes	A-15	11,669,865	11,132,937
Municipal Open Space Tax	A-22	234,721	231,992
Prior Year Senior Citizen/Veterans Disallowed	A-6	3,750	
Interfunds Advanced	A-1	18,682	2,495
		<u>87,447,083</u>	<u>84,925,310</u>
Total Expenditures			
Excess in Revenue		2,843,697	2,178,887
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A-1	-	100,000
Excess in Revenue to Fund Balance		2,843,697	2,278,887
FUND BALANCE, JANUARY 1	A	<u>3,772,783</u>	<u>3,363,896</u>
		6,616,480	5,642,783
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>2,000,000</u>	<u>1,870,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 4,616,480</u>	<u>\$ 3,772,783</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WYCKOFF
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference	2017 Anticipated Budget	Added by NJS 40A:4-87	Realized in 2017	Excess or (Deficit)
Fund Balance Anticipated	A-2	\$ 2,000,000	-	\$ 2,000,000	-
Miscellaneous Revenues					
Township Clerk - Licenses					
Alcoholic Beverages	A-10	17,500		17,500	
Other	A-10	100,000		130,179	\$ 30,179
Fees and Permits	A-2	195,000		206,613	11,613
Fines and Costs - Municipal Court	A-10	76,789		96,421	19,632
Interest and Costs on Taxes	A-10	100,000		108,571	8,571
Interest on Investments and Deposits	A-2	50,000		95,443	45,443
Lease of Township Property	A-10	39,484		39,484	
Cable Franchise Fee	A-10	270,787		270,787	
Lease of Cell Tower #1	A-10	312,274		319,758	7,484
Lease of Cell Tower #2	A-10	162,454		171,260	8,806
Lease of Cell Tower #3	A-10	28,764		29,809	1,045
Energy Receipts Tax	A-10	1,093,271		1,093,271	
Uniform Construction Code Fees	A-10	480,000		483,718	3,718
CFO Shared Services Agreement - Borough of New Milford	A-10	29,602		29,602	
Library Shared Service Agreement- Payroll Processing	A-10	10,506		10,506	
Library Shared Service Agreement- Administration and Mgmt	A-10	5,500		5,500	
Public and Private Revenues:					
Recycling Tonnage Grant	A-11	32,001		32,001	
Drunk Driving Enforcement Fund	A-11/21	4,647		4,647	
Municipal Alliance Grant	A-11	11,677		11,677	
Federal Fire Safety SCBA Grant	A-11	50,834		50,834	
Drive Sober Get Pulled Over	A-11		11,000	11,000	
Distracted Driving	A-11		5,500	5,500	
Clean Communities Program	A-11		36,538	36,538	
Other Special Items					
Recreation Fees	A-10	590,000		593,792	3,792
Sewer Utility Surplus	A-10	550,000		550,000	-
Uniform Fire Safety Act	A-10	19,585	-	18,692	(893)
Total Miscellaneous Revenues	A-1	<u>4,230,675</u>	<u>53,038</u>	<u>4,423,103</u>	<u>139,390</u>
Receipts from Delinquent Taxes	A-7	<u>350,000</u>	<u>-</u>	<u>363,962</u>	<u>13,962</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Taxes for Municipal Purposes	A-2	11,461,007		12,695,930	1,234,923
Minimum Library Tax	A-2	1,531,692	-	1,531,692	-
Total Amount to be Raised by Taxes		<u>12,992,699</u>	<u>-</u>	<u>14,227,622</u>	<u>1,234,923</u>
Budget Totals		<u>\$ 19,573,374</u>	<u>\$ 53,038</u>	21,014,687	<u>\$ 1,388,275</u>
Non-Budget Revenue	A-2, A-4			<u>720,277</u>	
				<u>\$ 21,734,964</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WYCKOFF
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

Reference

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 82,125,945
Less: Transferred to Reserve for Tax Appeals	A-19	<u>100,000</u>
	A-1	82,025,945
Less: Allocated to School, County and Open Space Taxes	A-15, A-16, A-17, A-22	<u>69,298,323</u>
		12,727,622
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,500,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 14,227,622</u>
Fees and Permits - Other		
Tax Collector		\$ 454
Board of Health		70,965
Code Enforcement		101,681
Police Department		9,581
Planning Board		7,600
Board of Adjustment		<u>16,332</u>
	A-2, A-10	<u>\$ 206,613</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-10	\$ 95,081
Received from General Capital Fund	C-9	9
Received from Animal Control Fund	B-6	<u>353</u>
	A-2	<u>\$ 95,443</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WYCKOFF
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
Recyclables - Paper/Plastic/Metal		\$ 16,891
FEMA Reimbursements for Hurricane Sandy/Winter Storm		98,076
Contribution for Adult Assisted Housing		400,000
Senior Citizen/Veteran Administrative Payment		2,116
Library Reimbursement - Pension		116,800
Off Duty Police Administrative Fees		30,000
Miscellaneous		<u>56,394</u>
	A-2, A-4	<u>\$ 720,277</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WYCKOFF
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 301,380	\$ 301,380	\$ 272,392	\$ 28,988	
Other Expenses	20,800	28,800	28,235	565	
Township Clerk					
Salaries and Wages	179,673	179,673	178,008	1,665	
Other Expenses	67,000	64,000	47,735	16,265	
Financial Administration					
Salaries and Wages	169,425	169,425	169,425		
Other Expenses	26,502	26,502	25,415	1,087	
Audit Services	28,750	28,750	28,010	740	
Revenue Administration and Tax Collection					
Salaries and Wages	100,232	100,232	98,459	1,773	
Other Expenses	9,000	10,000	8,200	1,800	
Elections					
Other Expenses	15,000	15,000	14,440	560	
Assessment of Taxes					
Salaries and Wages	155,451	155,451	143,993	11,458	
Other Expenses	190,750	184,750	178,146	6,604	
Environmental Commission: NJSA 40:56A-1					
Other Expenses	5,000	5,000	4,000	1,000	
Legal Services and Costs					
Other Expenses	91,500	164,500	113,938	50,562	
Engineering Services					
Other Expenses	15,500	10,500	9,041	1,459	
Public Buildings and Grounds					
Salaries and Wages	75,677	75,677	75,677	-	
Other Expenses	191,000	181,000	171,997	9,003	
Shade Tree Commission					
Other Expenses	62,000	62,000	34,773	27,227	
Land Use Administration:					
Planning Board					
Salaries and Wages	29,819	29,819	28,665	1,154	
Other Expenses	36,000	36,000	7,158	28,842	
Board of Adjustment:					
Other Expenses	5,000	5,000	3,526	1,474	
Insurances					
General Liability Insurance	245,109	245,109	239,363	5,746	
Workers Compensation Insurance	214,823	214,823	214,823	-	
Employee Health Benefits Insurance	2,141,000	2,062,000	1,984,763	77,237	
Health Benefit Waivers	10,000	10,000	3,617	6,383	
Unemployment Compensation Insurance	100	100	100	-	
Police					
Salaries and Wages	3,146,703	3,146,703	3,026,978	119,725	
Other Expenses	104,100	104,100	99,403	4,697	
Public Safety: Volunteer First Aid Squad	50,000	50,000	50,000	-	
Emergency Management Services:					
Other Expenses	1,850	1,850	125	1,725	
Public Safety: Volunteer Fire Department					
Other Expenses	88,000	88,000	77,090	10,910	
Uniform Fire Safety Act					
Life Hazard Use Fees (PL 1983)					
Salaries and Wages	16,681	16,681	16,681		
Other Expenses	2,000	2,000	484	1,516	
Radio Communications Contract	13,000	13,000	11,938	1,062	
Recreation and Recreation Education					
Salaries and Wages	239,948	239,948	232,522	7,426	
Other Expenses	280,000	280,000	276,034	3,966	
Park Maintenance					
Salaries and Wages	75,677	75,677	75,677		
Other Expenses	98,000	111,000	105,121	5,879	
Celebration of Public Events					
Other Expenses	5,500	4,400	4,374	26	

**TOWNSHIP OF WYCKOFF
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 Appropriated		2017 Expended		Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (CONTINUED)					
Recycling					
Other Expenses	\$ 275,500	\$ 280,500	\$ 275,045	\$ 5,455	
Sanitation/Garbage and Trash Removal					
Other Expenses	450,000	450,000	450,000		
Road Repairs and Maintenance					
Salaries and Wages	1,228,062	1,228,062	1,224,507	3,555	
Other Expenses	312,500	289,500	200,950	88,550	
Inspector's Vehicle Other Expenses	1,000	1,000	350	650	
DPW Vehicle Other Expenses	95,000	131,000	116,091	14,909	
Police Vehicle Other Expenses	25,000	30,000	26,721	3,279	
Fire Vehicle Other Expenses	40,000	55,000	39,934	15,066	
CDL Mandate Other Expenses	750	750		750	
Board of Health					
Salaries and Wages	13,243	13,243	12,491	752	
Other Expenses	67,750	67,750	62,921	4,829	
Animal Control					
Other Expenses	10,800	10,800	10,800	-	
Condo Services Act					
Other Expenses	5,200	5,200	4,390	810	
Construction Code Official					
Salaries and Wages	404,114	404,114	399,452	4,662	
Other Expenses	16,500	16,500	15,403	1,097	
PEOSHA Mandate					
Hepatitis B (P.L. 1985 c. 516)	4,150	4,150		4,150	
Respiratory Protection	25,400	25,400	23,601	1,799	
Municipal Court					
Salaries and Wages	102,098	102,098	80,750	21,348	
Other Expenses	7,360	7,360	6,087	1,273	
Municipal Prosecutor					
Other Expenses	9,700	9,700	9,215	485	
Public Defender					
Other Expenses	4,300	4,300	3,936	364	
Utilities:					
Electricity	92,000	92,000	84,236	7,764	
Street Lighting	182,000	182,000	145,826	36,174	
Telephone	50,000	55,000	47,231	7,769	
Water	5,000	5,000	2,777	2,223	
Natural Gas	36,000	36,000	28,178	7,822	
Fire Hydrants	67,100	60,200	60,194	6	
Gasoline	82,800	82,800	68,341	14,459	
Landfill and Solid Waste Disposal	420,000	385,000	335,511	49,489	-
Total Operations Within "CAPS"	12,541,277	12,533,277	11,795,264	738,013	-
Detail:					
Salaries and Wages	6,238,183	6,238,183	6,035,677	202,506	-
Other Expenses	6,303,094	6,295,094	5,759,587	535,507	-
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
Statutory Charges					
Public Employees Retirement System	424,245	424,245	424,245		
Social Security System (O.A.S.L.)	468,000	468,000	447,888	20,112	
Defined Compensation Retirement Plan	10,000	10,000	4,349	5,651	
Police and Firemen's Retirement System of NJ	673,344	673,344	673,344	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,575,589	1,575,589	1,549,826	25,763	-
Total General Appropriations for Municipal Purposes Within "CAPS"	14,116,866	14,108,866	13,345,090	763,776	-

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF WYCKOFF
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Appropriated		2017 Expended		Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"					
Recycling Tax	\$ 20,000	\$ 20,000	\$ 16,366	\$ 3,634	
Affordable Housing					
Salaries and Wages	46,430	46,430	46,430		
Other Expenses	20,500	28,500	26,841	1,659	
Tax Appeal Interest	50	50		50	
911 Emergency Service Contract	185,000	185,000	181,250	3,750	
Maintenance of Free Public Library	1,531,692	1,531,692	1,511,891	19,801	
Length of Service Award Program (LOSAP)	125,000	125,000	125,000	-	-
Total Other Operations Excluded from "CAPS"	1,928,672	1,936,672	1,907,778	28,894	-
Interlocal Municipal Service Agreements					
Wyckoff Public Library-Payroll Shared Service	10,506	10,506	10,506		
Wyckoff Public Library-Administration and Mgmt Services	5,500	5,500	5,500		
CFO Shared Services-Borough of New Milford	29,602	29,602	29,602	-	-
Total Interlocal Municipal Service Agreements	45,608	45,608	45,608	-	-
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant	32,001	32,001	32,001		
Drunk Driving Enforcement Fund	4,647	4,647	4,647		
Municipal Alliance Program - State Share	11,677	11,677	11,677		
Municipal Alliance Program - Local Share	3,100	3,100	3,100		
Drive Sober Get Pulled Over		11,000	11,000		
Distracted Driving		5,500	5,500		
Clean Communities		36,538	36,538		
Federal Fire Safety SCBA Grant	50,834	50,834	50,834		
Federal Fire Safety SCBA Grant - Local Share	2,541	2,541	2,541	-	-
Total Public and Private Programs Offset by Revenues	104,800	157,838	157,838	-	-
Total Operations Excluded from "CAPS"	2,079,080	2,140,118	2,111,224	28,894	-
Detail:					
Salaries and Wages	46,430	46,430	46,430	-	-
Other Expenses	2,032,650	2,093,688	2,064,794	28,894	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	768,600	768,600	768,600		
Capital Improvement - Installation Emergency Antenna	24,200	24,200	24,200	-	-
Total Capital Improvements Excluded from "CAPS"	792,800	792,800	792,800	-	-

**TOWNSHIP OF WYCKOFF
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017 Appropriated</u>		<u>2017 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation Notes and Capital Notes	\$ 736,300	\$ 736,300	\$ 736,300		
Interest on Notes	<u>27,700</u>	<u>27,700</u>	<u>27,616</u>	-	\$ 84
Total Municipal Debt Service Excluded from "CAPS"	<u>764,000</u>	<u>764,000</u>	<u>763,916</u>	-	84
Deferred Charges - Municipal Excluded From "CAPS"					
Deferred Charges					
Emergency Authorizations	100,000	100,000	100,000		
Special Emergency Authorizations	<u>220,628</u>	<u>220,628</u>	<u>220,628</u>	-	-
Total Deferred Charges Municipal Excluded from "CAPS"	<u>320,628</u>	<u>320,628</u>	<u>320,628</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,956,508</u>	<u>4,017,546</u>	<u>3,988,568</u>	\$ 28,894	84
Subtotal General Appropriations	18,073,374	18,126,412	17,333,658	792,670	84
Reserve for Uncollected Taxes	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	-	-
Total General Appropriations	<u>\$ 19,573,374</u>	<u>\$ 19,626,412</u>	<u>\$ 18,833,658</u>	<u>\$ 792,670</u>	<u>\$ 84</u>
<u>Reference</u>	A-2			A	

TOWNSHIP OF WYCKOFF
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget	A-2	\$ 19,573,374	
Additional Appropriations (N.J.S.A. 40A:4-87)	A-2	<u>53,038</u>	
		<u>\$ 19,626,412</u>	
Cash Disbursed - Net of Refunds	A-4		\$ 16,290,422
Encumbrances Payable	A-13		583,674
Transferred To Appropriated Grant Reserves	A-20		157,838
Special Emergency Authorization	A-25		220,628
Due from Other Trust Fund - Budget Offsets	B-8		(18,904)
Emergency Authorization	A-26		100,000
Reserve for Uncollected Taxes	A-2		<u>1,500,000</u>
			<u>\$ 18,833,658</u>

**TOWNSHIP OF WYCKOFF
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 40,492	\$ 39,030
		<u>40,492</u>	<u>39,030</u>
OTHER TRUST FUND			
Cash	B-3	2,974,619	2,297,894
Accounts Receivable	B-13	-	3,974
		<u>2,974,619</u>	<u>2,301,868</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Cash	B-3	968,297	743,179
Due from Current Fund	B-11	1,046	947
		<u>969,343</u>	<u>744,126</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	2,587,852	2,143,770
Contributions Receivable	B	97,750	100,050
		<u>2,685,602</u>	<u>2,243,820</u>
Total Assets		<u>\$ 6,670,056</u>	<u>\$ 5,328,844</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Reserve for Dog License Expenditures	B-4	\$ 35,619	\$ 33,039
Due to Current Fund	B-6	4,228	5,361
Due to the State of New Jersey	B-5	645	630
		<u>40,492</u>	<u>39,030</u>
OTHER TRUST FUND			
Miscellaneous Reserves	B-7	2,806,389	2,200,326
Reserve for Payroll Deductions Payable	B-12	148,742	101,180
Due to Current Fund	B-8	18,904	222
Due to the State of New Jersey	B-9	584	140
		<u>2,974,619</u>	<u>2,301,868</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Reserve for Municipal Open Space Trust Fund	B-10	969,343	744,126
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	2,685,602	2,243,820
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,670,056</u>	<u>\$ 5,328,844</u>

The Accompanying Notes are in Integral Part of these Financial Statements

TOWNSHIP OF WYCKOFF
STATEMENT OF REVENUES - REGULATORY BASIS - MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference	<u>Anticipated (Memo)</u>			Variance
		<u>Budget</u>	<u>Budget After Modification</u>	<u>2017 Realized</u>	
Amount to be Raised by Taxation	B-10	\$ 233,675	\$ 233,675	\$ 234,721	\$ 1,046
		<u>\$ 233,675</u>	<u>\$ 233,675</u>	234,721	<u>\$ 1,046</u>
Non-Budget Revenue	B-10			3,843	
				<u>\$ 238,564</u>	
Analysis of Non-Budget Revenue					
Interest on Deposits				<u>\$ 3,843</u>	

STATEMENT OF EXPENDITURES - REGULATORY BASIS - MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference	<u>Appropriated (Memo)</u>			Variance
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
Maintenance of Lands for Recreation and Conservation					
Other Expenses	B-10	\$ 48,700	\$ 48,700	\$ 13,347	\$ 35,353
Reserve for Future Use	B-10	184,975	184,975	-	184,975
		<u>\$ 233,675</u>	<u>\$ 233,675</u>	<u>\$ 13,347</u>	<u>\$ 220,328</u>

**TOWNSHIP OF WYCKOFF
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2,C-3	\$ 1,060,855	\$ 1,317,082
Grants Receivable	C-4	256,382	273,495
Deferred Charges to Future Taxation - Unfunded	C-5	<u>2,758,050</u>	<u>3,083,950</u>
 Total Assets		 <u>\$ 4,075,287</u>	 <u>\$ 4,674,527</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-10	2,758,050	3,083,950
Contracts Payable	C-8	486,914	828,907
Capital Improvement Fund	C-7	66,243	66,243
Improvement Authorizations			
Funded	C-6	760,364	643,300
Unfunded	C-6	2,089	500
Fund Balance	C-1	<u>1,627</u>	<u>51,627</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 4,075,287</u>	 <u>\$ 4,674,527</u>

There were no bonds and notes authorized but not issued at December 31, 2017 and 2016.

**TOWNSHIP OF WYCKOFF
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ 51,627	\$ 34,312
Increased by:			
Improvement Authorizations Cancelled	C-1	_____ -	_____ 17,315
		51,627	51,627
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-6	_____ 50,000	_____ -
Balance, December 31	C	<u>\$ 1,627</u>	<u>\$ 51,627</u>

TOWNSHIP OF WYCKOFF
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
OPERATING FUND			
Cash	D-4	\$ 1,809,636	\$ 2,195,712
Receivables With Full Reserves			
Consumer Accounts Receivable	D-6	<u>75,752</u>	<u>68,565</u>
Total Operating Fund		<u>1,885,388</u>	<u>2,264,277</u>
CAPITAL FUND			
Cash	D-4, D-5	1,060,515	810,515
Fixed Capital	D-13	150,000	150,000
Fixed Capital Authorized and Uncompleted	D-15	<u>250,000</u>	<u>250,000</u>
Total Capital Fund		<u>1,460,515</u>	<u>1,210,515</u>
Total Assets		<u>\$ 3,345,903</u>	<u>\$ 3,474,792</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	D-3,D-7	\$ 14,878	\$ 48,633
Encumbrances Payable	D-8	65,644	33,894
Prepaid Sewer Rents	D-12		59
Overpayments	D-9	<u>3,556</u>	<u>1,786</u>
		84,078	84,372
Reserve for Receivables	D	75,752	68,565
Fund Balance	D-1	<u>1,725,558</u>	<u>2,111,340</u>
Total Operating Fund		<u>1,885,388</u>	<u>2,264,277</u>
CAPITAL FUND			
Capital Improvement Fund	D-11	905,916	655,916
Improvement Authorizations-Funded	D-10	104,586	154,599
Contracts Payable	D-17	50,013	
Reserved for Amortization	D-14	150,000	150,000
Deferred Reserve for Amortization	D-16	<u>250,000</u>	<u>250,000</u>
Total Capital Fund		<u>1,460,515</u>	<u>1,210,515</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,345,903</u>	<u>\$ 3,474,792</u>

There were no bonds and notes authorized and not issued at December 31, 2017 and 2016;

TOWNSHIP OF WYCKOFF
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	D-2	\$ 550,000	
Sewer Rents	D-2	2,200,704	\$ 2,149,403
Interest and Costs on Sewer Charges	D-2	10,408	8,723
Other Credits to Income			
Non Budget Revenue	D-2	28,513	792,384
Unexpended Balance of Appropriation Reserves	D-7	<u>28,540</u>	<u>40,393</u>
Total Revenues and Other Income		<u>2,818,165</u>	<u>2,990,903</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-3	1,853,947	1,823,240
Capital Improvements	D-3	250,000	250,000
Surplus (General Budget)	D-3	<u>550,000</u>	<u>-</u>
Total Expenditures		<u>2,653,947</u>	<u>2,073,240</u>
Excess in Revenues		164,218	917,663
FUND BALANCE, JANUARY 1	D	<u>2,111,340</u>	<u>1,193,677</u>
Decreased by:		2,275,558	2,111,340
Utilized as Anticipated Revenue	D-2	<u>550,000</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	D	<u>\$ 1,725,558</u>	<u>\$ 2,111,340</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Reference</u>	2017 <u>Anticipated</u>	2017 <u>Realized</u>	Excess or <u>(Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 550,000	\$ 550,000	
Sewer Rents	D-1-D-6	2,100,707	2,200,704	\$ 99,997
Interest and Costs on Sewer Charges	D-1,D-4	<u>3,240</u>	<u>10,408</u>	<u>7,168</u>
		<u>\$ 2,653,947</u>	2,761,112	<u>\$ 107,165</u>
 Non-Budget Revenue	 D-1,D-4		 <u>28,513</u>	
			 <u>\$ 2,789,625</u>	
 <u>Analysis of Non-Budget Revenue</u>				
Sewer Hook-Ups			\$ 27,341	
Miscellaneous			<u>1,172</u>	
	D-1,D-4		 <u>\$ 28,513</u>	

**TOWNSHIP OF WYCKOFF
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 78,247	\$ 78,247	\$ 74,593	\$ 3,654
Other Expenses	1,775,700	1,775,700	1,764,476	11,224
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	250,000	250,000	250,000	
SURPLUS (GENERAL BUDGET)	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
	<u>\$ 2,653,947</u>	<u>\$ 2,653,947</u>	<u>\$ 2,639,069</u>	<u>\$ 14,878</u>

	<u>Reference</u>	D-2	D-2	D
Cash Disbursed	D-4		\$ 2,573,425	
Encumbrances Payable	D-8		<u>65,644</u>	
			<u>\$ 2,639,069</u>	

**TOWNSHIP OF WYCKOFF
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 9,040,300	\$ 9,040,300
Land Improvements	1,795,351	1,795,351
Buildings and Building Improvements	2,331,454	2,331,454
Vehicles and Equipment	<u>7,386,561</u>	<u>6,943,846</u>
 Total Assets	 <u>\$ 20,553,666</u>	 <u>\$ 20,110,951</u>
 RESERVES		
Investment in General Fixed Assets	<u>\$ 20,553,666</u>	<u>\$ 20,110,951</u>
 Total Reserves	 <u>\$ 20,553,666</u>	 <u>\$ 20,110,951</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Wyckoff (the "Township") was incorporated in 1926 and operates under an elected Mayor and Council form of government. The Township Committee is comprised of five members and are elected at large for staggered three year terms. The Mayor and the Deputy Mayor who are members of the Township Committee are elected annually by the members of the Township Committee. The Mayor is the Chief Executive Officer of the Township and as such presides over all public meetings and makes appointments to various boards. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Township Administrator is appointed by the Township Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, Volunteer Fire Department and Volunteer Ambulance Corps, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Wyckoff have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and 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 separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Municipal Open Space Trust Fund - This fund is used to account for the receipts and disbursements relating to the taxes dedicated to acquisition of real property for open space.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the sewer utility funds. The Township's infrastructure is not reported in the account group.

TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Basis of Presentation – Financial Statements (Continued)**

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of Wyckoff follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - 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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Revenues/Receivables - Utility charges are levied semi-annually based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Wyckoff has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

**TOWNSHIP OF WYCKOFF
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

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

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

- Trust Funds, except for the Municipal Open Space Trust Fund
- General Capital Fund
- Sewer Utility Capital Fund

**TOWNSHIP OF WYCKOFF
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the Township Council increased the original budget by \$53,038 and \$168,008. The 2017 increase was funded by additional aid allotted to the Township. The 2016 increase was attributable to an emergency authorization of \$100,000 and \$68,008 of additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Township's deposits were \$25,563,608 and \$13,536,512 and bank and brokerage firm balances of the Township's deposits amounted to \$22,007,170 and \$14,046,505, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	<u>\$ 22,007,170</u>	<u>\$ 14,046,505</u>

**TOWNSHIP OF WYCKOFF
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2017 and 2016, the Township had the following investments:

	Fair Value (Unaudited)	
	<u>2017</u>	<u>2016</u>
Investment:		
Length of Service Awards Program (LOSAP)	\$ 2,587,852	\$ 2,143,770

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$2,587,852 and \$2,143,770 of the Township’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP) Unaudited	
	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 2,587,852	\$ 2,143,770

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Township’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township’s investments are in Lincoln Financial Group. These investments are 100% of the Township’s total investments.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Sewer Utility Capital Fund is assigned to the Sewer Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES RECEIVABLE

Receivables at December 31, 2017 consisted of the following:

	<u>Current</u>	<u>Sewer</u>	<u>Total</u>
<u>2017</u>			
Property Taxes	\$ 385,482		\$ 385,482
Tax Title Liens	15,317		15,317
Sewer Utility Charges	-	\$ 75,752	75,752
	<u>\$ 400,799</u>	<u>\$ 75,752</u>	<u>\$ 476,551</u>

In 2017, the Township collected \$363,962 and \$68,565 from delinquent taxes and utility charges, which represented 96% and 100% of the delinquent tax and sewer charges receivable at December 31, 2016.

Receivables at December 31, 2016 consisted of the following:

	<u>Current</u>	<u>Sewer</u>	<u>Total</u>
<u>2016</u>			
Property Taxes	\$ 363,962		\$ 363,962
Tax Title Liens	13,537		13,537
Sewer Utility Charges	-	\$ 68,565	68,565
	<u>\$ 377,499</u>	<u>\$ 68,565</u>	<u>\$ 446,064</u>

In 2016, the Township collected \$318,431 and \$61,607 from delinquent taxes and utility charges, which represented 96% and 100% of the delinquent tax and sewer charges receivable at December 31, 2015.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 23,132	\$ 1,046	\$ 5,583	\$ 947
Trust Funds				
Other Trust Fund		18,904		222
Municipal Open Space Trust	1,046		947	
Animal Control Trust Fund	<u>-</u>	<u>4,228</u>	<u>-</u>	<u>5,361</u>
 Total	 <u>\$ 24,178</u>	 <u>\$ 24,178</u>	 <u>\$ 6,530</u>	 <u>\$ 6,530</u>

The above balances are the result of expenditures being paid by one fund on behalf of another or receipts received in one fund and owed to another fund.

The Township expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
<u>2017</u>			
None			
 <u>2016</u>			
Current Fund			
Special Emergency Authorization (40A:4-55)	\$ 220,628	\$ 220,628	
Emergency Authorization	<u>100,000</u>	<u>100,000</u>	<u>\$ -</u>
	 <u>\$ 320,628</u>	 <u>\$ 320,628</u>	 <u>\$ -</u>

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Sewer Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2017</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2016</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 4,590,547	\$ 2,350,000	\$ 3,650,810	\$ 2,000,000
Non-Cash Surplus	<u>25,933</u>	<u>-</u>	<u>121,973</u>	<u>-</u>
	<u>\$ 4,616,480</u>	<u>\$ 2,350,000</u>	<u>\$ 3,772,783</u>	<u>\$ 2,000,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,725,558	\$ 100,000	\$ 2,111,340	\$ 550,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,725,558</u>	<u>\$ 100,000</u>	<u>\$ 2,111,340</u>	<u>\$ 550,000</u>

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance January 1 <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 9,040,300			\$ 9,040,300
Site Improvements	1,795,351			1,795,351
Buildings	2,331,454			2,331,454
Vehicles and Equipment	<u>6,943,846</u>	<u>442,715</u>	<u>-</u>	<u>7,386,561</u>
	<u>\$ 20,110,951</u>	<u>\$ 442,715</u>	<u>\$ -</u>	<u>\$ 20,553,666</u>
	Balance January 1 <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 9,040,300			\$ 9,040,300
Site Improvements	1,734,320	\$ 61,031		1,795,351
Buildings	2,331,454	-		2,331,454
Vehicles and Equipment	<u>8,730,896</u>	<u>25,479</u>	<u>1,812,529</u>	<u>6,943,846</u>
	<u>\$ 21,836,970</u>	<u>\$ 86,510</u>	<u>\$ 1,812,529</u>	<u>\$ 20,110,951</u>

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 FIXED ASSETS (Continued)

B. Sewer Utility Fund Fixed Assets

The following is a summary of changes in the sewer utility fund fixed assets for the years ended December 31, 2017 and 2016.

<u>Sewer Utility Fund</u>	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Fixed Capital				
Various Improvements	\$ 150,000	\$ -	\$ -	\$ 150,000
	Balance January 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Fixed Capital				
Various Improvements	\$ 150,000	\$ -	\$ -	\$ 150,000

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of notes used to finance capital expenditures. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

	<u>2017</u>	<u>2016</u>
Issued		
General		
Notes	\$ 2,758,050	\$ 3,083,950
Net Notes Issued and Authorized But Not Issued	\$ 2,758,050	\$ 3,083,950

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .060% and .069% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 2,758,050		\$ 2,758,050
School Debt	<u>29,084,608</u>	<u>\$ 29,084,608</u>	<u>-</u>
Total	<u>\$ 31,842,658</u>	<u>\$ 29,084,608</u>	<u>\$ 2,758,050</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 3,083,950		\$ 3,083,950
School Debt	<u>30,661,845</u>	<u>\$ 30,661,845</u>	<u>-</u>
Total	<u>\$ 33,745,795</u>	<u>\$ 30,661,845</u>	<u>\$ 3,083,950</u>

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 159,918,618	\$ 157,168,582
Net Debt	<u>2,758,050</u>	<u>3,083,950</u>
Remaining Borrowing Power	<u>\$ 157,160,568</u>	<u>\$ 154,084,632</u>

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

Bond Anticipation Notes

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, January 1, 2017	Additions	Reductions	Balance, December 31, 2017
2017						
<u>Purpose</u>						
<u>General Capital Fund</u>						
Purchase of a Fire Pumper Truck	1.39%	7/24/2018	\$ 759,550	\$ 270,500	\$ 759,550	\$ 270,500
Road Resurfacing	1.39%	7/24/2018	1,052,900	875,650	1,052,900	875,650
Various Equipment Upgrades	1.39%	7/24/2018	202,970	202,970	202,970	202,970
Various Capital Improvements	1.39%	7/24/2018	180,030	180,030	180,030	180,030
Commuter Lot Repavement/Dump Truck	1.39%	7/24/2018		410,400		410,400
Various Road Improvements	1.39%	7/24/2018	888,500	818,500	888,500	818,500
Total General Capital Fund			\$ 3,083,950	\$ 2,758,050	\$ 3,083,950	\$ 2,758,050

	Rate (%)	Maturity Date	Balance, January 1, 2016	Additions	Reductions	Balance, December 31, 2016
2016						
<u>Purpose</u>						
<u>General Capital Fund</u>						
Purchase of a Fire Pumper Truck	0.83%	7/25/2017	\$ 438,550	\$ 759,550	\$ 438,550	\$ 759,550
Road Resurfacing	0.83%	7/25/2017	1,235,000	1,052,900	1,235,000	1,052,900
Various Equipment Upgrades	0.83%	7/25/2017	202,970	202,970	202,970	202,970
Various Capital Improvements	0.83%	7/25/2017	180,030	180,030	180,030	180,030
Various Road Improvements	0.83%	7/25/2017	950,000	888,500	950,000	888,500
Total General Capital Fund			\$ 3,006,550	\$ 3,083,950	\$ 3,006,550	\$ 3,083,950

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

**TOWNSHIP OF WYCKOFF
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the Township's statutory debt limit calculation is reported in the Current Fund for the years 2017 and 2016 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Township may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

		Rate (%)	Maturity Date	Balance, January 1, 2017	Additions	Reductions	Balance, December 31, 2017
<u>2017</u>							
	<u>Purpose</u>						
	Revaluation of Property			\$ 220,628	\$ -	\$ 220,628	\$ -
				<u>\$ 220,628</u>	<u>\$ -</u>	<u>\$ 220,628</u>	<u>\$ -</u>
		Rate (%)	Maturity Date	Balance, January 1, 2016	Additions	Reductions	Balance, December 31, 2016
<u>2016</u>							
	<u>Purpose</u>						
	Revaluation of Property	0.80%	11/17/16	\$ 331,128		\$ 331,128	
		0.95%	11/15/17	-	\$ 220,628	-	\$ 220,628
				<u>\$ 331,128</u>	<u>\$ 220,628</u>	<u>\$ 331,128</u>	<u>\$ 220,628</u>

TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Township had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction/Other Commitment</u>	<u>Estimated Date of Completion/Acquisition</u>
<u>2017</u>		
Acquisition of Vehicles	\$265,999	2018
<u>2016</u>		
Acquisition of Fire Pumper	\$588,329	2017
Improvements to Crescent Avenue	149,020	2017

NOTE 11 OTHER LONG-TERM LIABILITIES

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Township's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2017</u>	<u>Due Within One Year</u>
<u>2017</u>					
Net Pension Liability - PERS	\$ 13,876,836		\$ 3,435,678	\$ 10,441,158	\$ -
Net Pension Liability - PFRS	15,775,730	-	3,175,338	12,600,392	-
	<u>\$ 29,652,566</u>	<u>\$ -</u>	<u>\$ 6,611,016</u>	<u>\$ 23,041,550</u>	<u>\$ -</u>

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Net Pension Liability - PERS	\$ 10,775,684	\$ 3,517,397	\$ 416,245	\$ 13,876,836	\$ -
Net Pension Liability - PFRS	<u>14,045,186</u>	<u>2,403,888</u>	<u>673,344</u>	<u>15,775,730</u>	<u>-</u>
	<u>\$ 24,820,870</u>	<u>\$ 5,921,285</u>	<u>\$ 1,089,589</u>	<u>\$ 29,652,566</u>	<u>\$ -</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems except CPFPPF (1.00%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee's annual compensation for 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

During the years ended December 31, 2017, 2016 and 2015, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 673,344	\$ 424,245	\$ 4,349
2016	685,416	412,696	845
2015	702,293	358,834	

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Township reported a liability of \$10,441,158 and \$13,876,836, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Township's proportionate share 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 governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Township's proportionate share was .04485 percent, which was a decrease of .002 percent from its proportionate share measured as of June 30, 2016 of .04685 percent.

For the year ended December 31, 2017 and 2016, the pension system has determined the Township's pension expense to be \$816,926 and \$1,442,735, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of \$424,245 and \$412,696, respectively. At December 31, 2017 and 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 245,853		\$ 258,067	
Changes of Assumptions	2,103,534	\$ 2,095,822	2,874,539	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	71,097		529,136	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	<u>429,767</u>	<u>502,838</u>	<u>588,617</u>	<u>\$ 187,214</u>
Total	<u>\$ 2,850,251</u>	<u>\$ 2,598,660</u>	<u>\$ 4,250,359</u>	<u>\$ 187,214</u>

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2018	\$ 296,345
2019	417,765
2020	225,347
2021	(420,971)
2022	(266,895)
Thereafter	<u>-</u>
	<u>\$ 251,591</u>

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as 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, applied to all periods in the measurement date:

<u>PERS</u>	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**TOWNSHIP OF WYCKOFF
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	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 US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

**TOWNSHIP OF WYCKOFF
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,952,965</u>	<u>\$ 10,441,158</u>	<u>\$ 8,348,511</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 17,004,443</u>	<u>\$ 13,876,836</u>	<u>\$ 11,294,725</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

**TOWNSHIP OF WYCKOFF
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen’s Retirement System (PFRS)

At December 31, 2017 and 2016, the Township reported a liability of \$12,600,392 and \$15,775,730, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Township’s proportionate share 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 governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Township’s proportionate share was .08162 percent, which was a decrease of .00096 percent from its proportionate share measured as of June 30, 2016 of .08258 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Township pension expense to be \$1,016,502 and \$1,588,012, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Township’s financial statements of \$673,344 and \$685,416, respectively. At December 31, 2017 and 2016, the Township’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township’s financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 81,744	\$ 73,954		\$ 106,412
Changes of Assumptions	1,553,769	2,063,576	\$ 2,185,068	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	240,445		1,105,374	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	<u>251,646</u>	<u>712,920</u>	<u>367,612</u>	<u>807,990</u>
Total	<u>\$ 2,127,604</u>	<u>\$ 2,850,450</u>	<u>\$ 3,658,054</u>	<u>\$ 914,402</u>

TOWNSHIP OF WYCKOFF
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2018	\$ 21,914
2019	315,346
2020	(148,573)
2021	(639,735)
2022	(271,798)
Thereafter	-
	\$ (722,846)

Actuarial Assumptions

The Township’s total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as 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, applied to all periods in the measurement date:

PFRS

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**TOWNSHIP OF WYCKOFF
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	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 US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

**TOWNSHIP OF WYCKOFF
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township’s proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the Township’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55 %, respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Township's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 16,602,054</u>	<u>\$ 12,600,392</u>	<u>\$ 9,312,572</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Township's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 20,341,647</u>	<u>\$ 15,775,730</u>	<u>\$ 12,052,499</u>

The sensitivity analysis was based on the proportionate share of the Township’s net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Township’s net pension liability was not provided by the pension system.

**TOWNSHIP OF WYCKOFF
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions 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 Township by the State 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. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,411,350 and \$1,324,770, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$172,640 and \$169,204, respectively, which is more or less (**modify**) than the actual contributions the State made on behalf of the Township of \$70,573 and \$50,761, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Township. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2017.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$184.6 million for 10,994 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$52.1 million in Fiscal Year 2017 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Township's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017, 2016 and 2015 were \$790,460, \$710,865 and \$679,953, respectively, which equaled the required contributions for each year (or were not available). In addition, the Township's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2017, 2016 and 2015 were \$37,118, \$32,174 and \$33,673, respectively.

**TOWNSHIP OF WYCKOFF
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 14 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Wyckoff is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Township</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 100	\$ 7,631	\$ 4,891	\$ 21,069
2016	100	13,793	28,893	18,229
2015	10,000	14,220	37,184	33,229

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 15 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Township reserved \$305,557 and \$308,691, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Township of Wyckoff Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 31, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Wyckoff approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Corps, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Wyckoff has contributed \$1,150 for 2017 and 2016, respectively, for each eligible Volunteer Fire Department and Volunteer Ambulance Corps member into the Plan. The total Township contributions were \$97,750 and \$100,050 for 2017 and 2016, respectively.

**TOWNSHIP OF WYCKOFF
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

NOTE 17 SUBSEQUENT EVENTS

Debt Authorized

On May 1, 2018, the Township adopted a bond ordinance authorizing the issuance \$1,265,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

TOWNSHIP OF WYCKOFF
STATEMENT OF CURRENT CASH - TREASURER

Balance, January 1, 2017		\$ 6,132,600
Increased by Receipts:		
Taxes Receivable	\$ 81,873,726	
Non-Budget Revenues	720,277	
State of NJ - Senior Citizens' and Vet. Deductions	102,067	
Revenue Accounts Receivable	4,270,544	
Grants Receivable	134,817	
Prepaid Taxes	10,986,105	
Unappropriated Grant Reserves	32,688	
Tax Overpayments	86,152	
Reserve for Payroll Account	7,807,678	
Fees Payable	25,068	
Receipts from Animal Control Trust Fund	5,690	
Receipts from Other Trust Fund	222	
Receipts from General Capital Fund	9	
	<u>106,045,043</u>	
		112,177,643
Decreased by Disbursements:		
2017 Budget Appropriations	16,290,422	
2016 Appropriation Reserves	346,768	
Encumbrances Payable	273,450	
County Taxes Payable	11,663,316	
Local District School Taxes Payable	38,124,128	
Regional School Taxes Payable	19,269,609	
Tax Overpayments	19,882	
Reserve for Payroll Account	7,807,678	
Appropriated Grant Reserves	138,087	
Payments to Municipal Open Space Trust Fund	234,622	
Reserve for Tax Appeals	103,134	
Fees Payable	37,225	
Special Emergency Notes	220,628	
	<u>94,528,949</u>	
Balance, December 31, 2017		<u>\$ 17,648,694</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF CASH - CHANGE FUNDS**

	Balance, January 1, <u>2017</u>	Balance, December 31, <u>2017</u>
Tax Collector	\$ 500	\$ 500
	<u>\$ 500</u>	<u>\$ 500</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2017		\$ 330
Increased by:		
Senior Citizens /Veterans Deductions Per Tax Billings - 2017		<u>105,500</u>
		105,830
Decreased by:		
Senior Citizens/Veterans Disallowed Per Taxation Audit	\$ 3,750	
Cash Received	<u>102,067</u>	
		<u>105,817</u>
Balance, December 31, 2017		<u>\$ 13</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF TAXES RECEIVABLE**

<u>Year</u>	Balance, January 1, <u>2017</u>	<u>2017 Levy</u>	<u>Collections</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Transferred to Tax <u>Title Liens</u>	Balance, December 31, <u>2017</u>
			<u>2016</u>	<u>2017</u>				
2016	\$ 363,962	-	-	\$ 363,962	-	-	-	-
	363,962	-	-	363,962	-	-	-	-
2017	-	\$ 82,621,565	\$ 510,681	81,509,764	\$ 105,500	\$ 108,358	\$ 1,780	\$ 385,482
	\$ 363,962	\$ 82,621,565	\$ 510,681	\$ 81,873,726	\$ 105,500	\$ 108,358	\$ 1,780	\$ 385,482

Analysis of 2017 Property Tax Levy

Tax Yield			
General Purpose Tax		\$ 82,253,818	
Added Taxes		367,747	
			<u>\$ 82,621,565</u>
Tax Levy			
County Taxes	\$ 11,155,106		
County Open Space Taxes	462,778		
Due County for Added and Omitted Taxes	51,981		
			11,669,865
Municipal Open Space Preservation	233,675		
Due Municipal Open Space for Added and Omitted Taxes	1,046		
			234,721
Regional High School Tax		19,269,609	
Local District School Tax		38,124,128	
			69,298,323
Local Tax for Municipal Purposes	11,461,007		
Minimum Library Tax	1,531,692		
Additional Tax Levied	330,543		
			13,323,242
			<u>\$ 82,621,565</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, January 1, 2017	\$ 13,537
Increased by:	
Transfers from Taxes Receivable	1,780
Balance, December 31, 2017	\$ 15,317

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

Balance, January 1, 2017	\$ 36,700
Balance, December 31, 2017	\$ 36,700

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2017</u>	Accrued in <u>2017</u>	<u>Collected</u>		Balance, December 31, <u>2017</u>
Township Clerk - Licenses					
Alcoholic Beverages		\$ 17,500	\$ 17,500		
Other		130,179	130,179		
Fees and Permits					
Other		206,613	206,613		
Fines and Costs - Municipal Court	\$ 6,574	95,623	96,421	\$	5,776
Interest and Costs on Taxes		108,571	108,571		
Interest on Investments		95,081	95,081		
Lease of Township Property		39,484	39,484		
Cable Franchise Fee		270,787	270,787		
Lease of Cell Tower Space #1		319,758	319,758		
Lease of Cell Tower Space #2		171,260	171,260		
Lease of Cell Tower Space #3		29,809	29,809		
Energy Receipts Tax		1,093,271	1,093,271		
Uniform Construction Code Fees		483,718	483,718		
CFO Shared Services Agreement - Borough of New Milford	29,061	541	29,602		
Library Shared Service Agreement- Payroll		10,506	10,506		
Library Shared Service Agreement- Admin.		5,500	5,500		
Recreation Fees		593,792	593,792		
Sewer Utility Surplus		550,000	550,000		
Uniform Fire Safety Act	-	18,692	18,692		-
	\$ 35,635	\$ 4,240,685	\$ 4,270,544	\$	5,776

**TOWNSHIP OF WYCKOFF
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2017</u>	Revenue Realized	<u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
Municipal Alliance Program	\$ 19,044	\$ 11,677	\$ 5,624	\$ 7,367	\$ 17,730
Federal Fire Safety SCBA Grant		50,834	50,834		
Recycling Tonnage Grant		32,001	32,001		
Distracted Driving		5,500	5,466		34
Drunk Driving Enforcement Fund		1,510			1,510
Clean Communities		36,538	36,538		
ANJEC Environmental Commission	498			498	
Drive Sober Get Pulled Over	<u>2,101</u>	<u>11,000</u>	<u>4,354</u>	<u>2,101</u>	<u>6,646</u>
	<u>\$ 21,643</u>	<u>\$ 149,060</u>	<u>\$ 134,817</u>	<u>\$ 9,966</u>	<u>\$ 25,920</u>
			Cancelled to Appropriated Grant Reserves	<u>\$ 9,966</u>	

**TOWNSHIP OF WYCKOFF
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, January 1, <u>2017</u>	Prior Year Encumbrances <u>Restored</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES					
Administrative and Executive	\$ 1,193		\$ 1,193	\$ 394	\$ 799
Township Clerk	3,716		3,716		3,716
Revenue Administration and Tax Collection	1,285		1,285		1,285
Assessment of Taxes	5,961		5,961	749	5,212
Planning Board	387		387	200	187
Police	329,937		329,937	82,820	247,117
Recreation	978		978	978	
Road Repairs and Maintenance	19,907		19,907	19,224	683
Health and Human Services	748		748	748	
Construction Code Official	1,094		1,094	1,094	
Municipal Court	1,379		1,379	27	1,352
OTHER EXPENSES					
Administrative and Executive	864		864	213	651
Township Clerk	10,953		10,953	8,168	2,785
Financial Administration	3,610		3,610	130	3,480
Audit Services	3,377	\$ 506	3,883		3,883
Financial Administration			-		
Revenue Administration and Tax Collection	1,233		1,233		1,233
Elections	400		400		400
Assessment of Taxes	37,153		37,153	37,153	
Environmental Commission: NJSA 40:56A-1	400		400		400
Legal Services and Costs	23,687		23,687	23,687	
Engineering Services	2,981	382	3,363		3,363
Public Buildings and Grounds	44,214		44,214	871	43,343
Shade Tree Commission	3,720		3,720	2,000	1,720
Planning Board	22,458	339	22,797		22,797
Board of Adjustment	414		414		414
General Liability Insurance	5,503		5,503		5,503
Employee Health Benefits Insurance	129,289		129,289		129,289
Health Benefit Waivers	3,065		3,065		3,065
Police	3,442		3,442	290	3,152
Emergency Management Services	82		82		82
Public Safety Volunteer Fire Department	86	260	346		346
Life Hazard Use Fees (Uniform Fire Safety)	1,056		1,056		1,056
Radio Communications Contract	1,192		1,192		1,192
Recreation	46,841		46,841	13,193	33,648
Park Maintenance	1,126	10,305	11,431		11,431
Celebration of Public Events	66		66		66
Recycling	2,420		2,420	2,119	301

**TOWNSHIP OF WYCKOFF
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, January 1, <u>2017</u>	Prior Year Encumbrances <u>Restored</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)					
Road Repair and Maintenance	\$ 94,973		\$ 94,973	\$ 94,733	\$ 240
Vehicular Maintenance	7,033		7,033	3,507	3,526
Health and Human Services	26,014		26,014		26,014
Animal Control	2,200		2,200		2,200
Condo Services Act	626		626		626
Municipal Prosecutor	772		772		772
Public Defender	400		400		400
Construction Code Official	5,869		5,869	2,818	3,051
PEOSHA - Hepatitis B	640		640	270	370
PEOSHA - Respiratory Protection	564		564		564
Utilities					
Electricity	1,918	\$ 3,053	4,971		4,971
Street Lighting	40,346		40,346	20,397	19,949
Telephone	1,277	45	1,322		1,322
Water	2,411		2,411	816	1,595
Natural Gas	11,020		11,020	4,089	6,931
Fire Hydrants	2		2		2
Gasoline	12,348		12,348	9,948	2,400
Landfill and Solid Waste Disposal	93,961		93,961	39,103	54,858
Recycling Tax	5,205		5,205	1,432	3,773
Social Security System (OASI)	49,350		49,350		49,350
Defined Compensation Retirement Plan	1,155		1,155		1,155
Municipal Court	885	30	915		915
Affordable Housing	377	1,571	1,948		1,948
Tax Appeal Interest	24		24		24
LOSAP		24,950	24,950		24,950
Maintenance of Library	33,597		33,597	33,597	-
Interlocal Services Agreements - 911 Services	5,000	-	5,000	2,000	3,000
	<u>\$ 1,114,184</u>	<u>\$ 41,441</u>	<u>\$ 1,155,625</u>	<u>\$ 406,768</u>	<u>\$ 748,857</u>
			Cash Disbursements	\$ 346,768	
			Transfer to Accounts Payable	<u>60,000</u>	
				<u>\$ 406,768</u>	

**TOWNSHIP OF WYCKOFF
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2017		\$ 314,891
Increased by:		
Charges to 2017 Appropriations	\$ 583,674	
Charges to Appropriated Grant Reserves	<u>341</u>	
		<u>584,015</u>
		898,906
Decreased by:		
Restored to 2016 Appropriation Reserves	\$ 41,441	
Cash Disbursements	<u>273,450</u>	
		<u>314,891</u>
Balance, December 31, 2017		<u>\$ 584,015</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2017		\$ 510,681
Increased by:		
Collection of 2018 Taxes		<u>10,986,105</u>
		11,496,786
Decreased by:		
Application to 2017 Taxes Receivable		<u>510,681</u>
Balance, December 31, 2017		<u>\$ 10,986,105</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2017		\$ 45,432
Increased by:		
2017 Tax Levy	\$ 11,155,106	
2017 Open Space Preservation	462,778	
2017 Added and Omitted Taxes	<u>51,981</u>	
		<u>\$ 11,669,865</u>
		11,715,297
Decreased by:		
Cash Disbursed		<u>11,663,316</u>
Balance, December 31, 2017		<u>\$ 51,981</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Increased by:	
Levy - Calendar Year 2017	<u>\$ 38,124,128</u>
Decreased by:	
Cash Disbursed	<u>\$ 38,124,128</u>

EXHIBIT A-17

STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT SCHOOL TAXES PAYABLE

Increased by:	
Levy - Calendar Year 2017	<u>\$ 19,269,609</u>
Decreased by:	
Cash Disbursed	<u>\$ 19,269,609</u>

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2017	\$ 89,101
Increased by:	
Cash Receipts	<u>86,152</u>
	175,253
Decreased by:	
Cash Disbursements	<u>19,882</u>
Balance, December 31, 2017	<u>\$ 155,371</u>

EXHIBIT A-19

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, January 1, 2017	\$ 308,691
Increased by:	
Transferred from 2017 Taxes Collected	<u>100,000</u>
	408,691
Decreased by:	
Cash Disbursements	<u>103,134</u>
Balance, December 31, 2017	<u>\$ 305,557</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF APPROPRIATED GRANT RESERVES**

	Balance, January 1, <u>2017</u>	Budget Appropriation	<u>Decreases</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
Clean Communities Grant	\$ 12,155	\$ 36,538	\$ 33,041		\$ 15,652
Municipal Alliance Against Alcohol and Drug Abuse					
Grant	20,975	11,677	8,941	\$ 7,566	16,145
Municipal Share	6,100	3,100		3,100	6,100
Drunk Driving Enforcement Fund	2,033	4,647	435		6,245
Recycling Tonnage		32,001	32,001		
Drive Sober Get Pulled Over	2,101	11,000	5,109	2,101	5,891
Distracted Driving		5,500	5,466		34
Alcohol Education and Rehabilitation Program	748				748
ANJEC Environmental Commission	558		60	498	
Federal Fire Safety SCBA Grant					
Grant		50,834	50,834		
Municipal Share	-	2,541	2,541	-	-
	<u>\$ 44,670</u>	<u>\$ 157,838</u>	<u>\$ 138,428</u>	<u>\$ 13,265</u>	<u>\$ 50,815</u>
Cash Disbursements - Net			\$ 138,087		
Encumbrances Payable			<u>341</u>		
			<u>\$ 138,428</u>		
Cancelled to Grants Receivable				\$ 9,966	
Cancelled to Operations				<u>3,299</u>	
				<u>\$ 13,265</u>	

STATEMENT OF UNAPPROPRIATED GRANT RESERVES

	Balance, January 1, <u>2017</u>	Cash <u>Receipts</u>	Realized as 2017 Anticipated <u>Revenue</u>	Balance, December 31, <u>2017</u>
Recycling Tonnage		\$ 32,624		\$ 32,624
Alcohol Education and Rehabilitation Program		64		64
Drunk Driving Enforcement Fund	\$ 3,137		\$ 3,137	-
Body Armor Grant	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>\$ 3,138</u>	<u>\$ 32,688</u>	<u>\$ 3,137</u>	<u>\$ 32,689</u>

STATEMENT OF DUE TO MUNICIPAL OPEN SPACE TRUST FUND

Balance, January 1, 2017	\$ 947
Increased by:	
2017 Tax Levy	\$ 233,675
2017 Added Taxes	<u>1,046</u>
	<u>234,721</u>
	235,668
Decreased by:	
Cash Disbursements	<u>234,622</u>
Balance, December 31, 2017	<u>\$ 1,046</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF FEES PAYABLE**

	Balance, January 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2017</u>
Uniform Construction Code-DCA	\$ 12,605	\$ 25,068	\$ 37,225	\$ 448

STATEMENT OF RESERVE FOR PAYROLL

Increased by:	
Cash Receipts	\$ 7,807,678
Decreased by:	
Cash Disbursements	<u>7,807,678</u>
Balance, December 31, 2017	<u>\$ -</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATION**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance January 1, 2017</u>	<u>Reduced by 2017 Budget</u>	<u>Balance December 31, 2017</u>
9/13/2013	Revaluation of Real Property	\$ 552,128	\$ 110,426	\$ 220,628	\$ 220,628	\$ -
				<u>\$ 220,628</u>	<u>\$ 220,628</u>	<u>\$ -</u>

**STATEMENT OF DEFERRED CHARGES
EMERGENCY AUTHORIZATION**

<u>Purpose</u>	<u>Balance January 1, 2017</u>	<u>Reduced by 2017 Budget</u>	<u>Balance December 31, 2017</u>
Legal - Other Expense	\$ 100,000	\$ 100,000	\$ -
	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>

EXHIBIT A-27

**TOWNSHIP OF WYCKOFF
STATEMENT OF RESERVE FOR REVALUATION**

Balance, January 1, 2017	\$ <u>37,950</u>
Balance, December 31, 2017	\$ <u><u>37,950</u></u>

EXHIBIT A-28

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

Balance, January 1, 2017	\$ 220,628
Decreased by:	
Notes Redeemed	<u>220,628</u>
Balance, December 31, 2017	\$ <u>-</u>

EXHIBIT A-29

STATEMENT OF ACCOUNTS PAYABLE

Increased by:	
Transferred from 2016 Appropriation Reserves	\$ <u>60,000</u>
Balance, December 31, 2017	\$ <u><u>60,000</u></u>

TRUST FUND

**TOWNSHIP OF WYCKOFF
STATEMENT OF TRUST CASH - TREASURER**

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>Municipal Open Space Trust Fund</u>
Balance, January 1, 2017	\$ 39,030	\$ 2,297,894	\$ 743,179
Increased by Receipts:			
State of New Jersey Dog License Fees Collected	\$ 2,263		
Interest on Deposits	353		\$ 3,843
Receipts from Current Fund Accounts Receivable		\$ 3,974	234,622
Payroll and Payroll Deductions		4,465,686	
Miscellaneous Reserves		1,833,300	
Dog License Fees	<u>17,875</u>	<u>-</u>	<u>-</u>
	<u>20,491</u>	<u>6,302,960</u>	<u>238,465</u>
	59,521	8,600,854	981,644
Decreased by Disbursements:			
Expenditures Under			
R.S. 4:19-15.11	11,091		
Due to State of New Jersey	2,248	4,447	
Payments to Current Fund	5,690	222	
Municipal Open Space Expenditures			13,347
Payroll and Payroll Deductions		4,399,220	
Miscellaneous Reserves	<u>-</u>	<u>1,222,346</u>	<u>-</u>
	<u>19,029</u>	<u>5,626,235</u>	<u>13,347</u>
Balance, December 31, 2017	<u>\$ 40,492</u>	<u>\$ 2,974,619</u>	<u>\$ 968,297</u>

**TOWNSHIP OF WYCKOFF
ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, January 1, 2017		\$ 33,039
Increased by:		
Dog License Fees		
Municipal Share	\$ 15,063	
Late Fees	2,360	
Lost Tags	40	
Donations	<u>412</u>	
		<u>17,875</u>
		50,914
Decreased by:		
Expenditures Under R.S. 4:19-15-11	11,091	
Statutory Excess - Due to Current Fund	<u>4,204</u>	
		<u>15,295</u>
Balance, December 31, 2017		<u>\$ 35,619</u>

**TOWNSHIP OF WYCKOFF
ANIMAL CONTROL TRUST FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FUND**

Balance, January 1, 2017	\$	630
Increased by:		
Dog License Fees Collected		<u>2,263</u>
		2,893
Decreased by:		
Payments Made to State of New Jersey		<u>2,248</u>
Balance, December 31, 2017	\$	<u>645</u>

**ANIMAL CONTROL TRUST FUND
STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2017	\$	5,361
Increased by:		
Interest on Deposits	\$	353
Statutory Excess		<u>4,204</u>
		<u>4,557</u>
		9,918
Decreased by:		
Payments to Current Fund		<u>5,690</u>
Balance, December 31, 2017	\$	<u>4,228</u>

**TOWNSHIP OF WYCKOFF
OTHER TRUST FUND
STATEMENT OF MISCELLANEOUS RESERVES AND SPECIAL DEPOSITS**

	Balance, January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Special Deposits	\$ 689,377	\$ 617,844	\$ 259,510	\$ 1,047,711
Snow Removal Escrow	302,751	85,256		388,007
Developer's Escrow	73,012	115,786	23,115	165,683
Performance Bonds	158,193	252,228	50,710	359,711
Gardens of Wyckoff Bequest	100,077	185		100,262
Unemployment	18,229	7,731	4,891	21,069
Developer Fees - Housing Trust	526,580	355,805	475,000	407,385
Community Development	930	4		934
Flexible Spending	1,008	4		1,012
Escrow Deposits Payable	<u>330,169</u>	<u>398,457</u>	<u>414,011</u>	<u>314,615</u>
	<u>\$ 2,200,326</u>	<u>\$ 1,833,300</u>	<u>\$ 1,227,237</u>	<u>\$ 2,806,389</u>
Cash Receipts		<u>\$ 1,833,300</u>		

Cash Disbursements	\$ 1,222,346
Due to State of New Jersey-Unemployment	<u>4,891</u>
	<u>\$ 1,227,237</u>

**OTHER TRUST FUND
STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2017	\$ 222
Increased by:	
Employee Health Benefit Contributions	<u>18,904</u>
	19,126
Decreased by:	
Cash Disbursements	<u>222</u>
Balance, December 31, 2017	<u>\$ 18,904</u>

**TOWNSHIP OF WYCKOFF
OTHER TRUST FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT COMPENSATION**

Balance, January 1, 2017	\$	140
Increased by:		
Unemployment Claims		4,891
		5,031
Decreased By:		
Cash Disbursements		4,447
Balance, December 31, 2017	\$	584

EXHIBIT B-10

**MUNICIPAL OPEN SPACE TRUST FUND
STATEMENT OF RESERVE FOR OPEN SPACE**

Balance, January 1, 2017	\$	744,126
Increased by:		
Interest on Deposits	\$	3,843
2017 Municipal Open Space Tax Levy		233,675
2017 Added Municipal Open Space Tax Levy		1,046
		238,564
		982,690
Decreased by:		
Expenditures		13,347
Balance, December 31, 2017	\$	969,343

**TOWNSHIP OF WYCKOFF
MUNICIPAL OPEN SPACE TRUST FUND
STATEMENT OF DUE FROM CURRENT FUND**

Balance, January 1, 2017		\$ 947
Increased by:		
2017 Municipal Open Space Tax Levy	\$ 233,675	
2017 Added Municipal Open Space Tax Levy	<u>1,046</u>	
		<u>234,721</u>
		235,668
Decreased by:		
Cash Receipts		<u>234,622</u>
Balance, December 31, 2017		<u>\$ 1,046</u>

EXHIBIT B-12

**OTHER TRUST FUND
STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS**

Balance, January 1, 2017		\$ 101,180
Increased by:		
Cash Receipts		<u>4,465,686</u>
		4,566,866
Decreased by:		
Due to Current Fund- Employee Health Benefit Contributions	\$ 18,904	
Cash Disbursements	<u>4,399,220</u>	
		<u>4,418,124</u>
Balance, December 31, 2017		<u>\$ 148,742</u>

EXHIBIT B-13

**OTHER TRUST FUND
STATEMENT OF ACCOUNTS RECEIVABLE**

Balance, January 1, 2017		\$ 3,974
Decreased by:		
Cash Receipts		<u>3,974</u>
Balance, December 31, 2017		<u>\$ -</u>

GENERAL CAPITAL FUND

**TOWNSHIP OF WYCKOFF
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2017		\$	1,317,082
Increased by Receipts:			
Interest on Deposits		\$	9
Grants Receivable			192,340
Bond Anticipation Note Proceeds			410,400
Current Fund Budget Appropriations:			
Capital Improvement Fund			<u>768,600</u>
			<u>1,371,349</u>
			2,688,431
Decreased by Disbursements:			
Improvement Authorizations			801,099
Encumbrances Payable			826,468
Payments to Current Fund			<u>9</u>
			<u>1,627,576</u>
Balance, December 31, 2017		\$	<u>1,060,855</u>

**TOWNSHIP OF WYCKOFF
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2017</u>
Fund Balance		\$ 1,627
Capital Improvement Fund		66,243
Encumbrances Payable		486,914
Grants Receivable		(256,382)
Ord.		
<u>No.</u>	<u>Improvement Authorizations</u>	
1619/1646/1688/1773/1829	Field Enhancement	134,004
1711/1734/1827	Vehicle Repairs and Rehabilitation	2,043
1712	Various Capital Improvements	23,045
1735	Various Capital Improvements	110,890
1737/1828	Purchase Fire Pumper	75,000
1739	Town Hall Roof Replacement	48,250
1773	Various Capital Improvements	23,268
1787	Purchase of Generators	32,840
1798	Improvements to Crescent Ave	4,764
1799	Various Capital Improvements	92,486
1805	Improvements to Basketball Courts - Memorial Field	3,618
1826	Various Capital Improvements	27,841
1830	Commuter Lot Repavement/Dump Truck	2,089
1834	Memorial Field Improvements	1,475
1835	Crescent Ave Rehabilitation III	165,627
1836	Utility Truck with Plow	15,213
		<u>1,060,855</u>
		<u>\$ 1,060,855</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF GRANTS RECEIVABLE**

Balance, January 1, 2017		\$	273,495
Increased by:			
Grant Awards			177,627
			451,122
Decreased by:			
Cash Receipts	\$	192,340	
Cancellations		2,400	
			194,740
Balance, December 31, 2017		\$	256,382
FEMA - Hazard Mitigation Grant - Ordinance #1787 - Purchase of Generators for Municipal Facilities		\$	32,840
Department of Transportation - Ordinance #1798 - Improvements to Crescent Avenue			43,735
Bergen County Open Space Trust Fund - Ordinance #1805 - Improvements to Basketball Courts			2,180
Bergen County Open Space Trust Fund - Ordinance #1834 - Memorial Field Improvements			12,000
Department of Transportation - Ordinance #1835 - Improvements to Crescent Avenue			165,627
		\$	256,382

**TOWNSHIP OF WYCKOFF
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, January 1, 2017	2017 Authorizations	Bond Anticipation Notes Paid by 2017 Budget Appropriation	Balance, December 31, 2017	Analysis of Balance, December 31, 2017		Unexpended Improvement Authorization
						Bond Anticipation Notes	Expended	
1710	Purchase of Fire Pumper Truck	\$ 218,550		\$ 218,550				
1740	Various Capital Improvements	1,435,900		177,250	\$ 1,258,650	\$ 1,258,650		
1774	Various Road Improvements	888,500		70,000	818,500	818,500		
1800	Purchase of Fire Pumper Truck	541,000		270,500	270,500	270,500		
1830	Commuter Lot Repavement/Dump Truck	-	\$ 410,400	-	410,400	410,400	-	-
		<u>\$ 3,083,950</u>	<u>\$ 410,400</u>	<u>\$ 736,300</u>	<u>\$ 2,758,050</u>	<u>\$ 2,758,050</u>	<u>\$ -</u>	<u>\$ -</u>
						Improvement Authorizations - Unfunded		\$ 2,089
						Less: Unexpended Note Proceeds		
						Ord 1830		2,089
								<u>\$ -</u>

TOWNSHIP OF WYCKOFF
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2017 Authorizations											
		Balance, January 1, 2017		Capital Improvement Fund	Deferred Charges to Future Taxation		Fund Balance	Grants Receivable	Authorizations Cancelled	Cancelled Encumbrances	Expended	Balance, December 31, 2017	
		Funded	Unfunded		Unfunded	Funded						Funded	Unfunded
1287/1308	Acquisition of Land	\$ 3,728								\$ 3,728			
1619/1646/1688/1738/1773/1829	Field Enhancement	104,454		\$ 30,000						450	\$ 134,004		
1711/1734/1827	Vehicle Repairs and Rehabilitation			20,000						17,957	2,043		
1712	Various Capital Improvements	64,142								41,097	23,045		
1735	Various Capital Improvements	120,112								9,222	110,890		
1737/1828	Purchase Fire Pumper	50,000		25,000							75,000		
1739	Town Hall Roof Replacement	48,250									48,250		
1773	Various Capital Improvements	43,829								20,561	23,268		
1778	Resurfacing of Roller Hockey Rink						\$ 2,400	\$ 2,400					
1787	Purchase of Generators	33,715								875	32,840		
1798	Improvements to Crescent Ave	4,725							39		4,764		
1799	Various Capital Improvements	166,727								74,241	92,486		
1800	Purchase of Fire Pumper Truck		\$ 500							500			
1805	Improvements to Basketball Courts - Memorial Field	3,618									3,618		
1826	Various Capital Improvements			672,000						644,159	27,841		
1830	Commuter Lot Repavement/Dump Truck			21,600	\$ 410,400					429,911	\$ 2,089		
1834	Memorial Field Improvements						\$ 12,000			10,525	1,475		
1835	Crescent Ave Rehabilitation III						165,627				165,627		
1836	Utility Truck with Plow	-	-	-	-	\$ 50,000	-	-	-	34,787	15,213	-	
		<u>\$ 643,300</u>	<u>\$ 500</u>	<u>\$ 768,600</u>	<u>\$ 410,400</u>	<u>\$ 50,000</u>	<u>\$ 177,627</u>	<u>\$ 2,400</u>	<u>\$ 2,439</u>	<u>\$ 1,288,013</u>	<u>\$ 760,364</u>	<u>\$ 2,089</u>	
										\$ 486,914	Encumbrances Payable		
										801,099	Cash Disbursements		
							Grants Receivable	\$ 2,400		<u>\$ 1,288,013</u>			

**TOWNSHIP OF WYCKOFF
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2017		\$ 66,243
Increased by:		
2017 Budget Appropriation		<u>768,600</u>
		834,843
Decreased by:		
Appropriations to Finance Improvement Authorizations		<u>768,600</u>
Balance, December 31, 2017		<u><u>\$ 66,243</u></u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2017		\$ 828,907
Increased by:		
Charges to Improvement Authorizations		<u>486,914</u>
		1,315,821
Decreased by:		
Cash Disbursements	\$ 826,468	
Cancellations	<u>2,439</u>	
		<u>828,907</u>
Balance, December 31, 2017		<u><u>\$ 486,914</u></u>

STATEMENT OF DUE TO CURRENT FUND

Increased by:		
Interest on Deposits		\$ 9
Decreased by:		
Payments to Current Fund		<u>9</u>
Balance, December 31, 2017		<u><u>\$ -</u></u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance #</u>	<u>Improvement Description</u>	<u>Original Amount of Issue</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance January 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2017</u>		
1710	Purchase of a Fire Pumper Truck	550,550	8/5/2013	7/26/2016	7/25/2017	.83%	\$ 218,550		\$ 218,550			
1740	Various Capital Improvements	1,437,970	7/29/2014	7/26/2016 7/25/2017	7/25/2017 7/24/2018	.83% 1.39%	1,435,900	\$ 1,258,650	1,435,900	1,258,650		
1774	Various Road Improvements	950,000	7/27/2015	7/26/2016 7/25/2017	7/25/2017 7/24/2018	.83% 1.39%	888,500	818,500	888,500	818,500		
1800	Purchase of Fire Pumper	541,000	7/26/2016	7/26/2016 7/25/2017	7/25/2017 7/24/2018	.83% 1.39%	541,000	270,500	541,000	270,500		
1830	Commuter Lot Repavement/Dump Truck	410,400	7/25/2017	7/25/2017	7/24/2018	1.39%	-	410,400	-	410,400		
							<u>\$ 3,083,950</u>	<u>\$ 2,758,050</u>	<u>\$ 3,083,950</u>	<u>\$ 2,758,050</u>		
									\$ 736,300			
									\$ 410,400			
									<u>2,347,650</u>	<u>2,347,650</u>		
									<u>\$ 2,758,050</u>	<u>\$ 3,083,950</u>		

**TOWNSHIP OF WYCKOFF
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance January 1, <u>2017</u>	2017 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Balance December 31, <u>2017</u>
1830	Commuter Lot Repavement/Dump Truck	-	\$ 410,400	\$ 410,400	-
		<u>\$ -</u>	<u>\$ 410,400</u>	<u>\$ 410,400</u>	<u>\$ -</u>

SEWER UTILITY FUND

**TOWNSHIP OF WYCKOFF
STATEMENT OF SEWER UTILITY CASH**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2017	\$ 2,195,712	\$ 810,515
Increased by Receipts:		
Overpayments	\$ 3,556	
Consumer Rents Accounts Receivable (Net of Refunds)	2,198,859	
Capital Improvement Fund		\$ 250,000
Interest and Costs on Sewer Charges	10,408	
Miscellaneous Revenues Not Anticipated	<u>28,513</u>	<u>-</u>
	<u>2,241,336</u>	<u>250,000</u>
	4,437,048	1,060,515
Decreased by Disbursements:		
2017 Budget Appropriations	2,573,425	
2016 Appropriation Reserves	<u>53,987</u>	<u>-</u>
	<u>2,627,412</u>	<u>-</u>
Balance, December 31, 2017	<u>\$ 1,809,636</u>	<u>\$ 1,060,515</u>

**TOWNSHIP OF WYCKOFF
SEWER CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH**

	December 31, <u>2017</u>
Capital Improvement Fund	\$ 905,916
Contracts Payable	50,013
Ordinance	
1693 Various Sewer Improvements	4,586
1768 Various Sewer Improvements	<u>100,000</u>
	<u>\$ 1,060,515</u>

**SEWER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE**

Balance, January 1, 2017		\$ 68,565
Increased by:		
Sewer Rents Levied		<u>2,207,891</u>
		2,276,456
Decreased by:		
Sewer Overpayment Applied	\$ 1,786	
Prepaid Sewer Rents	59	
Collections	<u>2,198,859</u>	
		<u>2,200,704</u>
Balance, December 31, 2017		<u>\$ 75,752</u>

**TOWNSHIP OF WYCKOFF
SEWER UTILITY OPERATING FUND
STATEMENT OF APPROPRIATION RESERVES**

	Balance, January 1, <u>2017</u>	Balance After Transfer and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries and Wages	\$ 2,055	\$ 2,055	\$ 946	\$ 1,109
Other Expenses	<u>46,578</u>	<u>80,472</u>	<u>53,041</u>	<u>27,431</u>
	<u>\$ 48,633</u>	<u>\$ 82,527</u>	<u>\$ 53,987</u>	<u>\$ 28,540</u>
			Cash Disbursements <u>\$ 53,987</u>	
		Appropriation Reserves \$ 48,633		
		Encumbrance Payable Restored <u>33,894</u>		
		<u>\$ 82,527</u>		

**TOWNSHIP OF WYCKOFF
SEWER UTILITY OPERATING FUND
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2017	\$ 33,894
Increased by:	
Charges to 2017 Budget Appropriations	<u>65,644</u>
	99,538
Decreased by:	
Restored to 2016 Appropriation Reserves	<u>33,894</u>
Balance, December 31, 2017	<u>\$ 65,644</u>

**SEWER UTILITY OPERATING FUND
STATEMENT OF OVERPAYMENTS**

Balance, January 1, 2017	\$ 1,786
Increased by:	
Cash Receipts	<u>3,556</u>
	5,342
Decreased by:	
Applied to Sewer Billings	<u>1,786</u>
Balance, December 31, 2017	<u>\$ 3,556</u>

**TOWNSHIP OF WYCKOFF
SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2017</u>		<u>Expended</u>	<u>Balance, December 31, 2017</u>	
		<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
1693	Various Sewer Improvements	\$ 54,599		\$ 50,013	\$ 4,586	\$ -
1768	Various Sewer Improvements	<u>100,000</u>	-	-	<u>100,000</u>	-
		<u>\$ 154,599</u>	<u>\$ -</u>	<u>\$ 50,013</u>	<u>\$ 104,586</u>	<u>\$ -</u>
				Contracts Payable <u>\$ 50,013</u>		

**TOWNSHIP OF WYCKOFF
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2017	\$ 655,916
Increased by:	
2017 Budget Appropriation	<u>250,000</u>
Balance, December 31, 2017	<u>\$ 905,916</u>

**SEWER UTILITY OPERATING FUND
STATEMENT OF PREPAID SEWER RENTS**

Balance, January 1, 2017	\$ 59
Decreased by:	
Applied to Consumer Accounts Receivable	<u>59</u>
Balance, December 31, 2017	<u>\$ -</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	Balance January 1, <u>2017</u>	Balance December 31, <u>2017</u>
1561	Various Sewer Improvements	6/19/2007	\$ 150,000	\$ <u>150,000</u>	\$ <u>150,000</u>
				<u>\$ 150,000</u>	<u>\$ 150,000</u>

**STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Amount</u>	Balance, January 1, <u>2017</u>	Balance, December 31, <u>2017</u>
1561	Various Sewer Improvements	6/19/2007	\$ 150,000	\$ <u>150,000</u>	\$ <u>150,000</u>
				<u>\$ 150,000</u>	<u>\$ 150,000</u>

**TOWNSHIP OF WYCKOFF
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Balance January 1, 2017</u>	<u>Balance December 31, 2017</u>
1693	Various Sewer Improvements	8/7/2012	\$ 150,000	\$ 150,000	\$ 150,000
1768	Various Sewer Improvements	4/28/2015	100,000	<u>100,000</u>	<u>100,000</u>
				<u>\$ 250,000</u>	<u>\$ 250,000</u>

**STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Amount</u>	<u>Balance, January 1, 2017</u>	<u>Balance, December 31, 2017</u>
1693	Various Sewer Improvements	8/7/2012	\$ 150,000	\$ 150,000	\$ 150,000
1768	Various Sewer Improvements	4/28/2015	100,000	<u>100,000</u>	<u>100,000</u>
				<u>\$ 250,000</u>	<u>\$ 250,000</u>

**TOWNSHIP OF WYCKOFF
SEWER UTILITY CAPITAL FUND
STATEMENT OF CONTRACTS PAYABLE**

Increased by:	
Contracts Payable	<u>\$ 50,013</u>
Balance, December 31, 2017	<u>\$ 50,013</u>

TOWNSHIP OF WYCKOFF
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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GARY W. HIGGINS, CPA, RMA, PSA
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ADWOA BOACHIE, CPA

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

Honorable Mayor and Members
of the Township Council
Township of Wyckoff
Wyckoff, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Wyckoff as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Wyckoff’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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Wyckoff’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Wyckoff’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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

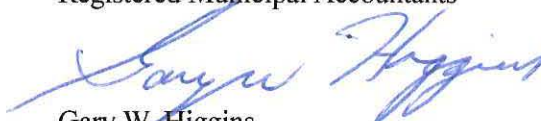
As part of obtaining reasonable assurance about whether the Township of Wyckoff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 results of that testing, and not to provide an opinion on the effectiveness of the Township of Wyckoff'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 of Wyckoff's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 10, 2018

**TOWNSHIP OF WYCKOFF
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2017**

Grant Year	Account Number	Federal CFDA Number	Grant Award	Grant Award Received	Balance, January 1, 2017	2017 Revenue Realized	Expenditures	Cancelled	Balance, December 31, 2017	(Memo) Cumulative Expenditures
U.S. Dept. of Transportation (Passed through NJ Dept of Transportation)										
2015	066-1160-100-057-XX	20.601	\$ 4,647		\$ 2,033		\$ 435		\$ 1,598	\$ 3,049
2016	066-1160-100-057-XX	20.601	3,137			\$ 3,137			3,137	-
2017	066-1160-100-057-XX	20.601	1,510			1,510			1,510	-
U.S. Dept. of Housing and Urban Development (Passed through Community Development Block Grant)										
2017	022-8022-100-004	14.269	39,004	\$ 39,004		39,004	39,004			39,004
U.S. Dept of Homeland Security (Passed through NJ Depart of Law and Public Safety)										
2015	066-1160-100-157-XX	20.616	5,000		2,101			\$ 2,101	-	5,000
2017	066-1160-100-157-XX	20.616	5,500	4,354		5,500	5,109		391	5,109
2017	066-1160-100-157-XX	20.616	5,500			5,500			5,500	-
2017	066-1160-100-158-XX	20.616	5,500	5,466		5,500	5,466		34	5,466
2017	016-F5-C1111-P4310000-4101-1	97.044	50,834	50,834		50,834	50,834			50,834
2017	066-1200-100-A92	97.036	64	64		64	64			64
2017	066-1200-100-B80	97.036	59,008	59,008		59,008	59,008			59,008
2015	066-1200-100-XXX-XX	97.039	75,000	42,160	33,715	-	875	-	32,840	42,160
					<u>\$ 37,849</u>	<u>\$ 170,057</u>	<u>\$ 160,795</u>	<u>\$ 2,101</u>	<u>\$ 45,010</u>	

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance.

**TOWNSHIP OF WYCKOFF
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Amount Received</u>	<u>Balance, January 1, 2017</u>	<u>2017 Revenue</u>	<u>Expended</u>	<u>Adjustments/ (Cancelled)</u>	<u>Balance, December 31, 2017</u>	<u>(Memo) Cumulative Expenditures</u>
Clean Communities Program	4900-752-178810-60	2016	\$ 43,008		\$ 12,155		\$ 12,155			\$ 43,008
		2017	36,538	\$ 36,538		\$ 36,538	20,886		\$ 15,652	20,886
Recycling Tonnage Grant	N/A	2016	32,001	32,001		32,001	32,001			32,001
		2017	32,624	32,624						
Municipal Alliance Program - State Share	N/A	2018	11,677			11,677			11,677	-
		2017	11,677	5,624	11,677		7,209		4,468	7,209
		2016	11,677		9,298		1,732	\$ (7,566)	-	19,243
Alcohol Education and Rehabilitation	N/A	2015	748		748				748	
		2017	64	64						
ANJEC Environmental Commission	N/A	2015	1,500		558		60	(498)	-	1,002
Department of Transportation										
Improvements to Crescent Ave - Ord #1798	N/A	2016	155,500	111,765	4,725			39	4,764	150,736
Crescent Ave Rehabilitation - Ord #1835	N/A	2017	165,627		-	165,627	-	-	165,627	
					<u>\$ 39,161</u>	<u>\$ 245,843</u>	<u>\$ 74,043</u>	<u>\$ (8,025)</u>	<u>\$ 202,936</u>	

N/A - Not Available

Note - This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**TOWNSHIP OF WYCKOFF
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Wyckoff. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 170,057	\$ 245,843	\$ 415,900
Total Financial Awards	<u>\$ 170,057</u>	<u>\$ 245,843</u>	<u>\$ 415,900</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

TOWNSHIP OF WYCKOFF

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUES AND OTHER INCOME				
Fund Balance Utilized	\$ 2,000,000	2.22 %	\$ 1,870,000	2.15 %
Miscellaneous - From Other Than Local Property Tax Levies	5,143,380	5.70	4,082,353	4.69
Collection of Delinquent Taxes and Tax Title Liens	363,962	0.40	318,431	0.37
Collection of Current Tax Levy	82,025,945	90.84	80,178,322	92.05
Other Credits	<u>757,493</u>	<u>0.84</u>	<u>655,091</u>	<u>0.75</u>
Total Revenues and Other Income	<u>90,290,780</u>	<u>100.00 %</u>	<u>87,104,197</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	18,126,328	20.72	17,327,977	20.40
County Taxes	11,669,865	13.35	11,132,937	13.11
Local School Taxes	38,124,128	43.60	37,293,222	43.91
Regional School Taxes	19,269,609	22.04	18,936,687	22.30
Municipal Open Space Taxes	234,721	0.27	231,992	0.27
Other Debits	<u>22,432</u>	<u>0.02</u>	<u>2,495</u>	<u>0.00</u>
Total Expenditures	<u>87,447,083</u>	<u>100.00 %</u>	<u>84,925,310</u>	<u>100.00 %</u>
Excess in Revenues	2,843,697		2,178,887	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year	<u>-</u>		<u>100,000</u>	
Excess in Revenue to Fund Balance	2,843,697		2,278,887	
Fund Balance, January 1	<u>3,772,783</u>		<u>3,363,896</u>	
	6,616,480		5,642,783	
Less Utilization as Anticipated Revenue	<u>2,000,000</u>		<u>1,870,000</u>	
Fund Balance, December 31	<u>\$ 4,616,480</u>		<u>\$ 3,772,783</u>	

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUES AND OTHER INCOME				
Fund Balance Utilized	\$ 550,000	19.52 %		
Collection of Sewer Rents	2,200,704	78.09	\$ 2,149,403	71.87 %
Interest and Costs on Sewer Charges	10,408	0.37	8,723	0.29
Other Credits to Income:				
Miscellaneous Revenue Not Anticipated	28,513	1.01	792,384	26.49
Unexpended Balance of Appropriation Reserves	<u>28,540</u>	<u>1.01</u>	<u>40,393</u>	<u>1.35</u>
Total Revenues and Other Income	<u>2,818,165</u>	<u>100.00 %</u>	<u>2,990,903</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Appropriations				
Operating	1,853,947	69.86	1,823,240	87.94
Capital Improvements	250,000	9.42	250,000	12.06
Surplus (General Budget)	<u>550,000</u>	<u>20.72</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,653,947</u>	<u>100.00 %</u>	<u>2,073,240</u>	<u>100.00 %</u>
Excess in Revenues	164,218		917,663	
Fund Balance, January 1	<u>\$ 2,111,340</u>		<u>\$ 1,193,677</u>	
	2,275,558		2,111,340	
Decreased by				
Utilized as Anticipated Revenue	<u>550,000</u>		<u>-</u>	
Fund Balance, December 31	<u>\$ 1,725,558</u>		<u>\$ 2,111,340</u>	

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$1.760</u>	<u>\$1.732</u>	<u>\$1.713</u>

Apportionment of Tax Rate

Municipal	.283	.281	.278
County	.249	.240	.235
Local School	.816	.803	.788
Regional School	.412	.408	.412

Assessed Valuation

2017	<u>\$4,673,512,400</u>	
2016		<u>\$4,645,626,700</u>
2015		<u>\$4,620,907,800</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 82,621,565	\$ 82,025,945	99.27%
2016	80,755,382	80,228,322	99.34%
2015	79,387,865	78,861,655	99.33%

Property Acquired by Tax Title Lien Foreclosure

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$36,700
2016	36,700
2015	36,700

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 15,317	\$ 385,482	\$ 400,799	0.49%
2016	13,537	363,962	377,499	0.47%
2015	11,939	318,431	330,370	0.42%

Comparison of Sewer Utility Billings

<u>Year</u>	<u>Levy</u>	<u>Collections *</u>	<u>Percent of Collection</u>
2017	\$2,207,891	\$2,200,704	99.67%
2016	2,156,361	2,149,403	99.67%
2015	2,137,260	2,145,316	100.37%

* Includes collections of prior years receivables

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2017	\$4,616,480	\$2,350,000
	2016	3,772,783	2,000,000
	2015	3,363,896	1,870,000
	2014	3,227,149	1,850,000
	2013	2,498,871	1,550,000
Sewer Utility Operating Fund	2017	1,725,558	100,000
	2016	2,111,340	550,000
	2015	1,193,677	-0-
	2014	834,177	-0-
	2013	205,296	-0-

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS AS OF DECEMBER 31, 2017

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Rudolph Boonstra	Mayor		
Brian Scanlan	Deputy Mayor		
Thomas Madigan	Township Committee		
John Carolan	Township Committee		
Timothy Shanley	Township Committee		
Robert Shannon	Administrator	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Joyce Santimauro	Township Clerk		
Diana McLeod	Chief Financial Officer, Tax Collector	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Pamela Steele	Tax Assessor		
Robert Landel	Township Attorney		
Russell Teschon	Municipal Judge	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Paulette Scandone	Court Administrator (1/1/17 - 6/30/17)	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Stacey Gambuti	Court Administrator (7/1/17 - 12/31/17)	\$1,000,000	Municipal Excess Liability Joint Insurance Fund

The Bergen County Municipal Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund provides statutory bond coverage in the amounts of \$50,000 and \$950,000, respectively.

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

General Comments

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$29,000, except by contract or agreement." As of July 1, 2011, the bidding threshold was increased to \$36,000. As of July 1, 2015 the State increased the bidding threshold to \$40,000.

If the Township's purchasing agent is qualified pursuant to subsection 3b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the Township may establish the bid threshold up to a maximum of \$40,000. The Township's Administrator is qualified and the Township, by resolution, has increased the bid threshold to \$40,000.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Road Improvements	Recyclables Collection
Solid Waste and Vegetative Collection	

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11-5.

Our examination of expenditures did not reveal any instances where individual payments exceeded \$40,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2017, adopted the following resolution authorizing the amount of interest to be charged on delinquent taxes and assessments:

WHEREAS, Chapter 435 of the Laws of 1980 allows a governing body to set interest rates on delinquent taxes at a higher level than previously permitted by law;

**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

General Comments (Continued)

Collection of Interest on Delinquent Taxes and Assessments (Continued)

NOW, THEREFORE, BE IT ORDAINED by the Governing Body of the Township of Wyckoff, County of Bergen, State of New Jersey, that the interest rate to be charged by the Township of Wyckoff on taxes or assessments not timely paid shall be eight (8%) percent per annum on the first \$1,500 of delinquent assessments and taxes; and eighteen (18%) percent per annum on delinquent assessments and taxes in excess of \$1,500, all to be calculated from the date the tax was payable until the date of actual payment.

A penalty of 6% to be charged to a taxpayer where there is a tax and/or other municipal charge delinquency in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The tax sale for 2017 taxes and utility charges was held on October 26, 2017 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2017	4
2016	4
2015	4

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

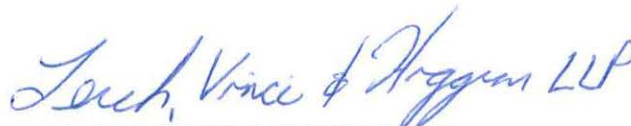
**TOWNSHIP OF WYCKOFF
SUPPLEMENTARY DATA**

RECOMMENDATIONS

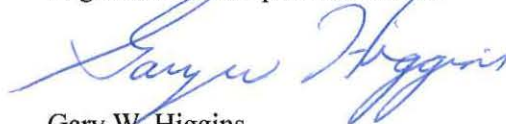
There are none.

No recommendations were reported in the prior year audit.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405