

**BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**

***HODULIK & MORRISON, P.A.***

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

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SOMERSET COUNTY, NEW JERSEY**

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**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**



**PART I  
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and the governmental fixed assets of the Borough of North Plainfield, County of Somerset, New Jersey as of and for the years ended December 31, 2015 and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as more fully described in Note 2. 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 misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 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 opinion.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices 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 in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of North Plainfield, County of Somerset, New Jersey as of December 31, 2015 and 2014, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

#### Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of North Plainfield, County of Somerset, New Jersey as of December 31, 2015 and 2014 and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2015 on the basis of accounting described in Note 2.

#### Other Matters

##### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that pension plan information, including the Notes thereto, (Required Supplementary Information – Part II), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of North Plainfield, County of Somerset, New Jersey. The information included in Part III – Fund Financial Statements and Part IV - Supplementary Data, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Borough of North Plainfield, County of Somerset, New Jersey.

The information included in Part III – Fund Financial Statements is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to 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, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis, taken as a whole.

The information contained in Part IV - Supplementary Data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Regulations

The financial statements referred to above include the assets and liabilities of the Borough's Length of Service Award Program (LOSAP), which, by regulation, is subject to an accountant's review report. The Length of Service Award Program is included in the Trust Fund. The Independent Accountant's Review Report for the LOSAP is included in Part IV – Supplementary Data as listed in the table of contents.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 29, 2016 on our consideration of the Borough of North Plainfield'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 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 Borough of North Plainfield's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

*Robert S. Morrison*

Robert S. Morrison  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
July 29, 2016

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)

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JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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 Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

We have audited, in accordance with auditing standards generally accepted in United States of America, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey the financial statements – regulatory basis of the Borough of North Plainfield, County of Somerset, New Jersey, as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Borough of North Plainfield's basic financial statements and have issued our report thereon dated July 29, 2016. Our report was modified due to the departures from accounting principles generally accepted in the United States of America that, as disclosed in Note 2, are embodied in the regulatory basis of accounting that is followed by the auditee, and was unmodified based upon that Other Comprehensive Basis of Accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of North Plainfield'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 Borough of North Plainfield's internal control. Accordingly we do not express an opinion on the effectiveness of the Borough of North Plainfield'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 as defined above. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of North Plainfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

We noted certain other matters involving compliance and internal control over financial reporting that we have reported to the management of the Borough of North Plainfield in the General Comments section of the Report of Audit.

#### 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
July 29, 2016

**FINANCIAL STATEMENTS**

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

ASSETS	REF.	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014
Cash and Investments - Treasurer Change Funds	A-4 A-5	\$ 4,842,151.56 700.00	\$ 4,734,616.89 700.00	Liabilities: Appropriation Reserves	A-3, A-14	\$ 845,028.32	\$ 910,125.00
Due from State of NJ - Sr. Cit. Ded.	A-18	<u>250.00</u>	<u>250.00</u>	Due to State of NJ - Sr. Cit. Ded.	A-18	250.00	
		<u>4,842,851.56</u>	<u>4,735,566.89</u>	Reserve for Encumbrances	A-20	646,431.42	581,484.41
Receivables and Other Assets With Full Reserves:				Interfund Accounts Payable	A-11	34,000.00	
Taxes Receivable	A-7	677,153.05	923,819.09	Reserve for Various Reserves	A-13	63,087.88	504,923.06
Tax Title Liens Receivable	A-8	21,091.97	21,091.97	Accounts Payable	A-15	34,417.88	26,611.13
Property Acquired for Taxes (At Assessed Valuation)	A-9	827,500.00	827,500.00	Tax Overpayments	A-16	124,516.68	66,143.90
Revenue Accounts Receivable	A-10	35,488.59	42,195.42	Prepaid Taxes	A-17	990,877.35	166,207.89
Interfund Accounts Receivable	A-11	<u>165,691.03</u>	<u>83,396.95</u>	Various Other Payables	A-19	<u>60,364.02</u>	<u>6,524.58</u>
		<u>1,726,924.64</u>	<u>1,898,003.43</u>			2,798,973.55	2,262,019.97
Deferred Charges:							
Special Emergency-Hurricane Sandy Master Plan	A-12 A-12	- <u>15,000.00</u>	430,333.28 <u>30,000.00</u>	Reserve for Receivables Fund Balance	Reserve A-1	1,726,924.64 <u>2,058,878.01</u>	1,898,003.43 <u>2,933,880.20</u>
		<u>15,000.00</u>	<u>460,333.28</u>				
Total Current Fund		<u>6,584,776.20</u>	<u>7,093,903.60</u>	Total Current Fund		<u>6,584,776.20</u>	<u>7,093,903.60</u>
Federal and State Grant Fund:				Federal and State Grant Fund:			
Cash and Investments	A-4	23,256.94	14,408.91	Reserve for State and Federal Grants:			
Federal and State Grants Receivable	A-23	<u>663,262.83</u>	<u>864,601.50</u>	Appropriated	A-25	505,273.68	453,979.76
				Unappropriated	A-26	18,232.56	162,280.65
				Reserve for Encumbrances	A-20	20,513.53	12,750.00
				Interfund Payable	A-24	<u>142,500.00</u>	<u>250,000.00</u>
Total Grant Fund		<u>686,519.77</u>	<u>879,010.41</u>	Total Grant Fund		<u>686,519.77</u>	<u>879,010.41</u>
		<u>\$ 7,271,295.97</u>	<u>\$ 7,972,914.01</u>			<u>\$ 7,271,295.97</u>	<u>\$ 7,972,914.01</u>

Note: See Notes to Financial Statements

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Fund Balance Appropriated	A-1, A-2	\$ 1,150,000.00	\$ 1,300,000.00
Miscellaneous Revenues Anticipated	A-2	4,220,573.14	3,979,515.60
Receipts from Delinquent Taxes	A-2	604,484.30	927,376.62
Receipts from Current Taxes	A-2	52,798,959.52	51,887,154.24
Non-Budget Revenue	A-2	212,163.26	157,405.80
Other Credits to Income:			
Storm Sandy Approp. Reserve Cancelled	A-13	2,860.00	
Grant Appropriations Cancelled	A-11	2,348.95	
Interfund Loan Returns (Net)	A-11	34,880.27	
Accounts Payables Cancelled	A-15	418.25	1,965.00
Tax Overpayments Cancelled	A-13		164,149.82
Unexpended Balances of Approp. Reserves	A-14	<u>585,518.59</u>	<u>173,787.00</u>
Total Revenues		<u>59,612,206.28</u>	<u>58,591,354.08</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	11,654,700.00	11,039,700.00
Other Expenses	A-3	5,934,504.01	5,980,373.74
Capital Improvements	A-3	177,800.00	153,000.00
Municipal Debt Service	A-3	1,129,094.80	1,109,389.73
Def. Charges and Statutory Expend.	A-3	3,050,693.28	3,041,393.32
Refunds of Prior Year Revenues	A-4	1,054.95	
State Tax Appeal Judgments	A-16	1,624,795.62	
Local District School Tax	A-22	30,052,879.00	29,611,447.00
County Tax	A-21	<u>5,711,686.81</u>	<u>5,749,202.95</u>
Total Expenditures		<u>59,337,208.47</u>	<u>56,684,506.74</u>
Excess in Revenue (Balance Forward)		274,997.81	1,906,847.34

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
 REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Excess in Revenue (Balance Brought Forward)		\$ <u>274,997.81</u>	\$ <u>1,906,847.34</u>
Statutory Excess to Fund Balance		274,997.81	1,906,847.34
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>2,933,880.20</u>	<u>2,327,032.86</u>
		3,208,878.01	4,233,880.20
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,150,000.00</u>	<u>1,300,000.00</u>
Balance - December 31	A	<u>\$ 2,058,878.01</u>	<u>\$ 2,933,880.20</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	REF.	ANTICIPATED 2015 BUDGET	APPROP. N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	\$ 1,150,000.00	\$ _____	\$ 1,150,000.00	\$ _____
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	24,000.00		24,708.20	708.20
Other	A-10	40,000.00		41,894.00	1,894.00
Fees and Permits	A-10	175,000.00		231,072.71	56,072.71
Fines and Costs:					
Municipal Court	A-10	415,000.00		457,103.88	42,103.88
Interest and Costs on Taxes	A-10	275,000.00		247,860.69	(27,139.31)
Parking Meters	A-10	105,000.00		113,528.90	8,528.90
Interest on Investments and Deposits	A-2	30,000.00		33,778.25	3,778.25
Energy Receipts Tax	A-10	1,394,716.00		1,394,716.00	-
Consolidated Municipal Property Tax Relief Aid	A-10	143,897.00		143,897.00	-
FEMA - Reserved Sandy Aid	A-13	412,438.00		412,438.00	-
Uniform Construction Code	A-10	185,000.00		240,722.50	55,722.50
Cable Television Franchise Fee	A-10	195,000.00		206,410.43	11,410.43
EMS Fees	A-10	200,000.00		329,391.61	129,391.61
Uniform Fire Safety Act	A-10	20,417.00		38,193.96	17,776.96
State & Federal Revenue Offset With Approps.:					
Alcohol Education & Rehab	A-11	4,300.00		4,300.00	-
Body Armor Replacement Grant	A-11	4,295.81		4,295.81	-
Clean Communities	A-11		34,949.31	34,949.31	-
Drunk Driving Enforcement	A-11	5,484.50		5,484.50	-
Municipal Alliance	A-11		14,976.00	14,976.00	-
Safe and Secure Communities	A-11	90,000.00		90,000.00	-
Somerset County Youth Commission	A-11	6,750.00	5,000.00	11,750.00	-
Community Development Block Grant	A-11	103,360.64		103,360.64	-
Recycling Tonnage	A-11	23,740.75		23,740.75	-
ANJEC-Environmental Resources	A-11	7,000.00		7,000.00	-
Click it, Ticket it	A-11	5,000.00		5,000.00	-
Total Miscellaneous Revenues	A-1	3,865,399.70	54,925.31	4,220,573.14	300,248.13
Receipts from Delinquent Taxes	A-1, A-7	925,000.00		604,484.30	(320,515.70)
Subtotal General Revenues		<u>5,940,399.70</u>	<u>54,925.31</u>	<u>5,975,057.44</u>	<u>(20,267.57)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			304,857.01		
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	A-2, A-7	17,941,272.28		19,009,393.71	1,068,121.43
Budget Totals		23,881,671.98	54,925.31	24,984,451.15	\$ 1,047,853.86
Non-Budget Revenues	A-1, A-10			212,163.26	
		<u>\$ 23,881,671.98</u>	<u>\$ 54,925.31</u>	<u>\$ 25,196,614.41</u>	
	REF.	A-3	A-3		

( ) Denotes Deficit



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>	
<u>Allocation of Current Tax Collections:</u>		
2015 Collections	A-7	\$ 50,918,456.01
Prepaid Taxes Applied	A-7	166,207.89
Tax Overpayments Applied		1,624,795.62
State Share of Sr. Citizen's and Veteran's Deductions Allowed	A-7	<u>89,500.00</u>
	A-1	\$ 52,798,959.52
Allocated to:		
Local District School Tax and County Taxes	A-7	<u>35,764,565.81</u>
		17,034,393.71
Add: Reserve for Uncollected Taxes	A-3	<u>1,975,000.00</u>
Amount for Support of Municipal Budget	A-2	\$ <u><u>19,009,393.71</u></u>
<u>Fees &amp; Permits:</u>		
Revenue Accounts Receivable	A-10	263,859.96
Less: Refunds	A-4	<u>(32,787.25)</u>
Revenue Realized		<u><u>231,072.71</u></u>
<u>Licenses-Other:</u>		
Revenue Accounts Receivable	A-10	46,194.00
Less: Refunds	A-4	<u>(4,300.00)</u>
Revenue Realized	A-2	\$ <u><u>41,894.00</u></u>
<u>Uniform Construction Code:</u>		
Revenue Accounts Receivable	A-10	241,262.50
Less: Refunds	A-4	<u>(540.00)</u>
Revenue Realized		<u><u>240,722.50</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>MAYOR - COUNCIL - PLANE</b>						
Department of Administration						
Salaries and Wages	\$ 203,000.00	\$ 203,000.00	\$ 199,547.83	\$ 715.29	\$ 3,452.17	\$
Other Expenses	14,450.00	14,450.00	13,429.30		305.41	
Borough Council						
Other Expenses	4,000.00	4,000.00	3,930.00	70.00	-	
Borough Clerk						
Salaries and Wages	125,000.00	125,000.00	123,745.23		1,254.77	
Other Expenses	23,200.00	23,200.00	16,836.76	965.19	5,398.05	
Annual Audit	38,000.00	38,000.00	14,706.66	23,293.34	-	
Planning Board						
Salaries and Wages	1,200.00	1,200.00	1,140.00		60.00	
Other Expenses	5,900.00	5,900.00	5,752.96	45.00	102.04	
Historical Commission						
Salaries and Wages	2,000.00	2,000.00	1,747.50		252.50	
Other Expenses	1,000.00	1,000.00			1,000.00	
Board of Adjustment						
Salaries and Wages	1,200.00	1,200.00	240.00		960.00	
Other Expenses	6,500.00	6,500.00	2,909.20	2,341.01	1,249.79	
Borough Prosecutor						
Salaries and Wages	26,000.00	26,000.00	25,950.06		49.94	
Office of Health, Housing & Property						
Salaries and Wages	218,000.00	223,000.00	221,495.19		1,504.81	
Other Expenses	125,000.00	125,000.00	119,617.61	651.82	4,730.57	
Office of Recreation						
Salaries and Wages	91,200.00	91,200.00	91,200.00		-	
Other Expenses	21,950.00	21,950.00	21,615.46	242.00	92.54	
Maintenance of Parks						
Other Expenses	6,500.00	6,500.00	4,654.63	1,845.20	0.17	
<b>DEPARTMENT OF FINANCE</b>						
Division of Assessments						
Salaries and Wages	90,000.00	90,000.00	86,879.31		3,120.69	
Other Expenses	7,200.00	7,200.00	4,865.99	1,337.58	996.43	
Reserve for Tax Appeals pending	35,000.00	35,000.00	23,021.87	9,978.13	2,000.00	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	CANCELLED		
<u>OPERATIONS WITHIN "CAPS" (CONT'D.)</u>							
<u>DEPARTMENT OF FINANCE (CONT'D.)</u>							
Department of Finance							
Salaries and Wages	\$ 242,000.00	\$ 252,000.00	\$ 248,555.90	\$ -	\$ 3,444.10	\$ 7.71	
Other Expenses	13,500.00	13,500.00	10,926.77	2,565.52			
Insurance							
Group Insurance for Employees	2,135,230.00	2,035,230.00	1,353,083.11	359,884.13	322,262.76	44.15	
Liability Insurance	775,000.00	795,000.00	788,987.85	5,968.00			
Municipal Court							
Salaries and Wages	322,000.00	322,000.00	296,043.95		25,956.05	10.00	
Other Expenses	21,900.00	24,900.00	23,780.00	1,110.00			
Public Defender							
Other Expenses	4,000.00	4,000.00	4,000.00				
Division of Taxation							
Other Expenses	12,000.00	14,000.00	10,974.22	3,010.80	14.98		
<u>DEPARTMENT OF LAW</u>							
Other Expenses	250,000.00	275,000.00	264,694.76	10,305.00	0.24		
<u>DEPARTMENT OF POLICE</u>							
Police							
Salaries and Wages	5,315,000.00	5,315,000.00	5,182,113.71		132,886.29		
Other Expenses	61,825.00	61,825.00	38,279.16	23,015.26	530.58		
School Crossing Guards							
Salaries and Wages	170,000.00	170,000.00	150,689.62		19,310.38		
Parking Enforcement							
Salaries and Wages	73,000.00	73,000.00	72,487.89		512.11		
<u>DEPARTMENT OF FIRE</u>							
<u>PREVENTION AND PROTECTION</u>							
Fire Protection							
Salaries and Wages	3,046,000.00	3,046,000.00	3,000,890.95		45,109.05		
Other Expenses	55,000.00	55,000.00	48,008.98	6,089.59	901.43		
Fire Hydrant Service	193,000.00	193,000.00	176,783.75	16,071.25	145.00		
Uniform Fire Code Safety Act (P.L. 1983 C. 383, 1984 CD)							
Salaries and Wages	12,000.00	12,000.00	11,999.78		0.22		
Other Expenses	8,417.00	8,417.00	5,813.51	2,556.30	47.19		
Emergency Medical Services							
Other Expenses	24,000.00	24,000.00	20,420.53	3,117.40	462.07		

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED
OPERATIONS WITHIN "CAPS" (CONT'D.)					
DEPARTMENT OF PUBLIC WORKS					
Streets and Roads					
Salaries and Wages	\$ 900,000.00	\$ 930,000.00	\$ 930,000.00	\$ -	\$ -
Other Expenses	399,000.00	409,000.00	381,383.74	16,893.41	10,722.85
Buildings and Grounds					
Other Expenses	85,500.00	110,500.00	79,947.00	21,241.85	9,311.15
Vehicle Maintenance					
Other Expenses	177,000.00	182,000.00	163,669.01	15,740.18	2,590.81
Engineering Services					
Other Expenses	30,000.00	50,000.00	45,841.79		4,158.21
Office of Emergency Management					
Salaries and Wages	7,100.00	7,100.00	-		7,100.00
Other Expenses	10,200.00	10,200.00	8,109.13	2,090.87	-
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS - OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17):					
State Uniform Construction Code					
(N.J.S.A. 52:27D-120 et seq.)					
Salaries and Wages	180,000.00	180,000.00	162,355.49		17,644.51
Other Expenses	9,500.00	9,500.00	2,123.64	3,541.03	3,835.33
Unclassified:					
Celebration of Public Events	6,500.00	6,500.00	6,500.00		-
Electricity	375,000.00	375,000.00	345,467.06	29,500.00	32.94
Telephone	73,000.00	73,000.00	57,344.15	5,762.58	9,893.27
Water	22,000.00	22,000.00	21,010.55		989.45
Natural Gas/Propane	62,000.00	62,000.00	34,562.81	20,000.00	7,437.19
Gasoline	215,000.00	155,000.00	100,475.94	25,010.11	29,513.95
Technology -Communications	18,000.00	20,000.00	14,609.67	5,390.33	-
Postage	36,000.00	30,000.00	30,798.24	5,050.00	151.76
Unemployment Insurance	50,000.00	50,000.00	50,000.00		-
Dog Regulation					
Other Expenses	35,000.00	35,000.00	35,000.00		-
Retirement Benefits	200,000.00	200,000.00	73,436.07		126,563.93

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE	
				ENCUMBERED	RESERVED	CANCELLED
Total Operations Within "CAPS"	\$ 16,670,972.00	\$ 16,667,972.00	\$ 15,234,454.29	\$ 625,398.17	\$ 808,119.54	\$ -
Contingent	6,000.00	9,000.00	5,997.60	2926.76	75.64	-
Total Operations Incl. Contingent Within "CAPS"	16,676,972.00	16,676,972.00	15,240,451.89	628,324.93	808,195.18	-
DETAIL:						
Salaries and Wages	11,224,700.00	11,269,700.00	10,880,518.48		389,181.52	
Other Expenses (Including Contingent)	5,452,272.00	5,407,272.00	4,359,933.41	628,324.93	419,013.66	

STATUTORY EXPENDITURES WITHIN "CAPS":

Contribution to:	
Social Security System (O.A.S.I.)	375,000.00
Public Employees' Retirement System of N.J.	288,267.00
Police and Firemen's Retirement System of N.J.	1,942,093.00
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	2,605,360.00
	2,595,188.41
	10,171.59

Total General Appropriations for Municipal Purposes Within "CAPS"

	19,282,332.00	19,282,332.00	17,835,640.30	628,324.93	818,366.77
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OPERATIONS EXCLUDED FROM "CAPS"

Length of Service Awards Program (LOSAP)	8,000.00	8,000.00	4,200.00	2,800.00	1,000.00
Other Expenses					
"COAH" Housing Rehabilitation	5,000.00	5,000.00			5,000.00
Other Expenses					
Engineering Expenses-Stormwater	20,000.00	20,000.00	19,594.61		405.39
Other Expenses	64,770.00	64,770.00	64,770.00		
Group Insurance for Employees					
Interlocal Municipal Service Agreements	200,000.00	200,000.00	187,150.96		12,849.04
Somerset County - Recycling	5,250.00	5,250.00	5,250.00		
NJ DEP Permit Fees					

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>PUBLIC AND PRIVATE PROGRAMS</u>						
<u>OFFSET BY REVENUES</u>						
Drunk Driving Enforcement Fund	\$ 5,484.50	\$ 5,484.50	\$ 5,484.50	\$ -	\$ -	\$ -
Somerset County Municipal Alliance Grant						
County Share		14,976.00	14,976.00	-	-	-
Local Match	4,355.00	4,355.00	4,355.00	-	-	-
Alcohol Ed. & Rehab.	4,300.00	4,300.00	4,300.00	-	-	-
Safety & Secure Communities Program						
State Share	90,000.00	90,000.00	90,000.00	-	-	-
Local Match	295,000.00	295,000.00	295,000.00	-	-	-
Body Armor Replacement Grant	4,295.81	4,295.81	4,295.81	-	-	-
Clean Communities Grant		34,949.31	34,949.31	-	-	-
Click it, Ticket it	5,000.00	5,000.00	5,000.00	-	-	-
Somerset Cty CDBG Program	103,360.64	103,360.64	103,360.64	-	-	-
Somerset Cty Youth Services	6,750.00	11,750.00	11,750.00	-	-	-
Recycling Tonnage Grant	23,740.75	23,740.75	23,740.75	-	-	-
ANJEC-Environmental Resources	7,000.00	7,000.00	7,000.00	-	-	-
Matching Funds Grant	5,000.00	5,000.00	-	-	5,000.00	-
<b>Total Operations Excluded from "CAPS"</b>	<b>857,306.70</b>	<b>912,232.01</b>	<b>885,177.58</b>	<b>2,800.00</b>	<b>24,254.43</b>	
<u>DETAIL:</u>						
Salaries and Wages	385,000.00	385,000.00	385,000.00	-	-	-
Other Expenses	472,306.70	527,232.01	500,177.58	2,800.00	24,254.43	-

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR		EXPENDED		UNEXPENDED BALANCE CANCELLED
			CHARGED	RESERVED	ENCUMBERED	RESERVED	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>							
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -
Purchase of Capital Equipment	67,800.00	67,800.00	50,091.39	15,306.49	2,402.12		
Purchase of Shade Tree	10,000.00	10,000.00	9,995.00	-	5.00		
Total Capital Improvement Fund - Excl. from "CAPS"	177,800.00	177,800.00	160,086.39	15,306.49	2,407.12		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>							
Payment of Bond Principal	440,000.00	440,000.00	440,000.00	-	-		-
Interest on Bonds	14,300.00	14,300.00	14,300.00	-	-		-
Note Principal	584,100.00	584,100.00	569,624.65	-	-		14,475.35
Interest on Notes	105,500.00	105,500.00	105,170.15	-	-		329.85
Total Municipal Debt Service - Excl. from "CAPS"	1,143,900.00	1,143,900.00	1,129,094.80	-	-		14,805.20
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>							
Deferred Charges							
Emergency Appropriations	15,000.00	15,000.00	15,000.00	-	-		-
Special Emergency Appropriations-5 Year	430,333.28	430,333.28	430,333.28	-	-		-
Total Deferred Charges - Municipal Excluded from "CAPS"	445,333.28	445,333.28	445,333.28	-	-		-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,624,339.98	\$ 2,679,265.29	\$ 2,619,692.05	\$ 18,106.49	\$ 26,661.55	\$ 14,805.20	
Subtotal General Appropriations	21,906,671.98	21,961,597.29	20,455,332.35	646,431.42	845,028.32	14,805.20	
Reserve for Uncollected Taxes	1,975,000.00	1,975,000.00	1,975,000.00	-	-		
Total General Appropriations	\$ 23,881,671.98	\$ 23,936,597.29	\$ 22,430,332.35	\$ 646,431.42	\$ 845,028.32	\$ 14,805.20	
REF.	A-2	A-1	A-1	A-1, A-21	A, A-1		

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Adopted Budget		\$ 23,881,671.98				
Approp. by N.J.S.A. 40A:4-87	A-2	<u>54,925.31</u>				
	A-2	\$ <u>23,936,597.29</u>				
Disbursed	A-4		\$ 19,761,595.47			
Reserve for Uncollected Taxes	A-2		1,975,000.00			
Res. for State & Federal Grants - Appropriated	A-11		604,212.01			
Deferred Charges	A-12		445,333.28			
Employee Health Contributions	A-11		(455,808.41)			
Capital Improvement Fund	A-11		<u>100,000.00</u>			
			\$ <u>22,430,332.35</u>			

Note: See Notes to Financial Statements



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

ASSETS	REF.	<u>BALANCE DEC. 31, 2015</u>	<u>BALANCE DEC. 31, 2014</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	REF.	<u>BALANCE DEC. 31, 2015</u>	<u>BALANCE DEC. 31, 2014</u>
Trust Assessment Fund:							
Cash - Treasurer	B-2, B-6	\$ 128,739.14	\$ 123,080.87	Assessment Fund:	B-7	69,053.84	73,676.48
Assessments Receivable	B-3	850.40	5,473.04	Reserve for Assessments Receivable	B-1	128,739.14	123,080.87
Prospective Assessments Funded	B-4, B-6	<u>68,203.44</u>	<u>68,203.44</u>	Fund Balance			
Total Trust Assessment Fund		<u>197,792.98</u>	<u>196,757.35</u>	Total Assessment Fund		<u>197,792.98</u>	<u>196,757.35</u>
Animal Control Fund:				Animal Control Fund:			
Cash-Treasurer	B-6	<u>2,297.41</u>	<u>1,876.15</u>	Res. For Animal Control Expend.	B-6	<u>2,297.41</u>	<u>1,876.15</u>
Total Animal Control Fund		<u>2,297.41</u>	<u>1,876.15</u>	Total Animal Control Fund		<u>2,297.41</u>	<u>1,876.15</u>
General Trust Fund:				General Trust Fund:			
Cash - Treasurer	B-6	<u>2,698,345.25</u>	<u>2,802,574.43</u>	Restricted Accounts Various Reserves	B-6, B-8	2,695,609.09	2,802,574.43
Total General Trust Fund		<u>2,698,345.25</u>	<u>2,802,574.43</u>	Encumbrances Payable	B-6	<u>2,736.16</u>	
LOSAP Fund:				Total General Trust Fund		<u>2,698,345.25</u>	<u>2,802,574.43</u>
Cash and Investments - Trustee	B	<u>54,192.59</u>	<u>49,265.97</u>	LOSAP Fund:			
Total LOSAP Fund		<u>54,192.59</u>	<u>49,265.97</u>	Res. for LOSAP Funds Held by Trustee	B	<u>54,192.59</u>	<u>49,265.97</u>
				Total LOSAP Fund		<u>54,192.59</u>	<u>49,265.97</u>
		<u>\$ 2,952,628.23</u>	<u>\$ 3,050,473.90</u>			<u>\$ 2,952,628.23</u>	<u>\$ 3,050,473.90</u>

Note: See Notes to Financial Statements.

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

**TRUST ASSESSMENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
<u>Revenue</u>			
Collections of Unpledged Assessments to Reserve	B-3	\$ 4,622.64	\$ 13,832.33
Collections of Interest on Assessments	B-6	588.93	1,462.41
Interest on Investments	B-6	<u>446.70</u>	<u>542.09</u>
Total Revenues		5,658.27	15,836.83
Excess in Revenue		5,658.27	15,836.83
<u>Fund Balance</u>			
Balance - January 1	B	<u>123,080.87</u>	<u>107,244.04</u>
Balance - December 31	B	<u>\$ 128,739.14</u>	<u>\$ 123,080.87</u>

Note: See Notes to Financial Statements

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2015</u>	<u>BALANCE DEC. 31, 2014</u>
Cash and Investments	C-2	\$ 3,421,520.14	\$ 472,892.37
Interfund Receivable	C-4	242,500.00	450,000.00
Grants Receivable	C-9	547,500.00	690,000.00
Deferred Charges:			
To Future Taxation:			
Funded	C-5	14,416,000.00	440,000.00
Unfunded	C-6		<u>13,074,224.65</u>
		<u>\$ 18,627,520.14</u>	<u>\$ 15,127,117.02</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 14,416,000.00	\$ 440,000.00
Bond Anticipation Notes	C-11		10,546,860.00
Interfund Payable	C-4	14,475.35	
Reserves for:			
Capital Improvement Fund	C-8	3,191.44	3,791.44
Encumbrances	C-7	1,603,595.14	387,483.79
Improvement Authorizations:			
Funded	C-7	2,315,872.81	748,370.87
Unfunded	C-7		2,726,225.52
Fund Balance	C-1	<u>274,385.40</u>	<u>274,385.40</u>
		<u>\$ 18,627,520.14</u>	<u>\$ 15,127,117.02</u>
Note:			
Bonds and Notes Authorized but not Issued	C-12	<u>\$ 13,945.00</u>	<u>\$ 2,556,145.00</u>

Note: See Notes to Financial Statements

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

**GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>REF.</u>	
Balance - December 31, 2014	C	\$ 274,385.40
Balance - December 31, 2015	C	\$ <u>274,385.40</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

ASSETS	REF.	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014
Operating Fund:							
Cash	D-5	\$ 688,852.73	\$ 602,190.12	Operating Fund:			
Change Fund	D-7	150.00	150.00	Liabilities:			
Interfund Receivables	D-11	55,322.42		Appropriation Reserves	D-4, D-15	\$ 2,631.18	\$ 20,682.29
				Reserve for Encumbrances	D-16	3,775.50	1,015.74
				Interfund Payable	D-11	34,039.08	
				Sewer Rent Overpayments	D-17	3,815.40	17,397.85
				Accrued Interest on Bonds	D-18	33,831.23	9,457.25
Receivables With Full Reserves:				Reserve for Receivables	Reserve	78,092.39	48,553.13
Consumer Accounts Receivable	D-8	164,921.86	233,626.50	Fund Balance	D-1	165,355.33	234,059.97
Sewer Liens	D-10	433.47	433.47	Total Operating Fund		909,680.48	836,400.09
				Capital Fund:			
				Cash	D-5	72,254.11	35,458.14
				Grants Receivable	D-9	422,911.00	422,911.00
				Interfund Receivables	D-12	34,000.00	
				Fixed Capital	D-13	3,907,057.05	3,728,439.20
				Fixed Capital - Authorized and Uncompleted	D-14	569,671.46	453,289.31
				Total Capital Fund		5,005,893.62	4,640,097.65
						\$ 5,915,574.10	\$ 5,476,497.74
							\$ 5,915,574.10
							\$ 5,476,497.74

At December 31, 2015, there were Bonds and Notes Authorized but Not Issued in the amount of \$247,272. (Exhibit D-26)

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Fund Balance		\$	\$ 150,000.00
Sewer User Charges	D-3	2,059,695.82	1,999,269.01
Miscellaneous	D-3	27,581.97	40,995.46
Other Credits to Income:			
Miscellaneous Revenue not Anticipated			
Reserves Lapsing	D-15	<u>3,478.00</u>	<u>87,545.78</u>
Total Revenues		<u>2,090,755.79</u>	<u>2,277,810.25</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	D-4	1,893,000.00	1,879,000.00
Debt Service	D-4	68,810.02	103,715.97
Statutory Expenditures	D-4	<u>16,500.00</u>	<u>16,000.00</u>
		1,978,310.02	1,998,715.97
Excess (Deficit) in Revenues		112,445.77	279,094.28
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>553,786.99</u>	<u>424,692.71</u>
Decreased by:			
Fund Balance Utilized	D-1	<u>-</u>	<u>150,000.00</u>
Balance - December 31	D	<u>\$ 666,232.76</u>	<u>\$ 553,786.99</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 26,868.79
Balance - December 31, 2015	D	<u>\$ 26,868.79</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>2015 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Sewer User Charges	D-3,D-8	\$ 1,942,772.79	\$ 2,059,695.82	\$ 116,923.03
Interest on Delinquencies	D-1	34,000.00	25,630.98	(8,369.02)
Interest on Investments	D-3	<u>2,000.00</u>	<u>1,950.99</u>	<u>(49.01)</u>
		<u>\$ 1,978,772.79</u>	<u>\$ 2,087,277.79</u>	<u>\$ 108,505.00</u>

	<u>Ref.</u>	D-4	D-1, D-3	
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Analysis of Realized Revenues:

Sewer User Charges:

Collections	D-3,D-8		\$ \$ 2,046,828.75	
Overpayments Applied	D-17		<u>12,867.07</u>	
	D-3		<u>2,059,695.82</u>	

Interest on Delinquent Sewer

User Charges:

Cash Receipts	D-5, D-3		\$ <u>25,630.98</u>	
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Interest on Investments:

Cash Receipts	D-5, D-3		\$ <u>1,950.99</u>	
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Note: See Notes to Financial Statements



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED			UNEXPENDED BALANCE CANCELED
				ENCUMBERED	RESERVED		
Operating:							
Salaries and Wages	\$ 200,000.00	\$ 200,000.00	\$ 197,749.34	\$ 3,775.50	\$ 2,250.66	\$ -	
Other Expenses	43,000.00	28,000.00	23,843.98		380.52	-	
PARSA - Regional Sewer	1,650,000.00	1,665,000.00	1,665,000.00		-	-	
Debt Service:							
Payment on Bond Principal	12,272.79	12,272.79	11,879.19		-	393.60	
Interest on Bonds	7,000.00	15,900.00	15,900.00		-	-	
Interest on Notes	16,000.00	7,100.00	7,030.83		-	69.17	
Payment of Bond Anticipation Notes and Capital Notes	34,000.00	34,000.00	34,000.00		-	-	
Statutory Expenditures: Contribution to:							
Social Security System	15,500.00	15,500.00	15,500.00		-	-	
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00		-	-	
Total Water & Sewer Utility Appropriations	\$ 1,978,772.79	\$ 1,978,772.79	\$ 1,971,903.34	\$ 3,775.50	\$ 2,631.18	\$ 462.77	
Ref.	D-3		D-1	D-1, D-16	D, D-1		
Disbursed		\$ 197,749.34					
Due to Current Fund		1,751,223.17					
Accrued Interest on Bonds & Notes		22,930.83					
		\$ 1,971,903.34					

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

PAYROLL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31,2015</u>	<u>BALANCE</u> <u>DEC. 31,2014</u>
Cash	E-1	\$ <u>144,662.17</u>	\$ <u>308,861.12</u>
		\$ <u><u>144,662.17</u></u>	\$ <u><u>308,861.12</u></u>
 <u>LIABILITIES</u>			
Net Payroll	E-1	\$ 18,839.66	\$ 27,192.96
Payroll Deductions Payable	E-1	7,809.70	198,271.21
Reserve for Employee Benefits	E-1	836.21	
Due to Current Fund	E-1	<u>117,176.60</u>	<u>83,396.95</u>
		\$ <u><u>144,662.17</u></u>	\$ <u><u>308,861.12</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Governmental Fixed Assets</u>	<u>DECEMBER</u> <u>31, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>DECEMBER</u> <u>31, 2015</u>
Building	\$ 19,251,000.00	\$	\$	\$ 19,251,000.00
Land	2,604,800.00			2,604,800.00
Equipment	1,051,088.63	75,294.20	48,558.84	1,077,823.99
Furniture & fixtures	2,886,654.35			2,886,654.35
Vehicles	2,566,980.00	63,123.00		2,630,103.00
Total Governmental Fixed Assets	\$ <u>28,360,522.98</u>	\$ <u>138,417.20</u>	\$ <u>48,558.84</u>	\$ <u>28,450,381.34</u>
Investments in Governmental Fixed Assets	\$ <u>28,360,522.98</u>			\$ <u>28,450,381.34</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014

Note 1: FORM OF GOVERNMENT

The Borough of North Plainfield operates as a Mayor-Council Plan E form of Borough Government. The Mayor is elected in a general election and serves a four-year term. The Mayor is the head of the municipal government. The Legislative function of government is performed by Borough Council consisting of seven members, each elected in a general election to terms of four years. At its annual reorganization meeting, the Council elects a President of the Council who shall preside at all its meetings. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an Administrator. The Borough Administrator is appointed by the Mayor and Council and carries out the Council's plans and orders. All Borough departments report to the Administrator, who is responsible for personnel policy and organization, interdepartmental coordination, budget planning and procurement of goods and services necessary to the Borough's operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of North Plainfield include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of North Plainfield, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of North Plainfield do not include the operations of the municipal library, which is a branch of the Somerset County Library System, and includable in that entity, the Board of Education, and volunteer first aid organizations and fire companies.

B. Description of Funds

The accounting policies of the Borough of North Plainfield conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Borough of North Plainfield accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

Animal Control Trust Fund  
Unemployment Compensation Insurance Trust Fund  
Disposal of Forfeited Property (P.L. 1985, Ch. 135)  
Developer's Escrow Fund  
Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)  
Municipal Alliance Program  
Outside Employment of Off-Duty Municipal Police Officers  
Public Defender Fees  
Recreation Trust Fund

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Note that while the fund still remains in the Borough's records, the Borough has transferred all statutory responsibilities relating to the provision of Public Assistance to the County of Somerset.

Payroll Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

General Fixed Assets - The General Fixed Asset Account Group is used to account for fixed assets used in municipal operations, for control purposes. Infrastructure assets such as roads, sidewalks, etc. are not capitalized. General fixed assets acquired prior to 1985 are valued at historical cost or estimated historical cost if actual historical cost was not available. Assets acquired or constructed subsequent to 1985 are valued at historical cost. Contributed capital is valued at the estimated fair market value of the asset at the date of the contribution. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

C. Basis of Accounting

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the GAAP basis reporting of consolidated entity-wide financial statements on a full accrual basis, which are not presented in the accounting principles prescribed by the Division. Other more significant differences between GAAP and the regulatory basis followed by the Borough are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and water and sewer consumer charges are recorded with offsetting reserves within the Current Fund and Sewer Utility Fund, respectively. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water and sewer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. An appropriation reserve refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for the costs of post-employment benefits other than pensions (other post-employment benefits or "OPEB") are recorded in the accounting period in which the payments are made. GAAP requires recognition in the entity-wide financial statements of the actuarially determined estimated OPEB cost during the employment period of each employee, during which any OPEB benefit is earned. See Note 10 for OPEB disclosure required by GASB 45.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include two general categories of over expenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, transfers of anticipated operating surpluses between the Current Fund and Sewer Utility Fund, transfers from the utility operating fund to the capital fund (to finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in Borough's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, operating transfers are not recognized as expenditures.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the municipality, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the municipality, and discrete reporting of the Library's financial position and operating results would be incorporated in the municipality's financial statements. The Borough of North Plainfield is a member of the Somerset County Library System and does not provide funding to a Free Public Library.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property 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 in the general fixed asset account group at the lower of cost or fair market value.

Other Post Employment Benefits (OPEB) – The Local Finance Board has promulgated rules for minimum financial statement disclosures for OPEB that follow the requirements of GASB Statement No 45. The requirements include: 1) A tracking of the Net OPEB Obligation, including the annual Required Contribution (ARC) less any contributions made; 2) The Actuarial Accrued Liability (AAL), the Unfunded Actuarial Accrued Liability (UAAL), and UAAL as a percentage of current period payrolls for employees eligible to receive benefits upon attaining the requisite age and service requirements; and 3) A summary of the significant actuarial assumptions, including the discount rate used. North Plainfield implemented this new disclosure standard for December 31, 2009. As this reporting standard does not require the recognition of an expenditure and/or liability on the face of the financial statements, any such disclosures do not impact the amounts reported in the accompanying financial statements. As noted in Note 10, the Borough of North Plainfield does not provide OPEB to its employees.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period 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.

Inventories of Supplies - The cost 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 recognition of the value of inventories of supplies of the Sewer Utility.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Governmental Fixed Assets - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in these utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utilities.

Utility Fixed Assets - Infrastructure and equipment purchased by Sewer Utility Fund are recorded as expenditures and are also capitalized within the utility capital fund at cost with an offsetting reserve for amortization, and are adjusted for disposition and abandonment. The amounts shown as utility fixed capital do not purport to represent reproduction costs or current value. Contributed assets are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

General Fixed Assets - Technical Accounting Directive No. 85-2 (Now N.J.A.C. 5:30-5.7), issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed accounting by municipalities, effective December 31, 1985. Assets acquired through that date were to be valued based on actual costs, where available, and other methods, including current replacement values and estimated historical costs. Assets acquired subsequent to December 31, 1985 were required to be valued based on actual costs. Assets having a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit are required to be capitalized in the general fixed asset account group. Infrastructure assets are excluded from the general fixed asset account group. Depreciation is not recorded in the general fixed asset account group.

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt: The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 3 to the financial statements.

Disclosures About Pension Liabilities - The Borough has included information relating to its allocated shares of net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 10 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. It is excluded based upon the regulatory basis followed by the municipality. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.



## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

## C. Basis of Accounting (Cont'd.)

Recent Accounting Standards

GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" in June 2015. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" in June 2015. The statement is to improve the usefulness of information about post employment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other Than Pensions" in June 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

GASB issued Statement No. 76, "the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" in June 2015. The objective is to identify – in context of the current governmental financial reporting environment- the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes GASB Statement No. 55.

GASB issued Statement No. 77, "Tax Abatement Disclosures" in August 2015. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts and others with information they need to evaluate the financial health of governments, make decisions and assess accountability.

GASB issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" in December 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to the state or local governmental employers whose employees are provided with such pensions.

GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants" in December 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB issued Statement No. 80, "Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14" in January 2016. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting (Cont'd.)

##### Recent Accounting Standards

The Borough does not prepare its financial statements in accordance with Generally Accepted Accounting Principles. The Borough has not adopted the provisions of any of the GASB statements listed above for financial statement preparation. Unless new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Borough through legislation or rulemaking they will not become part of the standards followed by the Borough for financial statement preparation. The Division of Local Government Services has adopted rules which require full disclosures in the Notes to Financial Statements in accordance with GAAP.

##### Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>YEAR 2015</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 14,416,000.00	\$ 10,986,860.00	\$ 11,920,510.00
Sewer Utility:			
Bonds and Notes	<u>1,872,573.55</u>	<u>1,624,754.34</u>	<u>1,704,787.42</u>
Total Debt Issued	<u>16,288,573.55</u>	<u>12,611,614.34</u>	<u>13,625,297.42</u>
Net Debt Issued	<u>16,288,573.55</u>	<u>12,611,614.34</u>	<u>13,625,297.42</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	13,945.00	2,556,145.00	13,945.00
Sewer Utility			
Bonds & Notes	<u>247,272.00</u>	<u>246,364.00</u>	<u>95,000.00</u>
Total Authorized but not Issued	<u>261,217.00</u>	<u>2,802,509.00</u>	<u>108,945.00</u>
Net Bonds & Notes Issued and Authorized but not Issued	<u>\$ 16,549,790.55</u>	<u>\$ 15,414,123.34</u>	<u>\$ 13,734,242.42</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2014:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>Operating Debt:</u>				
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2003	4,875,000.00	\$ 440,000.00	3.050%-3.25%	2015
Bond Anticipation Notes	10,734,160.00	<u>10,546,860.00</u>	1.000%	2015
Total General. Improv. Debt		<u>10,986,860.00</u>		
<u>Utility Debt:</u>				
NJEIT Trust Loan of 2001	1,070,000.00	20,846.34	5.0%-5.25%	2020
Bond Anticipation Notes	508,558.00	<u>1,603,908.00</u>	1.000%	2015
Total Utility Debt		<u>1,624,754.34</u>		
Total Debt Issued and Outstanding		<u>\$12,611,614.34</u>		

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2015:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2015	14,416,000.00	<u>14,416,000.00</u>	3.000%	2027
Total General. Improv. Debt		<u>14,416,000.00</u>		
<u>Utility Debt:</u>				
NJEIT Trust Loan of 2001	1,070,000.00	8,573.55	5.125%-5.25%	2020
Sewer Utility Bonds of 2015	1,864,000.00	<u>1,864,000.00</u>	3.00-3.50%	2035
Total Utility Debt		<u>1,872,573.55</u>		
Total Debt Issued and Outstanding		<u>\$16,288,573.55</u>		

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2014

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 12,225,000.00	\$ 12,225,000.00	\$
Sewer Utility Debt	2,119,845.55	1,871,118.34	248,727.21
General Debt	14,429,945.00		14,429,945.00
	<u>\$ 28,774,790.55</u>	<u>\$ 14,096,118.34</u>	<u>\$ 14,678,672.21</u>

Net Debt \$ 14,678,672.21 Divided by Equalized Valuation Basis per  
N.J.S.A. 40A:2-2 as amende \$ 1,537,979,144 = 0.954%

Equalized Valuation Basis

2012 Equalized Valuation Basis of Real Property	1,593,806,498.00
2013 Equalized Valuation Basis of Real Property	1,524,399,473.00
2014 Equalized Valuation Basis of Real Property	<u>1,495,731,460.00</u>
Average Equalized Valuation	\$ <u>1,537,979,143.67</u>

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

3 1/2% of Equalized Valuation Basis Municipal	53,829,270.03
Net Debt	<u>14,678,672.21</u>
Remaining Borrowing Power	\$ <u>39,150,597.82</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2015

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 10,610,000.00	\$ 10,610,000.00	\$
Sewer Utility Debt	2,119,845.55	1,799,787.42	320,058.13
General Debt	<u>14,429,945.00</u>	<u>                            </u>	<u>14,429,945.00</u>
	<u><u>\$ 27,159,790.55</u></u>	<u><u>\$ 12,409,787.42</u></u>	<u><u>\$ 14,750,003.13</u></u>

Net Debt \$ 14,750,003.13 Divided by Equalized Valuation Basis per  
 N.J.S.A. 40A:2-2 as amende \$ 1,516,363,349 = 0.973%

Equalized Valuation Basis

2013 Equalized Valuation Basis of Real Property	1,524,399,473.00
2014 Equalized Valuation Basis of Real Property	1,495,731,460.00
2015 Equalized Valuation Basis of Real Property	<u>1,528,959,113.00</u>
Average Equalized Valuation	<u>\$ 1,516,363,348.67</u>

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

3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>53,072,717.20</u> <u>14,750,003.13</u>
Remaining Borrowing Power	<u>\$ 38,322,714.07</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

FYE 2014

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,186,365.20
Deductions:		
Operating & Maintenance Cost	1,895,000.00	
Debt Service Per Sewer Acct.	<u>103,715.97</u>	
Total Deductions		<u>1,998,715.97</u>
Excess in Revenues		\$ <u><u>187,649.23</u></u>

FYE 2015

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,087,277.79
Deductions:		
Operating & Maintenance Cost	1,909,500.00	
Debt Service Per Sewer Acct.	<u>68,810.02</u>	
Total Deductions		<u>1,978,310.02</u>
Excess in Revenues		\$ <u><u>108,967.77</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)

Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40A:2-45)

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Sewer Utility is as follows:

FYE 2014

Excess in Revenues - Cash Basis (D-1)		\$	279,094.28
Less:	Lapsed Reserves		87,545.78
	Interest on Investments Income		<u>3,899.27</u>
			<u>91,445.05</u>
Excess in Revenues		\$	<u><u>187,649.23</u></u>

FYE 2015

Excess in Revenues - Cash Basis (D-1)		\$	112,445.77
Less:	Lapsed Reserves		<u>3,478.00</u>
Excess in Revenues		\$	<u><u>108,967.77</u></u>



Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest  
for Bonded Debt Issued and Outstanding at December 31, 2013

Calendar Year	General		Sewer Utility*		Total
	Principal	Interest	Principal	Interest	
2016	1,090,000.00	632,370.00	91,743.40	86,829.10	1,900,942.50
2017	1,240,000.00	381,180.00	111,208.65	54,500.57	1,786,889.22
2018	1,250,000.00	343,830.00	110,802.05	51,137.12	1,755,769.17
2019	1,270,000.00	306,030.00	115,138.31	47,720.01	1,738,888.32
2020	1,285,000.00	267,705.00	114,681.13	44,337.75	1,711,723.88
subtotal	<u>6,135,000.00</u>	<u>1,931,115.00</u>	<u>543,573.54</u>	<u>284,524.55</u>	<u>8,894,213.09</u>
2021	1,310,000.00	228,780.00	115,000.00	40,702.50	1,694,482.50
2022	1,330,000.00	189,180.00	120,000.00	37,177.50	1,676,357.50
2023	1,360,000.00	148,830.00	125,000.00	33,502.50	1,667,332.50
2024	1,030,000.00	112,980.00	65,000.00	30,652.50	1,238,632.50
2025	1,060,000.00	81,630.00	70,000.00	28,627.50	1,240,257.50
subtotal	<u>6,090,000.00</u>	<u>761,400.00</u>	<u>495,000.00</u>	<u>170,662.50</u>	<u>7,517,062.50</u>
2026	1,085,000.00	49,455.00	70,000.00	26,527.50	1,230,982.50
2027	1,106,000.00	16,590.00	75,000.00	24,352.50	1,221,942.50
2028			75,000.00	22,055.63	97,055.63
2029			80,000.00	19,633.75	99,633.75
2030			80,000.00	17,083.75	97,083.75
subtotal	<u>2,191,000.00</u>	<u>66,045.00</u>	<u>380,000.00</u>	<u>109,653.13</u>	<u>2,746,698.13</u>
2031			85,000.00	14,349.38	99,349.38
2032			90,000.00	11,340.00	101,340.00
2033			90,000.00	8,190.00	98,190.00
2034			95,000.00	4,952.50	99,952.50
2035			94,000.00	1,645.00	95,645.00
subtotal	<u>-</u>	<u>-</u>	<u>454,000.00</u>	<u>40,476.88</u>	<u>494,476.88</u>
Totals	<u>\$ 14,416,000.00</u>	<u>\$ 2,758,560.00</u>	<u>\$ 1,872,573.54</u>	<u>\$ 605,317.06</u>	<u>\$ 19,652,450.60</u>

\* - Includes Debt Service on NJEIT Trust Loans and Fund Loans

D. New Jersey Environmental Infrastructure Loan Deobligation

On January 28, 2009 the New Jersey Department of Environmental Protection notified the Borough they were deobligating the Borough of \$1,076,292 of the loan principals due on the \$1,070,000 Trust Fund loan and \$1,084,442 Fund Loan. The loans were reduced by \$538,146 respectively, which resulted in the Fund Loan being paid off, the Trust loan was reduced to principal payments reflected above.

Note 4: GOVERNMENTAL FIXED ASSETS

At December 31, 2014 and 2015, the Borough's governmental fixed assets consisted of:

	Balance	Additions	Deletions	Balance
	Dec. 31, 2014			Dec. 31, 2015
Buildings	19,251,000.00			19,251,000.00
Land	2,604,800.00			2,604,800.00
Equipment	1,051,088.63	75,294.20	48,558.84	1,077,823.99
Furniture & Fixtures	2,886,654.35			2,886,654.35
Vehicles	2,566,980.00	63,123.00		2,630,103.00
	<u>28,360,522.98</u>	<u>138,417.20</u>	<u>48,558.84</u>	<u>28,450,381.34</u>

NOTES TO FINANCIAL STATEMENTS

Note 5: DEFERRED COMPENSATION TRUST FUND

The Borough of North Plainfield Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and the provisions of N.J.S.A. 43:15B-1. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

The borough adopted a resolution on December 14, 1998 amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation, which was deferred under the Plan to remain assets of the employer. The Plan amendment specifies that Plan assets are held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Borough's financial statements for periods ending subsequent to December 31, 1997.

Note 6: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2014 and 2015 that were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2015 and 2016 were as follows:

	<u>FUND BALANCE DEC 31,2014</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$2,933,880.20	\$1,150,000
Sewer Utility Fund	553,786.99	-0-

	<u>FUND BALANCE DEC 31,2015</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$2,058,878.01	\$1,000,000.00
Sewer Utility Fund	666,232.76	200,000.00

Note 7: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS

Certain expenditures are required to be deferred to budgets of future years. At December 31, 2014 and 2015, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DEC. 31, 2014</u>	<u>RAISED IN 2015 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Special Emergency-			
Hurricane Sandy	\$430,333.28	\$430,333.28	NONE
Master Plan	30,000.00	15,000.00	\$15,000.00
General Capital Fund:	NONE	NONE	
Sewer Operating Fund:	NONE	NONE	

NOTES TO FINANCIAL STATEMENTS

Note 7: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS (CONT'D.)

	<u>BALANCE DEC. 31, 2015</u>	<u>RAISED IN 2016 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Tax Map Preparation	\$15,000.00	\$15,000.00	NONE
General Capital Fund:	NONE	NONE	
Sewer Operating Fund:	NONE	NONE	

Note 8: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2014, the Borough's recorded cash, cash equivalents and investments amounted to \$9,096,809.00, and the amount of \$11,788,351.45 was on deposit with the respective institutions.

At December 31, 2015, the Borough's recorded cash, cash equivalents and investments amounted to \$12,022,929.45 and the amount of \$15,263,185.21 was on deposit with the respective institutions.

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

An Analysis of the Borough's cash, cash equivalents and investments at December 31, 2014 and 2015, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2014 Amount</u>	<u>2015 Amount</u>
Current	\$4,735,316.89	\$4,842,851.56
Grant	14,408.91	23,256.94
General Capital	472,892.37	3,421,520.14
Trust	2,927,531.45	2,829,381.80
Sewer Utility Operating	602,340.12	689,002.73
Sewer Utility Capital	35,458.14	72,254.11
Payroll	<u>308,861.12</u>	<u>144,662.17</u>
Total Cash, Cash Equivalents & Investments	<u>\$9,096,809.00</u>	<u>\$12,022,929.45</u>

By Category (Type)

<u>Cash &amp; Cash Equivalents:</u>	<u>2014 Amount</u>	<u>2015 Amount</u>
Change Fund	\$ 850.00	\$ 700.00
Demand Accounts	<u>9,095,959.00</u>	<u>12,022,229.45</u>
Total Cash & Cash Equivalents	<u>\$9,096,809.00</u>	<u>\$12,022,929.45</u>

Based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2015, the carrying amount of the Borough's deposits was \$12,022,929.45 and the bank balance was \$15,350,700.19. Of the bank balance, \$335,846.03 was covered by Federal depository insurance and \$15,014,854.16 was covered under the provisions of NJGUDPA. At December 31, 2014, the carrying amount of the Borough's deposits was \$9,096,809.00 and the bank balance was \$11,788,351.45. Of the bank balance, \$349,691.73 was covered by Federal depository insurance and \$11,438,649.72 was covered under the provisions of NJGUDPA.

Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depositor insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The government does not have a deposit policy for custodial credit risk. As of December 31, 2014 and 2015, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was exposed to custodial risk.

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

Concentration of Credit Risk – This is the risk associated with the amount of investment the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This risk is that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough does not have an investment policy regarding Credit Risk. The Cash Management Fund is not rated.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

<u>Depository Account</u>	<u>Bank Balance-2014</u>	<u>Bank Balance-2015</u>
Insured FDIC	\$ 349,691.73	\$ 335,846.03
Insured – NJGUDPA (N.J.S.A. 17:941)	<u>11,438,649.72</u>	<u>15,014,854.16</u>
Total	\$11,788,649.72	\$15,350,700.19

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

NOTES TO FINANCIAL STATEMENTS

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

8. Agreements for the repurchase of fully collateralized securities, if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Note 9: INTERFUND BALANCES

At December 31, 2014, the following interfund account receivable balances are included on the balance sheets of the various funds:

Current Fund:	\$ 83,396.95	Due from Payroll Fund
General Capital Fund:	\$250,000.00	Due from Grant Fund
	<u>200,000.00</u>	Due from Sewer Utility Capital Fund
Total Interfund Receivables	<u>\$533,396.95</u>	

At December 31, 2015, the following interfund account receivable balances are included on the balance sheets of the various funds:

Current Fund:	\$ 14,475.35	Due from General Capital Fund
	34,039.08	Due from Sewer Operating Fund
	117,176.60	Due from Payroll Fund
General Capital Fund:	\$142,500.00	Due from Grant Fund
	100,000.00	Due from Sewer Utility Capital Fund
Sewer Utility Operating:	\$ 55,322.42	Due from Sewer Utility Capital Fund
Sewer Utility Capital:	<u>\$ 34,000.00</u>	Due from Current Fund
Total Interfund Receivables	<u>\$497,513.45</u>	

Note 10: LEASES

Effective July 18, 2014, the Borough entered into a lease–purchase agreement with Ford Motor Credit Company, LLC for three police vehicles. The value of the leased vehicles was \$77,080.00. The term of the lease is 24 months and the rate of interest on the unpaid lease balance is 6.00%. The agreement requires 24 monthly payments of \$3,469.25 commencing October 18, 2014 and contains an option for the Borough to purchase the vehicles at the conclusion of the lease period for \$1.00. Payments required by the lease agreement are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$10,407.75	\$8,508.65	\$1,899.10
2015	41,631.00	38,539.61	3,091.39
2016	<u>31,223.22</u>	<u>30,456.74</u>	<u>766.48</u>
Totals	<u>\$83,261.97</u>	<u>\$77,505.00</u>	<u>\$5,756.97</u>

Note 11: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13<sup>th</sup>.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

Note 12: PENSION AND RETIREMENT PLANS

Substantially all of the Borough's non-seasonal employees participate in one of the following contributory public employee retirement systems which have been established by State statute: the defined benefit plan entitled Public Employees' Retirement System (PERS), the defined benefit plan entitled Police and Firemen's Retirement System (PFRS), or the defined contribution plan entitled Defined Contribution Retirement Plan (DCRP). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer plans.

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30 year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers-* Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction’s pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	166,637
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>259,161</u>
Total	<u>426,501</u>

Contributing Employers – 1,710

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.



Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$12,802,570.01. Total PERS covered payroll was \$2,543,065. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014 and increased to 6.92 for State fiscal year 2015, commencing July 1, 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2014 and 2015 were \$247,645 and \$288,267, respectively. Borough contributions are due and payable on April 1<sup>st</sup> in the fiscal period subsequent to plan year for which the contributions requirements were calculated. Borough payments to PERS for the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2014</u>	<u>2015</u>
Normal Cost	\$45,122	\$47,990
Amortization of Accrued Liability	<u>198,382</u>	<u>221,991</u>
Total Pension	243,504	269,981
NCGI Premiums	<u>4,141</u>	<u>18,286</u>
Total PERS Payment	<u>\$247,645</u>	<u>\$288,267</u>

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Borough’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2015 the PERS reported a net pension liability of \$22,447,996,119 for its Local (Non-State) Employer Member Group. The Borough’s proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$7,701,777 or 0.0343094188%. At June 30, 2014, the PERS reported a net pension liability of \$18,722,735,003 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey’s the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$6,546,872 or 0.0349674981%.

*Actuarial Assumptions*- The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 that was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments as appropriate for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and 1 year for females) are used to value disabled retirees.

NOTES TO FINANCIAL STATEMENTS

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

The actuarial assumptions used in the July 1, 2014 valuation were based upon the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on the various factors affecting Net Pension Liability.

The long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

*Discount Rate* – The discount rates used to measure the pension liabilities of PERS at June 30, 2015 and 2014 were 4.90% and 5.39%, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS participating employers as of June 30, 2015, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> <u>(3.90%)</u>	<u>At current discount rate</u> <u>(4.90%)</u>	<u>At 1% increase</u> <u>(5.90%)</u>
State	\$27,802,122,942	\$23,722,135,537	\$20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
PERS Plan Total	\$55,702,235,475	\$46,170,131,656	\$38,191,749,890

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2015 was \$28,553,566,906. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group was \$20,661,583,919.

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	44,252
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>40,359</u>
Total	<u>84,662</u>

Contributing Employers – 585

*Significant Legislation* – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$12,802,570.01. Total PFRS covered payroll was \$7,744,881.05. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan.

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2014 and 2015 were \$1,784,427 and \$1,942,893, respectively. Borough contributions are due and payable on April 1<sup>st</sup> in the fiscal period subsequent to plan year for which the contributions requirements were calculated. Borough payments to PFRS made in the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2014</u>	<u>2015</u>
Normal Cost	\$611,404	\$629,515
Amortization of Accrued Liability	<u>1,006,469</u>	<u>1,123,360</u>
Total Pension	1,617,873	1,752,875
NCGI Premiums	<u>61,745</u>	<u>82,320</u>
Total Regular Billing	1,679,618	1,835,195
Additional Billings: Ch. 19, P.L. 2009	<u>104,809</u>	<u>106,898</u>
Total PERS Payment	<u>\$1,784,427</u>	<u>\$1,942,893</u>

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

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

The following represents the membership tiers for PFRS:

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

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

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2015, the PFRS reported a net pension liability of \$16,656,514,197 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$38,176,318, or 0.2291975233%. At June 30, 2014, the PFRS reported a net pension liability of \$12,579,072,492 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$30,055,957 or 0.2389361936%.

*Actuarial Assumptions*- The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases (2012-2021)	3.95-8.62% based on age
Thereafter	4.95-9.62% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

*Discount Rate* – The discount rate used to measure the pension liabilities of PFRS was 6.32% at June 30, 2014 and 5.79% at June 30, 2015. The single blended discount rate used for June 30, 2015 was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the collective net pension liability the participating employers of PFRS at June 30, 2015, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> <u>(4.79%)</u>	<u>At current discount rate</u> <u>(5.79%)</u>	<u>At 1% increase</u> <u>(6.79%)</u>
State	\$5,169,538,395	\$4,293,672,366	\$3,581,810,627
Local	<u>23,88,266,996</u>	<u>18,117,234,618</u>	<u>13,414,734,988</u>
PFRS Plan Total	<u>\$29,053,805,391</u>	<u>\$22,410,906,984</u>	<u>\$16,996,545,615</u>

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2015 was \$25,106,858,921. The plan fiduciary net position attributable to the Non-State, Non-Special Funding Situation Employer Member Group was \$23,347,230,230.

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers*- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2015, the membership in the DCRP, based on the information within the Division's database, was 36,808.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

## Note 12: PENSION AND RETIREMENT PLANS (CONT'D.)

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM (CONT'D.)

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$12,802,570.01. Total DCRP covered payroll was \$145,940.45. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. Borough and employee contributions to the DCRP for the year ended December 31, 2015 were \$4,378.21 and \$8,026.72, respectively.

The Defined Contribution Retirement Program Board oversees the DCRP, which is presently administered for the Division of Pensions and Benefits by Prudential Financial.

Prudential makes DCRP information, including information about distribution options, available on its New Jersey Defined Contribution Program Web site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

## Note 13: POST RETIREMENT HEALTH BENEFITS

P.L. 1997, C.330 provides State 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 is responsible for 80% 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 Borough of North Plainfield PERS employees do not receive any post-retirement medical benefits.

## Note 14: ACCRUED SICK AND VACATION BENEFITS

The code of the Borough of North Plainfield sets forth the terms under which an employee may accumulate unused benefits for sick leave, compensatory time, and vacations. Currently, employees are eligible upon normal retirement to receive a termination payment for unused sick leave, at current pay rates, equal to one-half (1/2) the value of accumulated and unused sick leave up to ninety (90) days, plus five-sixths (5/6) the value of each full day of accumulated and unused sick leave in excess of ninety (90) days, up to and including the one hundred eightieth (180th) day.

The Borough maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. It is estimated that the cost at December 31, 2014 and 2015 of such unpaid sick, compensatory and vacation pay would approximate \$3,416,560.20 and \$3,616,673.80. These amounts represents the current value of all accumulations, as limited by the Borough Code for sick pay, and is not intended to portray amounts that would be recorded under GAAP. The Borough has not discounted the total based upon a study of utilization by employees separating from service. Neither has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.



Note 15: RISK MANAGEMENT

Commencing in the year ended December 31, 2000, The Borough managed its insurable risks through the procurement of traditional, risk-transfer policy coverages. In previous years, the Borough was a participant in the Middlesex County Municipal Joint Insurance Fund (“JIF”). The Borough continues to participate in the JIF for claims relating to fund years prior to 2000. In accordance with the by-laws of the JIF, the Borough will be entitled to a refund of its proportionate share of any excess funding, or, in the alternative, may be required to fund its proportionate share of any deficits that arise through the final settlement of the claims relating to each fund year.

On February 1, 2002 the Borough joined the Garden State Municipal Joint Insurance Fund. This fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess insurance coverage.

Summary of Risk Management Program

The GSMJIF provides the following coverages to its participants:

1. Workers Compensation

The Fund covers \$500,000.00 for each accident or each employee for disease. The Brit Global Specialty USA Co. Provided \$500,000 excess claims and the Safety National Insurance Co. provides coverage to the statutory limits above \$1,000,000.

2. General Liability

The Fund covers \$250,000.00 Combined Single Limit (CSL)

The Brit Global Specialty USA Co. and Caitlin Specialty Insurance Co. provide excess coverage to the following limits:

General Liability -\$15,000,000.00\*

Public Officials -\$15,000,000.00\*

\*-subject to annual aggregate limits

3. Automobile Liability

The Fund covers \$250,000.00 (CSL) for bodily injury, property damage and PIP. The Fund covers \$15,000.00/person and \$30,000.00/occurrence for uninsured/underinsured motorist liability.

The Brit Global Specialty USA Co. & Caitlin Specialty Insurance Co. cover excess claims as part of its excess General Liability Limit.

4. Property

The Fund covers \$50,000 (Property) and \$100,000 (Auto Property)

Excess Coverage is provided through The Travelers Insurance Company.

Basic Limit -\$600,000,000.00/occurrence\*

\*Subject to per occurrence and annual aggregate limits

Information relating to the GSMJIF, including annual budgets and audited financial statements, is available at <http://www.gsmjif.com>.

Note 16: COMMITMENTS AND CONTINGENCIES

As at the date of this report, the Borough had various litigations pending. The majority of the cases pending or threatened are defended and/or covered through the Borough's insurance coverages and risk management plan. Based upon all available information, the Borough does not believe that there are any legal matters pending which, in the event of an adverse or unfavorable outcome, would have a material impact upon the Borough's financial position.

Note 17: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Borough has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The Program provides for annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Borough sponsors the Program, which is administered by a private contractor. The LOSAP section of this document includes the relevant unaudited financial statements and notes for the Program.

Note 18: SUBSEQUENT EVENTS

On March 29, 2016, Borough Council adopted the 2016 Municipal and Utility Budgets, with current fund and sewer utility operating fund revenues and appropriations totaling \$23,742,759.13 and \$2,173,923.20 respectively.

In 2016, the Borough settled litigation relating to an action taken by a former employee in response to performance related termination efforts instituted by the Borough. The settlement, which was material in relation to the financial position of the Borough, was funded jointly by the Borough (55%) and its insurer (45%). The Borough has made provision for its share of the settlement in the development of its 2016 Budget, and no material adverse financial impact is expected to result from this settlement.

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**



**PART II**  
**REQUIRED SUPPLEMENTARY INFORMATION**

BOROUGH OF NORTH PLAINFIELD  
 SCHEDULE OF THE BOROUGH'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>Last 10 Fiscal Years*</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
North Plainfield's Proportion of the Net Pension Liability	0.000328668	0.000349675	0.000343094
North Plainfield's Proportionate Share of the Net Pension Liability	\$6,281,508	\$6,546,872	\$ 7,701,777
North Plainfield's Covered-Employee Payroll	\$2,473,398	\$2,663,004	\$ 2,543,065
North Plainfield's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	253.96%	245.85%	302.85%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	55.99%

\* Amounts presented for each fiscal year were determined as of June 30.

Note: Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.

BOROUGH OF NORTH PLAINFIELD  
 SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 247,645	\$ 288,267
Contribution in Relation to Contractually Required Contribution	<u>\$ (247,645)</u>	<u>\$ (288,267)</u>
Contribution deficiency (excess)	\$ -	\$ -
North Plainfield's Covered Employee Payroll	\$ 2,663,004	\$ 2,543,065
Contributions as a percentage of Covered Employee Payroll	9.30%	11.34%

\* Amounts presented for each fiscal year were determined as of June 30.

Note: Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.

Note: Contractually required contributions include mandated annual payments resulting from North Plainfield's participation in authorized ERI and pension deferral programs. See Note 12.

BOROUGH OF NORTH PLAINFIELD  
 SCHEDULE OF THE PRINCETON'S SHARE OF THE NET PENSION LIABILITY  
POLICE AND FIREMENS RETIREMENT SYSTEM (Non-State, Non Special Funding Employer Group)

	<u>Last 10 Fiscal Years*</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.00230218	0.00238936	0.00303491
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$30,605,382	\$30,055,957	\$38,176,318
Borough's Covered-Employee Payroll	\$7,415,336	\$7,551,259	\$7,744,881
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	412.73%	398.03%	492.92%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	55.71%	58.86%	58.09%

\* Amounts presented for each fiscal year were determined as of June 30.

Note: Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.

BOROUGH OF NORTH PLAINFIELD  
 SCHEDULE OF THE THE BOROUGH'S CONTRIBUTIONS  
POLICE AND FIREMENS RETIREMENT SYSTEM (Non-State, Non Special Funding Employer Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,784,427	\$ 1,942,893
Contribution in Relation to Contractually Required Contribution	<u>\$ (1,784,427)</u>	<u>\$ (1,942,893)</u>
Contribution deficiency (excess)	\$ -	\$ -
Borough's Covered Employee Payroll	\$ 7,551,259	\$ 7,744,881
Contributions as a percentage of Covered Employee Payroll	23.63%	25.09%

\* Amounts presented for each fiscal year were determined as of June 30.

Note: Due to limitations within the system, payroll for Covered Employees as reported reflects "Pensionable Salaries" only. Specifically not included are overtime pay and special duty pay funded by third parties.

Note: Contractually required contributions include mandated annual payments resulting from North Plainfield's participation in authorized ERI and pension deferral programs. See Note 12.

**BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION  
DECEMBER 31, 2015**

**NOTE 1. BENEFITS CHANGES**

There were none.

**NOTE 2: CHANGES IN ASSUMPTIONS**

The Discount rate for PERS changed from 5.39% at June 30, 2014 to 4.90% at June 30, 2015.  
The Discount rate for PFRS changed from 6.32% at June 30, 2014 to 5.79% at June 30, 2015.



**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**



**PART III**  
**FUND FINANCIAL STATEMENTS**

**Current Fund**

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS -  
COLLECTOR - TREASURER

	REF.	CURRENT FUND	STATE AND FEDERAL GRANT FUND
Balance - December 31, 2014	A	\$ 4,734,616.89	\$ 14,408.91
Increased by Receipts:			
Petty Cash Returned	A-6	400.00	
Taxes Receivable	A-7	51,522,940.31	
Revenue Accounts Receivable	A-10	3,753,068.64	
Interfund Accounts	A-11, A-24	19,474,722.62	142,500.00
Various Reserves	A-13	1,055,229.17	
Tax Overpayments	A-16	1,204,509.78	
Prepaid Taxes	A-17	295,940.33	
State of NJ Sr. Citizen's & Vet. Deductions	A-18	90,000.00	
Various Other Payables	A-19	1,280,387.59	
State and Federal Grants Receivable	A-23		346,263.98
State and Federal Grants Unappropriated	A-26		<u>18,232.56</u>
		<u>78,677,198.44</u>	<u>506,996.54</u>
Balance Carried Forward		83,411,815.33	521,405.45
Decreased by Disbursements:			
Prior Years Revenue Refunds	A-1	1,054.95	
Current Year Revenue Refunds	A-2	37,627.25	
Budget Appropriations	A-3	19,761,595.47	
Petty Cash Advanced	A-6	400.00	
Interfund Accounts Advanced	A-11, A-24	19,347,039.99	498,148.51
Various Reserves	A-13	1,081,766.35	
Appropriation Reserves	A-14	895,090.82	
Accounts Payable	A-15	2,775.00	
Tax Overpayments	A-16	451,199.98	
Various Other Payables	A-19	1,226,548.15	
County Taxes	A-21	5,711,686.81	
Local District School Tax	A-22	<u>30,052,879.00</u>	
		<u>78,569,663.77</u>	<u>498,148.51</u>
Balance - December 31, 2015	A	\$ 4,842,151.56	\$ 23,256.94

SCHEDULE OF CHANGE FUNDS  
CURRENT FUND

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Tax Collector	\$ 150.00	\$ 150.00
Clerk	50.00	50.00
Municipal Court	300.00	300.00
Health Officer	50.00	50.00
Public Works Department	50.00	50.00
Police Department	50.00	50.00
Construction Office	<u>50.00</u>	<u>50.00</u>
	<u>\$ 700.00</u>	<u>\$ 700.00</u>
<u>Ref.</u>	A	A

SCHEDULE OF PETTY CASH FUNDS  
CURRENT FUND

Increased by:		
Petty Cash Advanced	A-4	\$ 400.00
Decreased by:		
Petty Cash Returned	A-4	<u>\$ 400.00</u>

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

YEAR	BALANCE DEC. 31, 2014	TAX LEVY 2015	COLLECTIONS BY CASH 2014	2015	STATE SHARE OF SR. CIT & VET. DEDUCTIONS	TAX OVER - PAYMENTS APPLIED	REMITTED OR CANCELLED	BALANCE DEC. 31, 2015
2014	\$ 923,819.09	\$ -	\$ -	\$ 604,484.30	\$ -	\$ -	\$ 319,334.79	-
2015		\$ 53,715,810.63	\$ 166,207.89	\$ 50,918,456.01	\$ 89,500.00	\$ 1,624,795.62	\$ 239,698.06	\$ 677,153.05
Total	\$ 923,819.09	\$ 53,715,810.63	\$ 166,207.89	\$ 51,522,940.31	\$ 89,500.00	\$ 1,624,795.62	\$ 559,032.85	\$ 677,153.05

Ref.

A

Reserve

A-2, A-17

A-2, A-4

A-1, A-2, A-18

A-16

Reserve

A

Analysis of 2015 Property Tax Levy:

Ref.

Tax Yield:

General Purpose	\$ 53,704,648.95
Added Taxes (54:4-63.1 et seq.)	11,161.68
	<u>\$ 53,715,810.63</u>

Tax Levy:

Local District School Tax (Abstract)	A-2, A-22	\$ 30,052,879.00
County Tax (Abstract)	A-2, A-21	4,600,483.36
County Library Tax (Abstract)	A-2, A-21	675,700.23
County Open Space Tax (Abstract)	A-2, A-21	434,314.08
Added County Tax	A-2, A-21	<u>1,189.14</u>
		35,764,565.81
Local Tax for Mun. Purposes (Abstract)	A-2	17,941,272.28
Add: Additional Tax Levied		<u>9,972.54</u>
		<u>17,951,244.82</u>
		<u>\$ 53,715,810.63</u>

SCHEDULE OF TAX TITLE LIENS  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2014	A	\$ 21,091.97
Balance - December 31, 2015	A	<u>\$ 21,091.97</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2014	A	\$ 827,500.00
Balance - December 31, 2015	A	<u>\$ 827,500.00</u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE - CURRENT FUND

	<u>REF.</u>	<u>BALANCE DEC. 31, 2014</u>	<u>ACCRUED IN 2015</u>	<u>COLLECTED</u>	<u>BALANCE DEC. 31, 2015</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	\$ 24,708.20	\$ 24,708.20	\$ -
Other	A-2	-	46,194.00	46,194.00	-
Fees and Permits	A-2	-	263,859.96	263,859.96	-
Municipal Court - Fines and Costs	A-2	42,195.42	450,397.05	457,103.88	35,488.59
Interest and Costs on Taxes	A-2	-	247,860.69	247,860.69	-
Interest on Investments and Deposits	A-2	-	33,778.25	33,778.25	-
Uniform Construction Code	A-2	-	241,262.50	241,262.50	-
Cable Television Franchise Fees	A-2	-	206,410.43	206,410.43	-
Parking Meters	A-2	-	113,528.90	113,528.90	-
EMS Fees	A-2	-	329,391.61	329,391.61	-
State and Federal Grants and Aid:					
Consolidated Municipal Property Tax Relief Aid	A-2	-	143,897.00	143,897.00	-
Energy Receipts Tax	A-2	-	1,394,716.00	1,394,716.00	-
Supplemental Energy Tax	A-2	-			-
Uniform Fire Safety Act	A-2	-	38,193.96	38,193.96	-
<b>Total Anticipated Miscellaneous Revenues</b>		<u>42,195.42</u>	<u>3,534,198.55</u>	<u>3,540,905.38</u>	<u>35,488.59</u>
Miscellaneous Revenues Not Anticipated	A-2		212,163.26	212,163.26	-
		<u>\$ 42,195.42</u>	<u>\$ 3,746,361.81</u>	<u>\$ 3,753,068.64</u>	<u>\$ 35,488.59</u>
<u>REF.</u>	A	Reserve	A-4	A	

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
CURRENT FUND

		<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Due Federal and State Grant Fund		\$	\$ 852,360.52	\$ 852,360.52	\$ -
Due General Capital Fund			15,181,847.58	15,167,372.23	14,475.35
Due Sewer Operating Fund			1,790,037.85	1,755,998.77	34,039.08
Due Sewer Capital Fund		-	1,830,000.00	1,864,000.00	(34,000.00)
Due Payroll Fund		<u>83,396.95</u>	<u>572,982.76</u>	<u>539,203.11</u>	<u>117,176.60</u>
		<u>\$ 83,396.95</u>	<u>\$ 20,227,228.71</u>	<u>\$ 20,178,934.63</u>	<u>\$ 131,691.03</u>
	<u>Ref.</u>				
Receivables	A	83,396.95			165,691.03
Payables	A	<u>-</u>			<u>(34,000.00)</u>
		<u>\$ 83,396.95</u>			<u>\$ 131,691.03</u>
Cash Receipts	A-4			19,474,722.62	
Cash Disbursements	A-4		19,349,936.27		
Budget Revenues	A-2		304,857.01		
Charges to 2015 Approp.	A-3			704,212.01	
Payroll & Agency Balances	Res.		117,174.35		
Cancelled Grant Reserves	A-1		2,348.95		
Employee Health Ded.	A-3		<u>452,912.13</u>		
			<u>\$ 20,227,228.71</u>	<u>\$ 20,178,934.63</u>	



SCHEDULE OF DEFERRED CHARGES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASES</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Hurricane Sandy	\$ 430,333.28	\$ -	\$ 430,333.28	\$ -
Master Plan	30,000.00	-	15,000.00	15,000.00
	<u>\$ 460,333.28</u>	<u>\$ -</u>	<u>\$ 445,333.28</u>	<u>\$ 15,000.00</u>
<u>Ref.</u>	A		A-3	A

SCHEDULE OF VARIOUS RESERVES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
<u>SPENDING RESERVES</u>				
Maintenance of Free Public Library with State Aid	\$ 31,676.29	\$ 18,938.00	\$ 18,820.00	\$ 31,794.29
Hurricane Sandy Costs	2,860.00		2,860.00	-
Police Special Duty	36,111.61	1,036,291.17	1,054,388.16	18,014.62
Fire Special Duty	1,886.66		1,886.66	-
Master Plan	19,950.50		6,671.53	13,278.97
Total Spending Reserves	<u>92,485.06</u>	<u>1,055,229.17</u>	<u>1,084,626.35</u>	<u>63,087.88</u>
<u>REVENUE RESERVES</u>				
Hurricane Sandy-FEMA	412,438.00		412,438.00	-
Total Revenue Reserves	<u>412,438.00</u>	<u>-</u>	<u>412,438.00</u>	<u>-</u>
	<u>\$ 504,923.06</u>	<u>\$ 1,055,229.17</u>	<u>\$ 1,497,064.35</u>	<u>\$ 63,087.88</u>
<u>REF.</u>	A			A
Cash Received	A-4	\$ 1,055,229.17		
Cash Disbursed	A-4		1,081,766.35	
Cancelled	A-1		2,860.00	
Budget Revenue	A-2		412,438.00	
		<u>\$ 1,055,229.17</u>	<u>\$ 1,497,064.35</u>	

SCHEDULE OF 2014 APPROPRIATION RESERVES

	<u>BALANCE-DEC. 31, 2014</u>		<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>			
<u>OPERATIONS WITHIN "CAPS"</u>					
Department of Administration					
Salaries and Wages	\$ -	\$ 11,844.47	\$ 11,844.47	\$ -	\$ 11,844.47
Other Expenses	351.68	1,501.03	1,852.71	351.68	1,501.03
Borough Council					
Other Expenses	112.00	1,247.90	1,359.90	112.00	1,247.90
Borough Clerk					
Salaries and Wages	-	11,276.93	11,276.93	-	11,276.93
Other Expenses	576.39	11,473.86	12,050.25	11,576.39	473.86
Annual Audit	29,235.34	-	29,235.34	29,235.34	-
Planning Board					
Salaries and Wages	-	600.00	600.00	-	600.00
Other Expenses	1,825.00	13,472.25	15,297.25	180.00	15,117.25
Historical Commission					
Salaries and Wages	-	1,055.00	1,055.00	-	1,055.00
Other Expenses	-	1,000.00	1,000.00	-	1,000.00
Board of Adjustment					
Salaries and Wages	-	720.00	720.00	-	720.00
Other Expenses	180.00	3,003.26	3,183.26	180.00	3,003.26
Borough Prosecutor					
Salaries and Wages	-	999.96	999.96	-	999.96
Office of Health, Housing & Property					
Salaries and Wages	-	4,239.06	4,239.06	-	4,239.06
Other Expenses	4.20	21,078.57	21,082.77	4.20	21,078.57
Office of Recreation					
Other Expenses	2,716.04	-	2,716.04	2,536.14	179.90
Division of Assessments					
Salaries and Wages	-	11,253.08	11,253.08	-	11,253.08
Other Expenses	67.70	532.38	600.08	59.70	540.38
Reserve for Tax Appeals pending	-	4,451.88	4,451.88	-	4,451.88
Department of Finance					
Salaries and Wages	-	9,663.18	9,663.18	-	9,663.18
Other Expenses	90.00	921.55	1,011.55	45.00	966.55
Insurance					
Group Insurance for Employees	340,747.98	144,073.72	484,821.70	340,747.98	144,073.72
Liability Insurance	-	18,531.90	18,531.90	933.90	17,598.00
Municipal Court					
Salaries and Wages	-	32,921.58	32,921.58	-	32,921.58
Other Expenses	862.52	511.84	1,374.36	1,362.52	11.84
Division of Taxation					
Other Expenses	111.70	328.03	439.73	111.70	328.03
Department of Law					
Other Expenses	-	2,303.43	2,303.43	-	2,303.43
Police					
Salaries and Wages	-	137,536.44	137,536.44	137,536.44	-
Other Expenses	38,055.42	3,506.43	41,561.85	38,174.42	3,387.43
School Crossing Guards					
Salaries and Wages	-	2,323.13	2,323.13	-	2,323.13
Parking Enforcement					
Salaries and Wages	-	2,498.95	2,498.95	-	2,498.95
Fire Protection					
Salaries and Wages	-	130,345.62	130,345.62	130,345.62	-
Other Expenses	15,118.72	609.93	15,728.65	15,198.37	530.28
Fire Hydrant Service	16,071.25	145.00	16,216.25	16,071.25	145.00

SCHEDULE OF 2014 APPROPRIATION RESERVES

	<u>BALANCE-DEC. 31, 2014</u>		<u>AMOUNT</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>AFTER</u>		
Uniform Fire Code Safety Act					
Salaries and Wages	\$	\$ 0.22	\$ 0.22	\$	\$ 0.22
Other Expenses	1,995.73	-	1,995.73	1,888.72	107.01
Emergency Medical Services					
Other Expenses	-	2,635.60	2,635.60	2,635.60	
Streets and Roads					
Salaries and Wages		39,728.95	39,728.95		39,728.95
Other Expenses	51,477.65	1,363.96	52,841.61	47,911.00	4,930.61
Buildings and Grounds					
Other Expenses	6,499.33	10,836.42	17,335.75	8,184.31	9,151.44
Vehicle Maintenance					
Other Expenses	8,957.89	2,553.67	11,511.56	8,956.86	2,554.70
Engineering Services					
Other Expenses		4,705.00	4,705.00		4,705.00
Office of Emergency Management					
Salaries and Wages	-	7,100.00	7,100.00		7,100.00
Other Expenses	-	2,500.09	2,500.09		2,500.09
State Uniform Construction Code					
Salaries and Wages	-	19,593.27	19,593.27		19,593.27
Other Expenses	-	2,888.14	2,888.14		2,888.14
<u>Unclassified:</u>					
Electricity	16,732.99	-	16,732.99	16,731.35	1.64
Telephone	4,156.56	4,607.46	8,764.02	4,551.72	4,212.30
Water	1,270.87	56.67	1,327.54	1,238.58	88.96
Natural Gas/Propane	-	5,958.89	5,958.89		5,958.89
Gasoline	29,501.60	13.38	29,514.98	29,501.60	13.38
Technology -Communications	-	2,627.34	2,627.34	2,627.34	
Retirement Benefits	-	37,877.83	37,877.83	37,867.83	10.00
Contingent	34.86	25.16	60.02	59.86	0.16
Contribution to:					
Social Security System (O.A.S.I.)		5,759.52	5,759.52		5,759.52
P.E.R.S.		28,109.00	28,109.00		28,109.00
P.F.R.S.		116,100.00	116,100.00		116,100.00
<b>Total Reserves Within "CAPS"</b>	<b>566,753.42</b>	<b>881,010.93</b>	<b>1,447,764.35</b>	<b>886,917.42</b>	<b>560,846.93</b>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Length of Service Awards Program (LOSAP)					
Other Expenses	-	3,000.00	3,000.00	3,000.00	
"COAH" Housing Rehabilitation					
Other Expenses	-	5,000.00	5,000.00		5,000.00
Engineering Expenses-Stormwater					
Other Expenses		12,895.61	12,895.61		12,895.61
Matching Funds Grant	-	5,000.00	5,000.00		5,000.00
Purchase of Capital Equipment	14,730.99	3,218.46	17,949.45	16,173.40	1,776.05
<b>Total Reserves Excluded from "CAPS"</b>	<b>\$ 14,730.99</b>	<b>\$ 29,114.07</b>	<b>\$ 43,845.06</b>	<b>19,173.40</b>	<b>24,671.66</b>
<b>Total Appropriation Reserves</b>	<b>\$ 581,484.41</b>	<b>\$ 910,125.00</b>	<b>\$ 1,491,609.41</b>	<b>\$ 906,090.82</b>	<b>\$ 585,518.59</b>
REF.	A	A			A-1
Disbursed	A-4			\$ 895,090.82	
Accounts Payable	A-15			11,000.00	
				<u>\$ 906,090.82</u>	

SCHEDULE OF ACCOUNTS PAYABLE  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2014	A	\$ 26,611.13
Increased by:		
Charges to Appropriation Reserves	A-13	<u>11,000.00</u>
		37,611.13
Decreased by:		
Cancelled	A-1	418.25
Disbursed	A-4	<u>2,775.00</u>
		<u>3,193.25</u>
Balance - December 31, 2015	A	<u><u>\$ 34,417.88</u></u>

SCHEDULE OF TAX OVERPAYMENTS -  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2014	A	\$ 66,143.90
Increased by:		
Tax Overpayments Collected	A-4	1,204,509.78
State Tax Appeals Settlement	A-1	<u>1,624,795.62</u>
		<u>2,829,305.40</u>
		2,895,449.30
Decreased by:		
Refunds	A-4	\$ 451,199.98
Applied to 2016 Taxes	A-17	694,937.02
Applied 2015 Taxes	A-7	<u>1,624,795.62</u>
		<u>2,770,932.62</u>
Balance - December 31, 2015	A	<u><u>\$ 124,516.68</u></u>

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance - December 31, 2014	A		\$ 166,207.89
Increased by:			
Collections	A-4	\$ 295,940.33	
Overpayments Applied	A-16	<u>694,937.02</u>	
			<u>990,877.35</u>
			1,157,085.24
Decreased by:			
Applied to 2015 Taxes Receivable	A-7		<u>166,207.89</u>
Balance - December 31, 2015	A		<u><u>\$ 990,877.35</u></u>

SCHEDULE OF DUE TO OR FROM STATE OF NEW JERSEY  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS  
(CHAPTER 129, P.L. 1976)

	<u>REF.</u>		
Balance - December 31, 2014			
Due from State	A		\$ 250.00
Increased by:			
Deductions per 2015 Tax Duplicate:			
Senior Citizens	A-7	\$ 19,750.00	
Veterans	A-7	74,250.00	
Deductions Allowed by Tax Collector:			
2015 Tax	A-7	<u>2,000.00</u>	
			<u>96,000.00</u>
			96,250.00
Decreased by:			
Collections	A-4	90,000.00	
Deductions Disallowed by Tax Collector:			
2015 Tax	A-7	<u>6,500.00</u>	
			<u>96,500.00</u>
Balance - December 31, 2015			
Due from (To) State	A		<u><u>\$ (250.00)</u></u>

SCHEDULE OF VARIOUS OTHER PAYABLES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
State of NJ-Variou Fees	\$ 5,596.50	\$ 10,011.50	\$ 9,805.00	\$ 5,803.00
Outside Lien Holders	928.08	1,270,376.09	1,216,743.15	54,561.02
	<u>\$ 6,524.58</u>	<u>\$ 1,280,387.59</u>	<u>\$ 1,226,548.15</u>	<u>\$ 60,364.02</u>
<u>REF.</u>	A	A-4	A-4	A

SCHEDULE OF RESERVE FOR ENCUMBRANCES  
CURRENT FUND

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2014	A	\$ 581,484.41	\$ 12,750.00
Increased by:			
Charges to:			
Grant Appropriation Reserves	A-25		20,513.53
2015 Budget Appropriations	A-3	<u>646,431.42</u>	
Subtotal		1,227,915.83	33,263.53
Decreased by:			
Transferred to Approp. Reserves	A-14	581,484.41	
Transferred to Grant Approp. Reserves	A-25		<u>12,750.00</u>
Balance - December 31, 2015	A	<u>\$ 646,431.42</u>	<u>\$ 20,513.53</u>

SCHEDULE OF COUNTY TAXES PAYABLE  
CURRENT FUND

REF.

Increased by:

2015 Levy:

County Tax	A-1, A-2, A-7	\$	4,600,483.36
County Library Tax	A-1, A-2, A-7		675,700.23
County Open Space Preservation	A-1, A-2, A-7		434,314.08
Added Taxes (R.R. 54:4-63.1 et seq.)	A-1, A-2, A-7		<u>1,189.14</u>

\$5,711,686.81

Decreased by:

Payments

A-4

\$5,711,686.81

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES  
CURRENT FUND

REF.

Increased by:

2015 Levy:

A-1, A-2, A-7

\$ 30,052,879.00

Decreased by:

Payments

A-4

\$ 30,052,879.00



SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
GRANT FUND

GRANT	BALANCE DEC. 31, 2014	2015 BUDGET REVENUE REALIZED	COLLECTED 2015	TRANS. FROM STATE & FED. GRANTS UNAPPROP.	BALANCE DEC. 31, 2015
Alcohol Education & Rehabilitation Fund	\$ -	\$ 4,300.00	\$ -	\$ 4,300.00	\$ -
Body Armor Fund	-	4,295.81	-	4,295.81	-
Clean Communities Program	-	34,949.31	34,949.31	-	-
Community Development Block Grant	-	103,360.64	-	103,360.64	-
ANJEC-Environmental Resources	-	7,000.00	-	7,000.00	-
Click it, Ticket it	-	5,000.00	-	5,000.00	-
Drunk Driving Enforcement Fund	-	5,484.50	-	5,484.50	-
Forestry Program	23,163.00	-	-	-	23,163.00
Historic Preservation	75,070.00	-	-	-	75,070.00
JAG Grant	36,050.00	-	-	-	36,050.00
NJDOT-Centers of Place	112,500.00	-	112,500.00	-	144,057.50
NJDOT-Malcolm & Manning	144,057.50	-	-	-	144,057.50
NJDOT-Grove Street	38,587.50	-	38,587.50	-	37,500.00
DOT - Livable Communities Program	75,000.00	-	37,500.00	-	7,506.42
New Jersey SHARE Grant-Fireman	7,506.42	-	-	23,740.75	-
Recycling Tonnage	-	23,740.75	-	-	-
Safe & Secure Communities Program	29,900.00	90,000.00	102,500.00	-	17,400.00
Somerset County Drug Alliance Program	14,717.08	14,976.00	15,227.17	-	14,465.91
Somerset County Greenways Partnership	267,400.00	-	-	-	267,400.00
Somerset County Historic Preservation	-	-	-	-	-
Trust - Vermuele Mansion - 2003	36,600.00	-	-	-	36,600.00
Somerset County Planning Partnership	4,050.00	-	-	-	4,050.00
Youth Services Commission	-	11,750.00	5,000.00	6,750.00	-
	\$ 864,601.50	\$ 304,857.01	\$ 346,263.98	\$ 159,931.70	\$ 663,262.83
Ref.	A	A-24	A-4	A-26	A

Adopted Budget  
NJSA 40A:4-87

304,857.01

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE  
GRANT FUND

	BALANCE DEC. 31, 2014	INCREASE	DECREASE	BALANCE DEC. 31, 2015
Due to Current Fund	\$ -	\$ 852,360.52	\$ 852,360.52	\$ -
Due to General Capital Fund	<u>250,000.00</u>	<u>142,500.00</u>	<u>250,000.00</u>	<u>142,500.00</u>
	<u>\$ 250,000.00</u>	<u>\$ 994,860.52</u>	<u>\$ 1,102,360.52</u>	<u>\$ 142,500.00</u>
	Ref. A			A
Disbursed			498,148.51	
Cash Receipts		142,500.00		
Transfers from 2015 Budget			604,212.01	
2015 Grant Revenues		304,857.01		
Grant Expend. Paid by Current		545,154.56		
Unappropriated Grant Cancelled		<u>2,348.95</u>		
		<u>\$ 994,860.52</u>	<u>\$ 1,102,360.52</u>	

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
GRANT FUND

GRANT/AID PROGRAM	BALANCE DEC. 31, 2014	RESERVE FOR ENCUMB. DEC. 31, 2014	TRANSFERRED FROM 2015 BUDGET	PAID OR CHARGED	RESERVE FOR ENCUMB. DEC. 31, 2015	BALANCE DEC. 31, 2015
Alcohol Education and Rehabilitation Fund	2,478.50		4,300.00			6,778.50
ANJEC-Environmental Resources			7,000.00			7,000.00
Body Armor Fund	7,012.27	3,978.00	4,295.81	6,666.50		8,619.58
Clean Communities Act	5,389.21	360.00	34,949.31	13,969.66	13,205.00	13,523.86
Community Stewardship	23,000.00					23,000.00
Community Development Block Grant Program:	30.50		103,360.64	100,317.46		3,073.68
Click it Ticket it	-		5,000.00			5,000.00
Dept. of Justice - Police Grant	4,719.47					4,719.47
Drunk Driving Enforcement Fund	-		5,484.50	4,884.50		600.00
Division of Highway Safety	5,000.00					5,000.00
Fire Fighters Grant-2007	30,881.44					30,881.44
FEMA Fire Fighters Grant	4.65					4.65
Fireman's Safer Grant	-					-
Forestry Grant	25,000.00					25,000.00
JAG Grant	6,330.53					6,330.53
Local Law Enforcement Block Grant	31,516.67					31,516.67
Municipal Court Adjudication Act	23,329.09			1,300.00		22,029.09
Municipal Waterways Reclamation Program	2,147.45					2,147.45
New Jersey Signage Program	1,654.62					1,654.62
NJ SHARE Grant-Schools	6,400.00					6,400.00
NJDEP Recycling Tonnage Grant	-	5,460.00	23,740.75	7,615.00	4,500.00	17,085.75
NJDOT - Grove Ave	5,797.50					5,797.50
NJDOT - Livable Communities Program	2,607.59					2,607.59
NJDOT - Crab Brooke	5,000.00					5,000.00
NJDOT - Somerset Street	(6,785.00)					(6,785.00)
NJDOT - Belmont Avenue	(4,012.50)					(4,012.50)
Parking Adjudication	6,882.00					6,882.00
Safe & Secure Communities	\$ -	\$ -	90,000.00	90,000.00		\$ -
Safe & Secure Matching Funds			295,000.00	295,000.00		
Smart Future Downtown Redevelopment	12,800.00					12,800.00
Somerset County Drug Alliance Program	1,687.84	2,952.00	19,331.00	18,619.19	1,308.53	4,043.12
Somerset County EDIP	24,407.96					24,407.96

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
GRANT FUND

	BALANCE DEC. 31, 2014	RESERVE FOR ENCUMB. DEC. 31, 2014	TRANSFERRED FROM 2015 BUDGET	PAID OR CHARGED	RESERVE FOR ENCUMB. DEC. 31, 2015	BALANCE DEC. 31, 2015
<u>GRANT/AID PROGRAM</u>						
Somerset County Greenways Partnership	191,687.77					191,687.77
Somerset County Historic Preservation	12,375.90					12,375.90
Somerset County Planning Partnership	7,800.00					7,800.00
Somerset Cty. Youth Athletic & Recreation Facility Grants	4,105.00					4,105.00
Stormwater Management	11,177.00					11,177.00
Youth Services Commission	3,554.30		11,750.00	6,782.25	1,500.00	7,022.05
	<u>\$ 453,979.76</u>	<u>\$ 12,750.00</u>	<u>\$ 604,212.01</u>	<u>\$ 545,154.56</u>	<u>\$ 20,513.53</u>	<u>\$ 505,273.68</u>

Ref.

A

A-21

A-24

A-24

A-21

A

Adopted budget  
 NJSA 40A:4-87

\$ 549,286.70  
54,925.31  
\$ 604,212.01

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS  
UNAPPROPRIATED  
GRANT FUND

Exhibit - A-26

<u>GRANTS</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>COLLECTED</u> <u>2015</u>	<u>APPROPRIATED</u> <u>2015</u>	<u>CANCELLED</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Body Armor Fund	\$ 4,295.81	4,288.74	4,295.81		4,288.74
Clean Communities Act	0.10			0.10	-
Recycling Tonnage Grant	23,740.75		23,740.75		-
Drunk Driving Enforcement Fund	5,484.50	9,743.82	5,484.50		9,743.82
Alcohol Education and Rehabilitation	4,300.00		4,300.00		-
Community Development Block Grant	103,360.64		103,360.64		-
Click It Or Ticket	5,000.00	4,200.00	5,000.00		4,200.00
Youth Services Commission	6,750.00		6,750.00		-
ANJEC- Environmental Resources	7,000.00		7,000.00		-
Unidentified	<u>2,348.85</u>			<u>2,348.85</u>	<u>-</u>
	<u>\$ 162,280.65</u>	<u>\$ 18,232.56</u>	<u>\$ 159,931.70</u>	<u>\$ 2,348.95</u>	<u>\$ 18,232.56</u>

<u>Ref.</u>	A	A-4	A-23	A-24	A
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**Trust Fund**

ANALYSIS OF ASSESSMENT CASH  
ASSESSMENT FUND

	BALANCE DEC. 31, 2014	Receipts	TRANSFERS		BALANCE DEC. 31, 2015
			To	From	
Fund Balance	\$123,080.87	\$1,035.63	\$4,622.64		128,739.14
Assessment Receivable	(5,473.04)	4,622.64			(850.40)
Prospective Assessments Funded	(68,203.44)				(68,203.44)
Reserve for Assessments	73,676.48			4,622.64	69,053.84
Due to Current Fund	-				-
	<u>\$123,080.87</u>	<u>\$5,658.27</u>	<u>\$4,622.64</u>	<u>\$4,622.64</u>	<u>\$128,739.14</u>

Ref.

B

B

SCHEDULE OF ASSESSMENTS RECEIVABLE  
TRUST FUND

Exhibit - B-3

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31,2013</u>	<u>RECEIPTS</u>	<u>BALANCE DEC. 31,2014</u>
91-08	Construction of Curbs - Brook to North Jackson Avenue	\$13,609.91	\$9,424.04	\$4,185.87
93-09	Granite Block Curbing - Farragut Place	1,545.94	1,545.94	-
93-10	Granite Block Curbing - Brook Avenue	<u>4,149.52</u>	<u>2,862.35</u>	<u>\$1,287.17</u>
		<u>\$19,305.37</u>	<u>\$13,832.33</u>	<u>\$5,473.04</u>
	<u>Ref.</u>	B	B-1	B



SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED  
TRUST FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	BALANCE	BALANCE PLEDGED TO	
		DEC. 31, 2014	DEC. 31, 2015	BONDS	ASSESSMENT RESERVE
757	Improvement of Various Streets	\$ 25,000.00	\$ 25,000.00	\$	25,000.00
83-15	Construction of Concrete Curbs	17,000.00	17,000.00		17,000.00
84-17	Reconstruction of Interhaven Avenue	15,000.00	15,000.00		15,000.00
91-08	Construction of Curbs - Brook to North Jackson Avenue	2,749.79	2,749.79		2,749.79
93-10	Granite Block Curbing - Brook Avenue	6,373.65	6,373.65		6,373.65
06-08	Granite Block-Rockview Avenue	2,080.00	2,080.00		2,080.00
		<u>\$ 68,203.44</u>	<u>\$ 68,203.44</u>	\$ -	<u>\$ 68,203.44</u>

Ref.

B

B

SCHEDULE OF SPECIAL ACCOUNT BALANCE CALCULATION  
ANIMAL CONTROL FUND

Footnote: R.S. 4:19-15.11

" ..... there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

<u>SFY Year</u>	<u>Amount</u>
2013	15,084.36
2014	<u>12,928.12</u>
	<u>\$ 28,012.48</u>
Animal Control Balance - December 31, 2015	<u>\$ 2,297.41</u>

TRUST FUNDS  
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance December 31, 2014	Receipts	Disbursements	Adjustments	Balance December 31, 2015
Assessment Trust:					
Due from/to Current Fund	\$ -				\$ -
Assessments Receivable	(5,473.04)	4,622.64			(850.40)
Prospective Assessments Funded	(68,203.44)				(68,203.44)
Reserve for Assessments	73,676.48			(4,622.64)	69,053.84
Assessment Fund Balance	123,080.87	1,035.63		4,622.64	128,739.14
<b>Total</b>	<b>123,080.87</b>	<b>5,658.27</b>	<b>-</b>	<b>-</b>	<b>128,739.14</b>
Animal Control:					
Due NJ - State License Fees	-	1,081.80		(1,084.80)	(3.00)
Animal Control Reserves	1,876.15	11,839.12	(12,499.66)	1,084.80	2,300.41
<b>Total</b>	<b>1,876.15</b>	<b>12,920.92</b>	<b>(12,499.66)</b>	<b>-</b>	<b>2,297.41</b>
Trust - Other Funds:					
Escrow Funds and Reserves	2,802,574.73	1,576,375.31	(1,680,604.79)		2,698,345.25
<b>Total</b>	<b>2,802,574.73</b>	<b>1,576,375.31</b>	<b>(1,680,604.79)</b>	<b>-</b>	<b>2,698,345.25</b>
<b>Total</b>	<b>\$ 2,927,531.75</b>	<b>\$ 1,594,954.50</b>	<b>\$ (1,693,104.45)</b>	<b>\$ -</b>	<b>\$ 2,829,381.80</b>

Ref. B

B

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS  
TRUST FUND

<u>ORD.</u> <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>COLLECTIONS</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
	<u>Assessment Receivable</u>			
91-08	Construction of Curbs - Brook to North Jackson	\$ 4,185.87	\$ 3,936.14	\$ 249.73
93-10	Granite Block Curbing - Brook Avenue	1,287.17	686.50	600.67
	<u>Prospective Assessments Funded</u>			
757	Improvement - Various Streets	25,000.00		25,000.00
83-15	Construction of Concrete Curbs	17,000.00		17,000.00
84-17	Reconstruction of Interhaven Avenue	15,000.00		15,000.00
91-08	Construction of Curbs - Brook to North Jackson	2,749.79		2,749.79
93-10	Granite Block Curbing - Brook Avenue	6,373.65		6,373.65
06-08	Granite Block Curbing - Rockview Avenue	2,080.00		2,080.00
		<u>\$73,676.48</u>	<u>\$4,622.64</u>	<u>\$69,053.84</u>
<u>REF.</u>		<u>B</u>	<u>B-6</u>	<u>B</u>

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES  
TRUST - OTHER FUND

	BALANCE DECEMBER 31, 2014	INCREASE	DECREASE	BALANCE DECEMBER 31, 2015
Trust - Other Fund:				
Unemployment Compensation Insurance	\$ 100,169.11	\$ 51,364.68	\$ 6,519.75	\$ 145,014.04
Small Cities Repayment Fund	78,031.92	24,183.43	38,000.00	64,215.35
Federal and County Forfeiture Funds	35,232.67	15,210.90	11,505.26	38,938.31
Special Events Deposits	31,613.14	14,158.16	17,242.93	28,528.37
Performance Bonds and Escrow Deposits	284,705.31	87,441.62	290,852.47	81,294.46
Redemption and Premium Received at Tax Sale	1,786,000.00	1,252,394.34	1,170,385.00	1,868,009.34
Accumulated Absences	169,853.94			169,853.94
Uniform Fire Safety Act Penalties	4.15			4.15
Parking Offenses Adjudication Act	18,040.71	3,054.15	2,980.15	18,114.71
Public Defender Fees	12,093.55	8,697.31	6,000.00	14,790.86
3rd Party Contracts-Uniform Construction				
Code Fire and Subcode	14,324.99	1,095.48	1,095.48	14,324.99
Recreation Activities	95,271.29	115,253.74	125,630.78	84,894.25
Uniform Fire Code Enforcement				
And Dedicated Penalties (P.L 1991, Ch. 489)	15,991.48		12,300.60	3,690.88
Police Recovered Funds	19,276.07	76.97	121.00	19,232.04
Gifts for Library/Vermuele	1,610.00			1,610.00
Snow Removal	63,796.35			63,796.35
Police Off-Duty	50,850.05			50,850.05
Fire Penalty	25,710.00	2,737.00		28,447.00
<b>Total Trust - Other Fund</b>	<b><u>\$ 2,802,574.73</u></b>	<b><u>\$ 1,575,667.78</u></b>	<b><u>\$ 1,682,633.42</u></b>	<b><u>\$ 2,695,609.09</u></b>
Ref.	B, B-6			B, B-6

**General Capital Fund**

SCHEDULE OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS-TREASURER

	<u>REF.</u>	
Balance - December 31, 2014	C	\$ 472,892.37
Increased by Receipts:		
Interfund Accounts Receipts	C-4	<u>3,600,000.00</u>
		4,072,892.37
Decreased by Disbursements:		
Interfund Accounts Disbursements	C-4	<u>651,372.23</u>
Balance - December 31, 2015	C	<u><u>\$ 3,421,520.14</u></u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Fund Balance	\$ 274,385.40	\$ 274,385.40
Interfund Receivable/Payable (Net)	(450,000.00)	(228,024.65)
Grant Receivable	(690,000.00)	(547,500.00)
Excess BAN's	26,060.35	-
Reserve for Encumbrances	387,483.79	1,603,595.14
Capital Improvement Fund	3,791.44	3,191.44

ORD.  
NO.

IMPROVEMENT AUTHORIZATION

	<u>General Improvements</u>		
98-04	Various Improvements:		
	(f) Land Acquisition - Recreational Purposes	\$ 151,154.36	\$ 151,154.36
99-12	Various Improvements:		
	a) HVAC & Roof Renovations	(750.00)	-
	b) Resurfacing of Roadways	(2,000.00)	-
	c) Acquis. of Fire/Rescue Ambulance	(250.00)	-
	f) Acquis. of Playground Equip. & Renovations	(470.00)	-
	g) PD Security System/Trans. Vehicle Renov.	(850.00)	-
00-08	Various Improvements:		
	vi) Acquis. of Fire Equip.	(275.00)	-
03-14	Equip. & Various Capital Improv.		
	iv) Overlays of Roadways & Parking Lots	920.00	-
05-17	Equip. & Various Capital Improv.		
	i) Municipal Bldg. Renovations	-	747.21
06-12	Various Capital Improvements:		
	iv) Municipal Parking Lot - Lincoln Pl	77,500.00	77,500.00
07-09	Various Capital Improvements:		
	iv) Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	150,000.00	150,000.00
09-05	Equip. & Various Capital Improv.:		
	iii) Mun. Complex/Library/Parking Lot	-	24,873.01
	v) Fire Dept. Trailer/Fire Bay Door	47,794.15	9,100.00
	vii) COAH Housing Rehabilitation	10,407.50	407.50
12-03	Various Capital Improvements:		
	i) Police Dept Vehilces/Shotguns	2.35	2.35
	iii) Fire Dept New Pumper and Ambulance	11,555.60	-
	v) Roads & Safety Improvements (NJDOT \$200,000)	221,019.41	-
	vi) Public Works - Various Equipment	14.19	14.19
	vii) Stormwater maintenance	49,985.81	46,442.06
	viii) Demolition	4,975.39	4,975.39



ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
<u>General Improvements (Cont'd.)</u>			
	ix) COAH Housing Rehab	42,450.00	30,000.00
14-07	Various Capital Improvements:		
	i) Police Dept Equipment	(64,235.72)	45,054.28
	ii) Various Office Equipment	(61,750.00)	-
	iii) Fire Dept Equipment	(13,650.00)	600.00
	iv) Improv. To Bldgs. & Grounds	(85,875.20)	184,943.19
	v) Roads & Safety Improvements	554,341.55	449,644.51
	vi) Public Works - Various Equipment	(175,843.00)	6,398.22
	vii) Stormwater maintenance	2,500.00	43,395.50
	viii) Demolition	1,250.00	7,991.61
	ix) COAH Housing Rehab	1,250.00	25,000.00
15-06	Various Capital Improvements:		
	i) Police Dept Equipment		-
	ii) Fire Dept Equipment		232.71
	iii) Municipal Bldg. & Property Improvements		578,860.06
	iv) Roads & Safety Improvements		348,436.66
	v) Public Works - Various Equipment		98,100.00
	vi) Stormwater maintenance		32,000.00
		<u>\$ 472,892.37</u>	<u>\$ 3,421,520.14</u>

Ref.

C

C

( ) Denotes Deficit or Deduction

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE

		<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Due from Grant Fund		\$ 250,000.00	\$ 142,500.00	\$ 250,000.00	\$ 142,500.00
Due to Current Fund		-	15,167,372.23	15,181,847.58	(14,475.35)
Due from Sewer Capital Fund		<u>200,000.00</u>		<u>100,000.00</u>	<u>100,000.00</u>
		<u>\$ 450,000.00</u>	<u>\$15,309,872.23</u>	<u>\$15,531,847.58</u>	<u>\$ 228,024.65</u>
	<u>REF.</u>	C			C
Interfund Receivable	C	450,000.00			242,500.00
Interfund Payable	C	<u>-</u>			<u>(14,475.35)</u>
		<u>450,000.00</u>			<u>228,024.65</u>
Bond Proceeds Deposited to Current	C-11		\$14,416,000.00	\$ -	
B.A.N. Maturities Paid by Current	C-11			9,977,235.35	
Capital Grant Deposited to Grant Fund	C-9		142,500.00		
Cash Receipts				3,600,000.00	
Cash Disbursements			651,372.23		
Improvement Authorizations	C-11			1,954,612.23	
Capital Improvement Fund	C-8		<u>100,000.00</u>		
			<u>\$15,309,872.23</u>	<u>\$15,531,847.58</u>	

() Denotes Payable

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance - December 31, 2014	C	\$ 440,000.00
Increased by:		
Serial Bonds Issued	C-3,C-6,C-12	<u>14,416,000.00</u>
		14,856,000.00
Decreased by:		
Serial Bonds Payments	C-10	<u>440,000.00</u>
Balance - December 31, 2015	C	<u>\$14,416,000.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	2015	TRANSF. TO DEFERRED CHARGES FUNDED	BOND ANTIC.	BALANCE
		DEC. 31, 2014	AUTHORIZED		NOTES PAY DOWN	DEC. 31, 2015
93-09	Granite Block Curbing - Farragut Place	\$ 25,316.56	\$	25,250.00	\$ 66.56	\$ -
96-20	Improvements to Various Roads & Streets	43,632.00		40,850.00	2,782.00	-
99-12	Various Improvements:					
	a) HVAC & Roof Renovations	750.00		750.00		-
	b) Resurfacing of Roadways	2,000.00		2,000.00		-
	c) Acquis. of Fire/Rescue Ambulance	250.00		250.00		-
	f) Acquis. of Playground Equip. & Renovations	470.00		470.00		-
	g) PD Security System/Trans. Vehicle Renov.	850.00		850.00		-
00-08	Various Improvements:					
	vi) Acquis. of Fire Equip.	275.00		275.00		-
02-07	Renovation of Municipal Bldg. & Acquis. and Renovation Bldg. For Mun. Purposes	1,882,200.00		1,792,600.00	89,600.00	-
02-08	Various Improvements:					
	a) DPW Vehicles	34,555.00		28,655.00	5,900.00	-
	b) Improv. of Various Roads	37,095.00		30,720.00	6,375.00	-
	c) Fire Dept. Protective Clothing	4,050.00		3,350.00	700.00	-
	d) Computer Equip.	8,750.00		7,250.00	1,500.00	-
	e) Heavy-Duty Police Vehicle	3,350.00		2,725.00	625.00	-
03-14	Equip. & Various Capital Improv.	72,700.00		72,700.00		-
	i) Police Communications Equipment					
	ii) Fire Protective Gear, Apparatus Bay Door and Ambulance	60,453.14		53,030.00	7,423.14	-
	iii) DPW Equipment	17,790.00		14,790.00	3,000.00	-
	iv) Overlays of Roadways & Parking Lots	143,930.00		123,880.00	20,050.00	-

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	2015	TRANSE. TO DEFERRED CHARGES FUNDED	BOND ANTIC. NOTES PAY DOWN	BALANCE
		DEC. 31, 2014	AUTHORIZED			DEC. 31, 2015
04-23	Computers & Electronic Equipment	\$ 24,250.00	\$	10,750.00	\$ 13,500.00	\$ -
05-08	Acquis. & Rehab. Of Sr. Center	160,000.00		155,000.00	5,000.00	-
05-17	Municipal Bldg. Renovations	1,054,425.00		1,008,425.00	46,000.00	-
06-03	Acquis. Of Senior Citizen Bus (CDBG \$21,300)	22,869.95		18,600.00	4,269.95	-
06-12	Various Capital Improvements:					
	i) Acquis. Various Police Equipment	75,760.00		65,860.00	9,900.00	-
	ii) Acquis Various Flood and Rescue Equipment	38,125.00		33,150.00	4,975.00	-
	iii) Acquis & Install Sprinkler and HVAC System in Memorial Library of Borough	66,465.00		57,790.00	8,675.00	-
	iv) Municipal Parking Lot - Lincoln Pl	155,300.00		135,050.00	20,250.00	-
	v) Acquis & Install Exterior Lighting Vermeule Mansion	6,440.00		5,600.00	840.00	-
	vi) Acquis & Install Equipment Green Acres Park	27,190.00		23,640.00	3,550.00	-
	vii) Acquis & Install Various Street Signs	13,448.00		11,680.00	1,768.00	-
	viii) Overlays of Roadways & Parking Lots (NJDOT Grant \$274,000)	80,655.00		70,130.00	10,525.00	-
06-08	Granite Block Curbing - Rockview Avenue	31,220.00		29,120.00	2,100.00	-

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2014	2015 AUTHORIZED	TRANSF. TO DEFERRED CHARGES FUNDED	BOND ANTIC. NOTES PAY DOWN	BALANCE DEC. 31, 2015
07-09	Various Capital Improvements:					
	i) Acquis. Various Police Equipment	74,825.00		70,075.00	4,750.00	-
	ii) Acquis Radios for Fire Department	25,681.00		24,056.00	1,625.00	-
	iii) Renov. HVAC System, Replace roof & sidewalks Install Sprinkler System at Memorial Library	102,565.00		96,065.00	6,500.00	-
	iv) Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	113,955.00		106,730.00	7,225.00	-
	v) Acquis various Office Equipment for Various Departments with in Municipal Complex	71,040.00		66,540.00	4,500.00	-
	vi) Demolition of Structures at Vermeule Mansion	56,993.00		53,393.00	3,600.00	-
	vii) Various Capital Improvements-Green Acres Park	19,006.00		17,806.00	1,200.00	-
	viii) Repair Sidewalks, Remove Trees & Overlay Various Roads	350,990.00		328,740.00	22,250.00	-
	ix) Replace Pick-up Truck in DPW	24,305.00		22,755.00	1,550.00	-
	x) Funding Borough's Coalition on Affordable Housing obligation	151,440.00		141,840.00	9,600.00	-
07-22	Acquis. & Purchase of Real Property	50,000.00		49,350.00	650.00	-
09-05	Equip. & Various Capital Improv.					
	i) Acquis. Public Works Equipment	149,600.00		141,150.00	8,450.00	-
	ii) 2009 Road Program	1,447,550.00		1,365,750.00	81,800.00	-
	iii) Mun. Complex/Library/Parking Lot	769,965.00		726,440.00	43,525.00	-
	iv) Police Dept. Computer	72,265.00		68,165.00	4,100.00	-
	v) Fire Dept. Trailer/Fire Bay Door	43,635.00		41,185.00	2,450.00	-
	vi) Stormwater Improvements	63,360.00		59,785.00	3,575.00	-
	vii) COAH Housing Rehabilitation	42,735.00		40,285.00	2,450.00	-

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE	2015	TRANSF. TO DEFERRED CHARGES FUNDED	BOND ANTIC. NOTES PAY DOWN	BALANCE
		DEC. 31, 2014	AUTHORIZED			DEC. 31, 2015
12-03	Various Capital Improvements:	\$	\$			\$
	i) Police Dept Vehiices/Shotguns	74,200.00		71,800.00	2,400.00	
	ii) Various Office Equipment	123,750.00		119,750.00	4,000.00	
	iii) Fire Dept New Pumper and Ambulance	542,850.00		525,350.00	17,500.00	
	iv) Bldgs & Grounds - Various	792,000.00		766,500.00	25,500.00	
	v) Roads & Safety Improvements (NJDOT \$200,000)	989,400.00		957,525.00	31,875.00	
	vi) Public Works - Various Equipment	142,850.00		138,250.00	4,600.00	
	vii) Stormwater maintenance	47,500.00		45,975.00	1,525.00	
	viii) Demolition	47,500.00		45,975.00	1,525.00	
	ix) COAH Housing Rehab	47,500.00		45,975.00	1,525.00	
14-07	Various Capital Improvements:					
	i) Police Dept Equipment	108,300.00		108,300.00		
	ii) Various Office Equipment	61,750.00		61,750.00		
	iii) Fire Dept Equipment	14,250.00		14,250.00		
	iv) Improv. To Bldgs. & Grounds	674,500.00		674,500.00		
	v) Roads & Safety Improvements	1,369,900.00		1,369,900.00		
	vi) Public Works - Various Equipment	218,500.00		218,500.00		
	vii) Stormwater maintenance	47,500.00		47,500.00		
	viii) Demolition	23,750.00		23,750.00		
	ix) COAH Housing Rehab	23,750.00		23,750.00		
15-06	Various Capital Improvements:					
	i) Police Dept Equipment		343,900.00	343,900.00		
	ii) Fire Dept Equipment		180,500.00	180,500.00		
	iii) Municipal Bldg. & Property Improvements		570,000.00	570,000.00		
	iv) Roads & Safety Improvements		359,100.00	359,100.00		
	v) Public Works - Various Equipment		427,500.00	427,500.00		
	vi) Stormwater maintenance		30,400.00	30,400.00		
		<u>\$ 13,074,224.65</u>	<u>\$ 1,911,400.00</u>	<u>\$ 14,416,000.00</u>	<u>\$ 569,624.65</u>	<u>\$ -</u>
	<u>Ref.</u>	<u>C</u>	<u>C-7</u>	<u>C-5</u>	<u>C-11</u>	<u>C</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE - DEC. 31, 2014		2015 AUTHORIZED	2015 ENCUMB.	PAID OR CHARGED	BALANCE DEC. 31, 2015	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
98-04	Various Improvements: (f) Land Acquisition - Recreational Purposes	4/27/98	300,000.00	\$ 151,154.36	\$ -	\$ -	\$ -	\$ -	\$ 151,154.36	
05-17	Equip. & Various Capital Improv. ii) Aff. Action Training Fund			-	-	747.21		(747.21)	747.21	
06-12	Various Capital Improvements: iv) Municipal Parking Lot - Lincoln Pl	8/14/06	500,000.00	2,360.00	75,140.00				77,500.00	
07-09	Various Capital Improvements: iv) Acquis. Of Block 93, Lots 7 & 8 and construction of Parking Lot	7/23/07	150,000.00	28,820.00	121,180.00				150,000.00	
09-05	Equip. & Various Capital Improv. iii) Mun. Complex/Library/Parking Lot v) Fire Dept. Trailer/Fire Bay Door vii) COAH Housing Rehabilitation	7/13/09 7/13/09 7/13/09	900,000.00 51,000.00 50,000.00	- 1,709.15 10,407.50	- 46,085.00 10,407.50	34,069.56 735.00		9,196.55 39,429.15 10,000.00	24,873.01 9,100.00 407.50	
12-03	Various Capital Improvements: i) Police Dept Vehicles/Shoiguns iii) Fire Dept New Pumper and Ambulance iv) Bldgs & Grounds - Various v) Roads & Safety Improvements vi) Public Works - Various Equipment vii) Stormwater maintenance viii) Demolition ix) COAH Housing Rehab	4/23/12 4/23/12 4/23/12 4/23/12 4/23/12 4/23/12 4/23/12 4/23/12	78,000.00 570,000.00 832,000.00 1,240,000.00 150,000.00 50,000.00 50,000.00 50,000.00	2.35 - - - 2,485.81 2,500.00	2.35 11,555.60 - 221,019.41 14.19 47,500.00 4,975.39 47,500.00	4,470.00 6,311.50 21,386.50		4,470.00 5,820.05 6,311.50 221,019.41 3,543.75 16,050.00	2.35 - - 14.19 46,442.06 4,975.39 30,000.00	
14-07	Various Capital Improvements: i) Police Dept Equipment ii) Various Office Equipment iii) Fire Dept Equipment iv) Improv. To Bldgs. & Grounds v) Roads & Safety Improvements vi) Public Works - Various Equipment vii) Stormwater maintenance viii) Demolition ix) COAH Housing Rehab	9/8/14 9/8/14 9/8/14 9/8/14 9/8/14 9/8/14 9/8/14 9/8/14	114,000.00 65,000.00 15,000.00 710,000.00 2,132,000.00 230,000.00 50,000.00 25,000.00	- - - - 554,341.55 2,500.00 1,250.00 1,250.00	44,064.28 - 600.00 588,624.80 1,369,900.00 42,657.00 47,500.00 23,750.00	12,833.72 37,349.00		11,843.72 37,349.00 482,340.21 844,498.94 190,098.78 6,604.50 17,008.39	45,054.28 - 600.00 184,943.19 449,644.51 6,398.22 43,395.50 7,991.61 25,000.00	
15-06	Various Capital Improvements: i) Police Dept Equipment ii) Fire Dept Equipment iii) Municipal Bldg. & Property Improvements iv) Roads & Safety Improvements v) Public Works - Various Equipment vi) Stormwater maintenance	4/27/15 4/27/15 4/27/15 4/27/15 4/27/15 4/27/15	362,000.00 190,000.00 600,000.00 378,000.00 450,000.00 32,000.00							
				\$ 748,370.87	\$ 2,726,225.52	\$ 387,483.79	\$ 2,012,000.00	\$ 1,953,865.02	\$ 2,315,872.81	

Ref.	C	C	C	C	C	C-4	C
Capital Improvement Fund							
Deferred Charges to Future Taxation - Unfunded							
	\$ 100,600.00						
	1,911,400.00						
	<u>\$ 2,012,000.00</u>						

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2014	C	\$ 3,791.44
Increased by:		
2015 Budget Appropriation	C-4	<u>100,000.00</u>
		103,791.44
Decreased by:		
Appropriated to Finance Improvement Authorization	C-7	<u>100,600.00</u>
Balance - December 31, 2015	C	<u><u>\$ 3,191.44</u></u>

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance - December 31, 2014	C	\$ 690,000.00
Decreased by:		
Grants Received	C-4	<u>142,500.00</u>
Balance - December 31, 2015	C	<u><u>\$ 547,500.00</u></u>

Analysis of Balance:

Federal Transportation Grant (Ord. 14-07)	\$ 247,500.00
NJDOT (Ord. 14-07)	<u>300,000.00</u>
	<u><u>\$ 547,500.00</u></u>



SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2014	INTEREST RATE	BALANCE DEC. 31, 2014	INCREASE	DECREASE	BALANCE DEC. 31, 2015	Ref.
General Improvement Bonds	7/15/03	4,875,000.00		3.250%	\$ 440,000.00		\$ 440,000.00	\$ -	C
General Improvement Bonds	6/5/15	14,416,000.00	6/1/16	3.000%					C
			6/1/17	3.000%					
			6/1/18	3.000%					
			6/1/19	3.000%					
			6/1/20	3.000%					
			6/1/21	3.000%					
			6/1/22	3.000%					
			6/1/23	3.000%					
			6/1/24	3.000%					
			6/1/25	3.000%					
			6/1/26	3.000%					
			6/1/27	3.000%					
						14,416,000.00		14,416,000.00	
					\$ 440,000.00	\$ 14,416,000.00	\$ 440,000.00	\$ 14,416,000.00	C
									C-7
									C-5
									C

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	DECREASE	BALANCE
							DEC. 31, 2014		DEC. 31, 2015
02-07	Renovations to Municipal Bldg. & Acquis. of Bldg. For Mun. Purposes	6/30/04	\$2,600,000.00	6/8/14	6/8/15	1.000%	\$ 1,882,200.00	\$ 1,882,200.00	\$ -
02-08	Various Capital Improvements	6/26/06	178,250.00	6/8/14	6/8/15	1.000%	87,800.00	87,800.00	-
03-14	Equip. & Various Capital Improv.	6/27/05	609,900.00	6/8/14	6/8/15	1.000%	307,450.00	307,450.00	-
04-23	Computers & Electronic Equipment	6/27/05	118,750.00	6/8/14	6/8/15	1.000%	24,250.00	24,250.00	-
05-08	Senior Citizen Center	6/26/06	190,000.00	6/8/14	6/8/15	1.000%	160,000.00	160,000.00	-
05-17	Amend 02-07 Renovations to Municipal Bldg. & Acquis of Bldg. for Mun. Purpose	6/26/06	1,330,000.00	6/8/14	6/8/15	1.000%	1,054,425.00	1,054,425.00	-
06-12	Various Capital Improvements	6/22/07	1,133,300.00	6/8/14	6/8/15	1.000%	463,383.00	463,383.00	-
07-09	Various Improvements	6/20/08	1,242,000.00	6/8/14	6/8/15	1.000%	990,800.00	990,800.00	-
07-22	Acquis. Of Real property	6/20/08	57,000.00	6/8/14	6/8/15	1.000%	54,000.00	54,000.00	-
93-09	Imp. Farragut Place	6/17/09	35,750.00	6/8/14	6/8/15	1.000%	30,050.00	30,050.00	-
96-20	Imp. Various Public Streets	6/17/09	51,882.00	6/8/14	6/8/15	1.000%	43,632.00	43,632.00	-
06-03	Senior Citizens Bus	6/17/09	38,600.00	6/8/14	6/8/15	1.000%	25,700.00	25,700.00	-
06-08	Rockview Avenue Curbing	6/17/09	39,520.00	6/8/14	6/8/15	1.000%	33,220.00	33,220.00	-
09-05	Various Improvements	6/15/10	2,882,650.00	6/8/14	6/8/15	1.000%	2,589,950.00	2,589,950.00	-
12-03	Various Improvements	6/12/12	2,000,000.00	6/8/14	6/8/15	1.000%	2,000,000.00	2,000,000.00	-
12-03	Various Improvements	6/11/13	800,000.00	6/8/14	6/8/15	1.000%	800,000.00	800,000.00	-
							<u>\$10,546,860.00</u>	<u>\$10,546,860.00</u>	<u>\$ -</u>
Paid by Current Fund							Ref.	C	C
Funded by Budget Appropriation							C-4	\$ 9,977,235.35	
							C-6	<u>569,624.65</u>	
								<u>\$10,546,860.00</u>	

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31,2014</u>	<u>2015 AUTHOR.</u>	<u>SERIAL BONDS ISSUED</u>	<u>BALANCE DEC. 31,2015</u>
99-12	Various Improvements:				
	a) HVAC & Roof Renovations	750.00			750.00
	b) Resurfacing of Roadways	2,000.00			2,000.00
	c) Acquis. of Fire/Rescue Ambulance	250.00			250.00
	d) Acquis. of Aerial Truck & Stump Cutter	400.00			400.00
	e) Acquis. of Diesel Exhaust System	500.00			500.00
	f) Acquis. of Playground Equip. & Renovations	470.00			470.00
	g) PD Security System/Trans. Vehicle Renov.	850.00			850.00
00-08	Various Improvements:				
	iii) Replacement of Emerg. Generator	250.00			250.00
	vi) Acquis. of Fire Equip.	275.00			275.00
03-14	Equip. & Various Capital Improv.				
	i) Police Communications Equipment	100.00			100.00
	ii) Fire Protective Gear, Apparatus Bay Door and Ambulance	450.00			450.00
	iii) DPW Equipment	100.00			100.00
12-03	Various Capital Improvements:				
	ix) COAH Housing Rehab	7,550.00			7,550.00
14-07	Various Capital Improvements:				
	i) Police Dept Equipment	108,300.00		108,300.00	-
	ii) Various Office Equipment	61,750.00		61,750.00	-
	iii) Fire Dept Equipment	14,250.00		14,250.00	-
	iv) Improv. To Bldgs. & Grounds	674,500.00		674,500.00	-
	v) Roads & Safety Improvements	1,369,900.00		1,369,900.00	-
	vi) Public Works - Various Equipment	218,500.00		218,500.00	-
	vii) Stormwater maintenance	47,500.00		47,500.00	-
	viii) Demolition	23,750.00		23,750.00	-
	ix) COAH Housing Rehab	23,750.00		23,750.00	-
15-06	Various Capital Improvements:				
	i) Police Dept Equipment		343,900.00	343,900.00	-
	ii) Fire Dept Equipment		180,500.00	180,500.00	-
	iii) Municipal Bldg. & Property Improvements		570,000.00	570,000.00	-
	iv) Roads & Safety Improvements		359,100.00	359,100.00	-
	v) Public Works - Various Equipment		427,500.00	427,500.00	-
	vi) Stormwater maintenance		30,400.00	30,400.00	-
		<u>\$ 2,556,145.00</u>	<u>\$ 1,911,400.00</u>	<u>\$ 4,453,600.00</u>	<u>13,945.00</u>

Ref.

Footnote C

**Sewer Utility Fund**

SCHEDULE OF SEWER UTILITY CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2014	D	\$ 602,190.12	\$ 35,458.14
Increased by Receipts:			
Interest on Delinquencies	D-3	25,630.98	
Interest Earned on Deposits	D-3	1,950.99	
Consumer Accounts Receivable	D-8	2,046,828.75	
Interfund Loans	D-11, D-12	<u>136,795.97</u>	
		<u>2,074,410.72</u>	<u>136,795.97</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	197,749.34	
Interfund Loans	D-11, D-12	<u>1,789,998.77</u>	172,254.11
		<u>1,987,748.11</u>	<u>100,000.00</u>
Balance - December 31, 2015	D	<u>\$ 688,852.73</u>	<u>\$ 72,254.11</u>

() - Denotes Deficit

ANALYSIS OF SEWER UTILITY CAPITAL CASH

	BALANCE DEC. 31, <u>2014</u>	BALANCE DEC. 31, <u>2015</u>
Due to General Capital Fund	\$ 200,000.00	\$ 100,000.00
Due to Sewer Operating Fund		55,322.42
Due from Current Fund		(34,000.00)
Grant Receivable Ord. #13-06	(100,000.00)	(100,000.00)
Grant Receivable Ord. #14-08	(322,911.00)	(322,911.00)
Capital Improvement Fund	24,575.04	24,575.04
Reserve for Encumbrances	67,449.48	58,861.48
Fund balance	26,868.79	26,868.79
<u>ORD.</u>	<u>IMPROVEMENT</u>	
<u>NO.</u>	<u>AUTHORIZATIONS</u>	
93-13c/	Construction of Sanitary Sewer -	
96-22	Farragut Place	7,491.41
99-13	Purchase of Sewer Truck	73.28
00-12	Various Improvements	1.00
06-14	Sanitary Repair Program	1.00
07-08	Sanitary Repair Program	-
09-06	Reconstruct Manholes/Pipe Replacement	0.31
13-06	Sanitary Sewer Reconstruction	(94,999.66)
14-08	Sanitary Sewer Reconstruction	226,908.49
15-05	Sanitary Sewer Repairs	-
		<u>237,899.67</u>
	\$ <u>35,458.14</u>	\$ <u>72,254.11</u>
	D	D

( ) Denotes Deficit or Deduction

SCHEDULE OF CHANGE FUND  
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 150.00
Balance - December 31, 2015	D	<u>\$ 150.00</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 233,626.50
Increased by:		
2015 Billings for Sewer Rents	Reserve	<u>1,990,991.18</u>
		2,224,617.68
Decreased by:		
Collections	D-3, D-5	\$ 2,046,828.75
Overpayments Applied	D-17	<u>12,867.07</u>
		<u>2,059,695.82</u>
Balance - December 31, 2015	D	<u>\$ 164,921.86</u>

SCHEDULE OF GRANTS RECEIVABLE  
SEWER UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance -December 31, 2014	D	\$ 422,911.00
Balance -December 31, 2015	D	<u>\$ 422,911.00</u>

Analysis of Balance - December 31, 2015:

CDBG - Ord. #13-06	\$ 100,000.00
CDBG - Ord. #14-08	<u>322,911.00</u>
	<u>\$ 422,911.00</u>



SCHEDULE OF SEWER LIENS RECEIVABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 433.47
Balance - December 31, 2015	D	<u>\$ 433.47</u>

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
SEWER UTILITY OPERATING FUND

		BALANCE DEC. 31, 2014	INCREASE	DECREASE	BALANCE DEC. 31, 2015
Current Fund		\$ -	\$ 1,755,998.77	\$ 1,790,037.85	\$ (34,039.08)
Sewer Capital Fund		<u>                    </u>	<u>55,322.42</u>	<u>                    </u>	<u>\$ 55,322.42</u>
		<u>\$ -</u>	<u>\$ 1,811,321.19</u>	<u>\$ 1,790,037.85</u>	<u>\$ 21,283.34</u>
	<u>Ref.</u>				
Receivables	D	-			55,322.42
Payables	D	<u>                    </u>			<u>(34,039.08)</u>
		<u>\$ -</u>			<u>\$ 21,283.34</u>
Cash Disbursed	D-5		1,789,998.77		
Budget Approp. Paid by Current Improvement Authoriz. Expend.	D-4			1,751,223.17	
Paid by Operating Fund			21,322.42		
Accrued Interest Paid by Current	D-18			19,879.27	
2014 Reserves Paid by Current	D-15			18,220.03	
Sewer Overpays Ref. by Current	D-17			<u>715.38</u>	
			<u>\$ 1,811,321.19</u>	<u>\$ 1,790,037.85</u>	

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
SEWER UTILITY CAPITAL FUND

		BALANCE DEC. 31, 2014	INCREASE	DECREASE	BALANCE DEC. 31, 2015
General Capital Fund		\$ (200,000.00)		\$ 100,000.00	\$ (100,000.00)
Current Fund		-	1,864,000.00	1,830,000.00	34,000.00
Sewer Operating Fund		<u>                    </u>	<u>                    </u>	<u>55,322.42</u>	<u>(55,322.42)</u>
		<u>\$ (200,000.00)</u>	<u>\$ 1,864,000.00</u>	<u>\$ 1,985,322.42</u>	<u>\$ (121,322.42)</u>
	<u>Ref.</u>				
Receivables	D				34,000.00
Payables	D	<u>(200,000.00)</u>			<u>(155,322.42)</u>
		<u>\$ (200,000.00)</u>			<u>\$ (121,322.42)</u>
Cash Received	D-5			136,795.97	
Cash Disbursed	D-5			100,000.00	
Bond Proceeds Deposited to Current	D-12		1,864,000.00		
BAN Maturities Paid by Current Improvement Authoriz. Expend.	D-12			1,569,908.00	
Paid by Current Fund	D-22			157,296.03	
Accrued Interest Due Operating	D-18, D-22			<u>21,322.42</u>	
			<u>\$ 1,864,000.00</u>	<u>\$ 1,985,322.42</u>	

SCHEDULE OF FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 3,728,439.20
Increased by:		
Transferred from Fixed Capital Authorized and Uncompleted	D-14	<u>178,618.30</u>
Balance - December 31, 2015	D	<u><u>\$ 3,907,057.50</u></u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DEC. 31, 2014	2015 AUTHOR.	2015 COMPLETED	BALANCE DEC. 31, 2015
93-13b/96-22	Construction of Sanitary Sewer - Farragut Place	09/27/93	\$ 38,500.00	\$ 7,491.41			7,491.41
99-13	Purchase of Sewer Truck		125,000.00	73.28			73.28
00-12	Various Sewer Improvements	08/02/00	2,500,000.00	60,337.48		1,475.00	58,862.48
06-14	Sanitary Repair Program	08/14/06	100,000.00	1.00			1.00
09-06	Reconstruct Manhole/Pipe Replacement	07/13/09	100,000.00	0.31			0.31
13-06	Sanitary Sewer Replacement	12/09/13	200,000.00	0.34			0.34
14-08	Sanitary Sewer Replacement	09/08/14	474,275.00	385,385.49		120,043.12	265,342.37
15-05	Sanitary Sewer Repairs	04/27/15 #	295,000.00		295,000.00	57,100.33	237,899.67
				<u>\$ 453,289.31</u>	<u>\$ 295,000.00</u>	<u>\$ 178,618.45</u>	<u>\$ 569,670.86</u>

Ref.

D D-22 D-13 D

SCHEDULE OF 2014 APPROPRIATION RESERVES  
SEWER UTILITY FUND

	BALANCE DEC. 31, 2014	ENCUMBERED DEC. 31, 2014	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 3,478.00		\$ 3,478.00	
Other Expenses	16,376.37	\$ 1,015.74	\$ 17,392.11	-
Pifd. Joint Meeting Costs	827.92		827.92	-
	<u>\$ 20,682.29</u>	<u>\$ 1,015.74</u>	<u>\$ 18,220.03</u>	<u>\$ 3,478.00</u>

Ref.

D D-16 D-11 D-1

SCHEDULE OF RESERVE FOR ENCUMBRANCES  
SEWER UTILITY FUND

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2014	D	\$ 1,015.74	67,449.48
Increased by:			
Charges to Improvement Author.	D-22		58,861.48
Charges to 2015 Budget	D-4	<u>3,775.50</u>	
		4,791.24	126,310.96
Decreased by:			
Trans. to Improvement Author.	D-22		67,449.48
Trans. to 2014 Approp. Reserves	D-15	<u>1,015.74</u>	
Balance - December 31, 2015	D	<u>\$ 3,775.50</u>	<u>\$ 58,861.48</u>

SCHEDULE OF SEWER RENT OVERPAYMENTS

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 17,397.85
Decreased by:		
Refunded by Current Fund	D-12	715.38
Overpayments Applied	D-8	<u>12,867.07</u>
		<u>13,582.45</u>
Balance - December 31, 2015	D	<u>\$ 3,815.40</u>

SCHEDULE OF ACCRUED INTEREST ON OUTSTANDING DEBT  
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 9,457.25
Increased by:		
2015 Budget Charges	D-4	22,930.83
Charges to Improvement Authorizations	D-22	<u>21,322.42</u>
		<u>44,253.25</u>
		53,710.50
Decreased by:		
Interest Paid by Current	D-11	<u>19,879.27</u>
Balance - December 31, 2015	D	<u><u>\$ 33,831.23</u></u>

Analysis of Balance

Principal Balance Dec. 31, 2015	Interest Rate	From	To	Period	Amount
<u>EIT Bonds</u>					
1,743.40	5.125%	08/01/15	12/31/15	5 mos.	37.23
6,830.14	5.250%	08/01/15	12/31/15	5 mos.	<u>149.41</u>
					<u>\$ 186.64</u>
<u>2015 Sewer Bonds</u>					
1,175,000.00	3.000%	06/05/15	12/31/15	210 days	\$ 20,280.82
155,000.00	3.125%	06/05/15	12/31/15	210 days	2,786.82
80,000.00	3.250%	06/05/15	12/31/15	210 days	1,495.89
85,000.00	3.375%	06/05/15	12/31/15	210 days	1,650.51
369,000.00	3.500%	06/05/15	12/31/15	210 days	<u>7,430.55</u>
					<u>\$ 33,644.59</u>
					<u><u>\$ 33,831.23</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 24,575.04
Balance - December 31, 2015	D	<u>\$ 24,575.04</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance - December 31, 2014	D	\$ 2,016,178.92
Increased by:		
Transfer from Deferred Reserve for Amortization	D-21	121,518.12
NJEITF Loan Paid by Operating Budget	D-25	12,272.79
BAN Paydowns by Operating Budget	D-23	<u>34,000.00</u>
		<u>167,790.91</u>
Balance - December 31, 2015	D	<u>\$ 2,183,969.83</u>



SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
SEWER UTILITY FUND

Exhibit - D-21

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DEC. 31, 2014</u>	<u>DECREASES</u>	<u>BALANCE DEC. 31, 2015</u>
99-13	Purchase of Sewer Truck	08/14/99	\$ 73.28		\$ 73.28
00-12	Sewer Improvements	07/10/00	\$ 60,336.48	\$ 1,475.00	58,861.48
13-06	Sanitary Sewer Replacement	12/09/13			
14-08	Sewer Improvements	09/08/14	<u>234,021.49</u>	<u>120,043.12</u>	<u>113,978.37</u>
			<u>\$ 294,431.25</u>	<u>\$ 121,518.12</u>	<u>\$ 172,913.13</u>

Ref.                      D                      D-20                      D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE - DEC. 31, 2014		2015 AUTHOR.	2015 EXPENDED	DEC. 31, 2015 ENCUMB.	BALANCE - DEC. 31, 2015	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
93-13c/96-22	Construction of Sanitary Sewer - Farragut Place	09/27/93	\$ 38,500.00	\$ 7,491.41	\$	\$	\$	\$	\$	\$ 7,491.41
99-13	Purchase of Sewer Truck		125,000.00	73.28						73.28
00-12	Sewer Improvements	07/10/00	2,500,000.00	1.00	60,336.48		1,475.00	58,861.48		1.00
06-14	Sanitary Repair Program	08/14/06	100,000.00	1.00						1.00
09-06	Reconstr. Manholes/Pipe Replacement	07/13/09	100,000.00	0.31						0.31
13-06	Sanitary Sewer Replacement	12/09/13	200,000.00	0.34						0.34
14-08	Sanitary Sewer Replacement	09/08/14	474,275.00	226,908.49	7,113.00		120,043.12		113,978.37	151,364.00
15-05	Sanitary Sewer Repairs	04/27/15	295,000.00			295,000.00	57,100.33		237,899.67	
				<u>\$ 226,981.77</u>	<u>\$ 158,858.06</u>	<u>\$ 67,449.48</u>	<u>\$ 178,618.45</u>	<u>\$ 58,861.48</u>	<u>\$ 351,951.32</u>	<u>\$ 158,858.06</u>

Ref.

D D D D-16 D-12 D-14 D-16 D D D

SCHEDULE OF LOANS PAYABLE  
 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
SEWER UTILITY FUND

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2014</u>	<u>BALANCE DEC. 31, 2015</u>
			<u>OUTSTANDING - DEC. 31, 2015</u>	<u>DATE</u>			
NJEIT 2001 Trust Loan	11/1/00	\$ 1,070,000	1,743.40	8/1/2016	5.125%		
			1,208.65	2017	5.250%		
			802.05	2018	5.250%		
			138.31	2019	5.250%		
			4,681.13	2020	5.250%		
						<u>\$ 20,846.34</u>	<u>\$ 12,272.79</u>
						<u>\$20,846.34</u>	<u>\$ 8,573.55</u>

Ref. D D-20 D

SCHEDULE OF BOND ANTICIPATION NOTES  
SEWER UTILITY FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE	
							DEC. 31, 2014	DEC. 31, 2015
93-13c/	Construction of Sanitary Sewer	6/17/09	\$ 13,000.00	6/9/14	6/8/15	1.000%	\$ 11,400.00	\$ -
96-22	- Farragut Place	6/17/09	345,558.00	6/9/14	6/8/15	1.000%	332,183.00	-
00-12	Sewer Improvements	6/17/09	100,000.00	6/9/14	6/8/15	1.000%	65,875.00	-
06-14	Sanitary Repair Program	6/17/09	50,000.00	6/9/14	6/8/15	1.000%	32,600.00	-
07-08	Sanitary Repair Program	6/12/12	100,000.00	6/9/14	6/8/15	1.000%	100,000.00	-
09-06	Sanitary Repair Program	11/26/13	100,000.00	6/9/14	6/8/15	1.000%	1,061,850.00	-
00-12	Sewer Improvements						<u>\$ 1,603,908.00</u>	<u>\$ -</u>
	Due to Current Fund					Ref.		
	Paid by Budget Appropriation					D-12	\$ 1,569,908.00	
						D-4, D-12	<u>34,000.00</u>	
							<u>\$ 1,603,908.00</u>	

SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE	
			OUTSTANDING DEC. 31, 2015	AMOUNT		DEC. 31, 2014	DEC. 31, 2015
Sewer Utility Bonds	6/5/15	1,864,000.00		90,000	3.000%		
				110,000	3.000%		
				110,000	3.000%		
				115,000	3.000%		
				110,000	3.000%		
				115,000	3.000%		
				120,000	3.000%		
				125,000	3.000%		
				65,000	3.000%		
				70,000	3.000%		
				75,000	3.000%		
				75,000	3.125%		
				80,000	3.125%		
				80,000	3.250%		
				85,000	3.375%		
			90,000	3.500%			
			95,000	3.500%			
			94,000	3.500%			
						<u>\$ 1,864,000.00</u>	<u>\$ -</u>

Ref. D D-12 C

SCHEDULE OF BONDS AND NOTES  
 AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2014	2015 AUTHORIZED	B.A.N.s		BALANCE DEC. 31, 2015
				NOT RENEWED	BONDS ISSUED	
00-12	Sewer Improvements	\$ -	\$ -	\$ 533.00	\$ -	\$ 533.00
06-14	Sanitary Repair Program			175.00		175.00
07-08	Sanitary Repair Program			200.00		200.00
13-06	Sanitary Sewer Replacement	95,000.00				95,000.00
14-08	Sanitary Sewers	151,364.00				151,364.00
15-05	Sanitary Sewers		295,000.00		\$ 295,000.00	-
		<u>\$ 246,364.00</u>	<u>\$ 295,000.00</u>	<u>\$ 908.00</u>	<u>\$ 295,000.00</u>	<u>\$ 247,272.00</u>

Ref.

Footnote D

**Payroll Fund**

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Exhibit - E-1

	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>TRANSFERS</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Net Salaries	<u>\$27,192.96</u>	<u>7,831,719.83</u>	<u>7,812,880.17</u>	<u>(27,192.96)</u>	<u>\$18,839.66</u>
Payroll Deductions:					
Federal Income Tax	-	1,661,969.98	1,661,969.98		-
State Income Tax	0.15	483,513.06	483,513.06	(0.15)	-
Social Security/ Medicare Tax	0.02	754,537.00	754,537.00	(0.02)	-
State Unemployment Insurance	0.01	24,064.45	24,064.45	(0.01)	-
Equitable Life Assurance:					
Deferred Compensation Plan	13,457.38	229,715.08	229,715.08	(13,457.38)	-
Public Employees' Retirement System:					
Pension	17,495.84	178,679.28	193,987.97	(2,187.15)	-
Contributory Insurance	954.55	12,370.57	12,324.54	(1,000.58)	-
Loans & Arrears		62,802.96	67,334.78	4,531.82	-
Police & Firemen's Retirement System:					
Pension	97,575.27	779,385.85	842,679.25	(34,281.87)	-
Loans & Arrears		260,215.84	282,218.61	22,002.77	-
FMBA Union Dues	990.00	35,296.00	35,294.00	(992.00)	-
PBA Union Dues	1,304.60	33,860.30	33,860.30	(1,304.60)	-
Teamsters Union Dues	482.40	13,197.00	13,197.00	(482.40)	-
Flexible Spending	(216.70)	3,049.80	3,049.80	216.70	-
DCRP Retirement System:	(8,226.37)	12,414.08	12,414.40	8,226.69	-
Insurance:					
Conseco	-	207.84	207.84		-
ING	52.00	624.00	676.00		-
Colonial	14,644.67	9,433.17	10,167.33	(13,910.51)	-
New York Life	591.09	5,266.87	5,266.87	(591.09)	-
AFLAC	(7,961.34)	54,206.44	53,472.88	7,227.78	-
Garnishment	559.86	14,633.43	14,633.43	(559.86)	-
Employee Medical Contributions	-	455,808.41	455,806.16	(2.25)	-
Unemployment	(1,378.34)			1,378.34	-
Miscellaneous Account	65,163.77	(309.92)		(64,853.85)	-
Other Refund	(55.98)			55.98	-
Interest	2,838.33	4,971.37		-	7,809.70
Net Payroll Deductions	<u>198,271.21</u>	<u>5,089,912.86</u>	<u>5,190,390.73</u>	<u>(89,983.64)</u>	<u>7,809.70</u>
Other Accounts:					
Flexible Spending Reserve		3,049.80	2,213.59		836.21
Due to Current Fund	83,396.95	-	83,396.95	117,176.60	117,176.60
Net Interfunds	<u>83,396.95</u>	<u>-</u>	<u>83,396.95</u>	<u>117,176.60</u>	<u>118,012.81</u>
	<u>\$308,861.12</u>	<u>\$12,921,632.69</u>	<u>\$13,086,667.85</u>	<u>\$ -</u>	<u>\$144,662.17</u>

Ref.

E

E

**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**



**PART IV**  
**SUPPLEMENTARY DATA**



**LENGTH OF SERVICE AWARD PROGRAM – (LOSAP) (UNAUDITED)**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Borough of North Plainfield Length of Service Award Program (LOSAP) as of December 31, 2015 and 2014, and the related statement of revenues, expenses and other changes in net assets for the years then ended. A review consists primarily of inquiries of the administration of the Borough and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The Borough's management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. The Length of Service Award Program is a Borough sponsored program and has no separate legal status or existence.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
July 29, 2016

BOROUGH OF NORTH PLAINFIELD  
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED  
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
DECEMBER 31, 2015 AND 2014

	<u>DECEMBER 31, 2015</u>	<u>DECEMBER 31, 2014</u>
<b>Assets</b>		
Investments, at fair value	\$ <u>54,192.59</u>	\$ <u>49,265.97</u>
Total Assets	\$ <u><u>54,192.59</u></u>	\$ <u><u>49,265.97</u></u>
<b>Net Assets</b>		
Restricted	\$ <u>54,192.59</u>	\$ <u>49,265.97</u>
Total Net Assets	\$ <u><u>54,192.59</u></u>	\$ <u><u>49,265.97</u></u>

NOTE: See Notes to Unaudited Financial Statements and Accountant's Review Report

BOROUGH OF NORTH PLAINFIELD  
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED  
 STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>DECEMBER 31, 2015</u>	<u>DECEMBER 31, 2014</u>
Restricted Net Assets		
Contributions	\$ 7,200.00	\$ 6,000.00
Earnings (Losses)	(320.73)	3,044.24
Withdrawals	(1,477.65)	(11,056.53)
Service Charges	<u>(475.00)</u>	<u>(1,211.80)</u>
Increase (Decrease) in Net Assets	4,926.62	(3,224.09)
Net Assets - Beginning of Year	<u>49,265.97</u>	<u>52,490.06</u>
Net Assets - End of Year	<u>\$ 54,192.59</u>	<u>\$ 49,265.97</u>

NOTE: See Notes to Unaudited Financial Statements and Accountant's Review Report

BOROUGH OF NORTH PLAINFIELD LENGTH OF SERVICE AWARD PROGRAM  
(LOSAP) (UNAUDITED)

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 20143

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Borough of North Plainfield Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Borough established the LOSAP Program for the North Plainfield Volunteer Fire Company and the North Plainfield Volunteer First Aid Organization on December 18, 2000 through Ordinance #00-09. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Borough of North Plainfield sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Borough of North Plainfield (the "Borough"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Borough, and provides for annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Borough are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Borough offers the Program to the participants through the Lincoln Financial Group.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Borough (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Borough's general creditors. Participant's rights under the Program are equal to those of general creditors of the Borough in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting standards Board, the Program balances are displayed in the Trust Fund of the Borough. The Program is tax exempt under Internal revenue Code Section 457.

D. Amount of Contribution

The Borough will contribute to the plan for an active volunteer the annual contribution amount of \$600 per volunteer for an estimated maximum annual cost of \$23,400. The maximum contribution provided by the Borough shall not exceed \$600 per volunteer.

NOTE 2: QUALIFICATIONS

Each active volunteer member that meets the criteria below shall be credited with points for volunteer services provided to the volunteer fire company/first aid organization. In order to be eligible for such contribution, one must accumulate twenty-five (25) points per calendar year. The attainment of the twenty-five (25) points for responding to the minimum number of calls shall be calculated as follows:

Fire Calls

Total number of calls volunteer fire company responds to annually other than emergency rescue and first aid calls (ambulance calls)	0- 500	501- 1000	1001- 1500	1501 & up
Minimum number of calls volunteer firefighters must respond to annually in order to receive 25 points of credit	10%	7.5%	5%	2%

Ambulance Calls

Total number of calls volunteer emergency rescue and first aid squad (ambulance calls) responds to annually	0- 500	501- 1000	1001- 1500	1501 & up
Minimum number of calls volunteer emergency rescue and first aid squad members must respond to annually in order to receive 25 points of credit	10%	7.5%	5%	2%

**OTHER SUPPLEMENTARY DATA**

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM ONLY	
							TOTALS DEC. 31, 2015	TOTALS DEC. 31, 2014
Cash and Investments	\$ 4,866,108.50	2,829,381.80	3,421,520.14	761,256.84		144,662.17	\$ 12,022,929.45	\$ 9,146,074.97
Cash and Investments-Trustee		54,192.59					54,192.59	
Accounts Receivable:								
State & Federal Grants Receivable	663,262.83		547,500.00	422,911.00			1,633,673.83	1,977,512.50
Due from State of New Jersey								250.00
Taxes, Assessments, Liens & Utility Charges	698,245.02	850.40		165,355.33			864,450.75	1,184,444.07
Interfund Loans	165,691.03		242,500.00	89,322.42			497,513.45	533,396.95
Other Accounts Receivable	35,488.59						35,488.59	42,195.42
Property Acquired for Taxes at Assessed Valuation	827,500.00						827,500.00	827,500.00
Prospective Assessments Funded		68,203.44			28,450,381.34		68,203.44	68,203.44
Fixed Assets - General							28,450,381.34	28,360,522.98
Fixed Capital - Utility				3,907,057.05			3,907,057.05	3,728,439.20
Uncompleted - Utility								
Deferred Charges to Revenue of Succeeding Years	15,000.00			569,671.46			569,671.46	453,289.31
Deferred Charges to Future Taxation:								
General Capital Fund			14,416,000.00				14,416,000.00	13,514,224.65
	\$ 7,271,295.97	\$ 2,952,628.23	\$ 18,627,520.14	\$ 5,915,574.10	\$ 28,450,381.34	\$ 144,662.17	\$ 63,362,061.95	\$ 60,296,386.77



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM ONLY	
							TOTALS DEC. 31, 2015	TOTALS DEC. 31, 2014
LIABILITIES, RESERVES AND FUND BALANCE								
Bonds, Notes and Loans Payable			14,416,000.00	1,872,573.55			\$ 16,288,573.55	\$ 12,611,614.34
Prepaid Taxes, Assessments, Utility Charges and Licenses	990,877.35						990,877.35	166,207.89
Tax, Assessment, Lien, License and Utility Charge Overpayments	124,516.68			3,815.40			128,332.08	83,541.75
Appropriation Reserves	845,028.32			2,631.18			847,659.50	930,807.29
Reserve for Encumbrances/Accounts Payable	761,726.85	2,736.16	1,603,595.14	62,636.98			2,430,695.13	1,083,319.13
Other Liabilities	250.00			33,831.23		27,485.57	61,566.80	234,921.42
Amts. Pledged to Specific Purposes	586,594.12	2,752,099.09	3,191.44	24,575.04			3,366,459.69	4,003,266.50
Improvement Authorizations			2,315,872.81	510,809.38			2,826,682.19	3,860,436.22
Interfund Loans	176,500.00		14,475.35	189,361.50		117,176.60	497,513.45	533,396.95
Investments in General Fixed Assets					28,450,381.34		28,450,381.34	28,360,522.98
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				2,356,882.96			2,356,882.96	2,310,610.17
Reserve for Certain Assets Acquired or Receivables & Inventories	1,726,924.64	69,053.84		165,355.33			1,961,333.81	2,205,739.88
Fund Balance	2,058,878.01	128,739.14	274,385.40	693,101.55			3,155,104.10	3,912,002.25
	\$ 7,271,295.97	\$ 2,952,628.23	\$ 18,627,520.14	\$ 5,915,574.10	\$ 28,450,381.34	\$ 144,662.17	\$ 63,362,061.95	\$ 60,296,386.77

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND

<u>Revenue and Other Income Realized</u>	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$1,150,000.00	1.93	\$1,300,000.00	2.22
Miscellaneous - From Other Than Local Property Tax Levies	5,058,762.46	8.49	4,476,823.22	7.64
Collection of Delinquent Taxes and Tax Title Liens	604,484.30	1.01	927,376.62	1.58
Collection of Current Tax Levy	<u>52,798,959.52</u>	<u>88.57</u>	<u>51,887,154.24</u>	<u>88.56</u>
Total Income	<u>59,612,206.28</u>	<u>100.00</u>	<u>58,591,354.08</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	21,946,792.09	36.99	21,323,856.79	37.62
County Taxes	5,711,686.81	9.63	5,749,202.95	10.14
Local School Taxes	30,052,879.00	50.65	29,611,447.00	52.24
Other Expenditures	<u>1,625,850.57</u>	<u>2.74</u>		
Total Expenditures	<u>59,337,208.47</u>	<u>100.00</u>	<u>56,684,506.74</u>	<u>100.00</u>
Excess in Revenue	274,997.81		1,906,847.34	
Fund Balance January 1	<u>2,933,880.20</u>		<u>2,327,032.86</u>	
	3,208,878.01		4,233,880.20	
Less:				
Utilization as Anticipated Revenue	<u>1,150,000.00</u>		<u>1,300,000.00</u>	
Fund Balance December 31	<u>\$2,058,878.01</u>		<u>\$2,933,880.20</u>	

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

Revenue and Other Income Realized	Year 2015		Year 2014	
	Amount	%	Amount	%
Fund Balance Utilized			\$150,000.00	6.59
Collection of Sewer Rents	2,059,695.82	98.51	1,999,269.01	87.77
Miscellaneous - From Other Than Water and Sewer Rents	<u>31,059.97</u>	<u>1.49</u>	<u>128,541.24</u>	<u>5.64</u>
Total Income	<u>2,090,755.79</u>	<u>100.00</u>	<u>2,277,810.25</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,893,000.00	95.69	1,879,000.00	94.01
Debt Service	68,810.02	3.48	103,715.97	5.19
Deferred Charges and Statutory Expenditures	<u>16,500.00</u>	<u>0.83</u>	<u>16,000.00</u>	<u>0.80</u>
Total Expenditures	<u>1,978,310.02</u>	<u>100.00</u>	<u>1,998,715.97</u>	<u>100.00</u>
Excess in Revenue	112,445.77		279,094.28	
Fund Balance January 1	<u>553,786.99</u>		<u>424,692.71</u>	
	666,232.76		703,786.99	
Less:				
Fund Balance Utilized	<u>                    </u>		<u>150,000.00</u>	
Fund Balance December 31	<u>\$666,232.76</u>		<u>\$553,786.99</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate:</u>	<u>\$3.44</u>	<u>\$3.28</u>	<u>\$3.12</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$1.15	\$1.07	\$1.05
County (Inc. Library & Open Space Taxes)	0.37	0.36	0.35
Local School	1.92	1.85	1.72
<u>Assessed Valuation:</u>			
2014	<u>\$1,562,729,348.00</u>		
2013		<u>\$1,600,850,735.00</u>	
2012			<u>\$1,680,161,816.00</u>

Note: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1), the Somerset County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$94,000 for the year 2015.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>		<u>Percentage of Collection</u>
		<u>Cash</u>	<u>Collections</u>	
2015	\$ 53,715,810.63	\$ 52,798,959.52		98.29%
2014	53,020,572.15	51,887,154.24		97.86%
2013	52,417,476.41	51,166,076.97		97.61%
2012	51,059,790.82	49,052,613.65		96.07%
2011	51,399,286.86	49,440,571.01		96.19%

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 five years.

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 21,091.97	\$ 677,153.05	\$ 698,245.02	1.30%
2014	21,091.97	923,819.09	944,911.06	1.78%
2013	16,392.06	937,467.52	953,859.58	1.82%
2012	12,894.62	898,908.45	911,803.07	1.79%
2011	12,894.62	956,307.20	969,201.82	1.89%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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>
2015	\$827,500.00
2014	827,500.00
2013	827,500.00
2012	827,500.00
2011	827,500.00

COMPARISON OF SEWER UTILITY BILLINGS AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2015	\$1,990,991.18	\$2,046,828.75
2014	1,908,984.52	1,999,269.01
2013	1,943,774.56	1,960,141.10
2012	1,898,669.65	1,797,246.32
2011	1,861,672.29	1,856,032.84

\*Includes collections of prior unpaid balances.

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2015	\$ 2,058,878.01	\$ 1,000,000.00
	2014	2,933,880.20	1,150,000.00
	2013	2,327,032.86	1,300,000.00
	2012	1,227,023.37	650,000.00
	2011	1,524,636.26	800,000.00
Sewer Utility Operating Fund	2015	\$ 666,232.76	\$ 200,000.00
	2014	553,786.99	-
	2013	424,692.71	150,000.00
	2012	202,711.66	150,000.00
	2011	212,711.66	10,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2015:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Michael Giordano Jr.	Mayor	\$
Lawrence La Ronde	Council President	
Everett Merrill	Councilperson	
Keiona R. Miller	Councilperson	
Frank Righetti	Councilperson	
Wendy Schaefer	Councilperson	
Douglas Singleterry	Councilperson	
Frank "Skip"Stabile	Councilperson	
Richard Phoenix	Borough Clerk, Deputy Registrar, Assessment Search Officer	
David E. Hollod, P.E.	Business Administrator	
Patrick DeBlasio, CPA	Chief Financial Officer	
Kathleen Intravartolo	Tax Collector	500,000.00
Jodi Hansen-Rodreguiz	Municipal Court Administrator	50,000.00
Eric Martin Bernstein	Borough Attorney	
John Richardson	Magistrate	
Barbara Flaherty	Assessor	
David Minchello, Esq	Prosecutor	
William Eaton	Fire Chief	
William G. Parenti	Police Chief	

Public Employees' Dishonesty Blanket Bond issued by the General Security Property and Casualty Company covers Borough employees not required to have individual bonds in the sum \$250,000.00.

Position Bonds listed above issued by Travelers Casualty & Surety Co. of North America. The Municipal Court Bond meets the minimum and suggested coverage levels promulgated by the Division of Local Government Services.



**BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY**

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**PART V**

**GENERAL COMMENTS AND RECOMMENDATIONS**





BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2015

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of North Plainfield, County of Somerset, New Jersey, for the year ended December 31, 2015, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of North Plainfield, County of Somerset, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of the Borough of North Plainfield, County of Somerset, New Jersey as of and for the fiscal year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses.

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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The deficiencies in internal control, as reported below, are not considered to be significant deficiencies nor material weaknesses. In addition, these deficiencies are not required to be reported in writing however, these deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated July 29, 2016 on the financial statements of the Borough of North Plainfield. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We identified certain deficiencies in internal control, as follows:

#### Internal Control Deficiencies:

##### Segregation of Duties - Tax/Sewer Utility Collector's Office

Individuals that have the responsibility for cash collections are also responsible for sewer billings maintenance of the Tax/ Sewer Utility receivable subsidiary ledgers.

##### Segregation of Duties - Other Offices and Officials Collecting Fees

Conditions exist whereby the same individual may collect, record and deposit/remit cash receipts in the following offices/departments: Construction Code, Fire Prevention, Clerk, Police, Recreation, Court, Public Works and Registrar of Vital Statistics/Board of Health.

These deficiencies in internal control were not considered by us to be significant deficiencies. While basic internal control design objectives include the limiting of any individual's control over a transaction from start to finish, the volume of transactions in the various offices does not justify the hiring of additional staff solely to improve internal control. Instead, we suggest that monitoring controls, including analytical procedures and intra-period comparisons, be utilized to identify unexpected changes in transactional levels for further review.

#### Internal Control Documentation

Statement on Auditing Standards 115 identifies inadequate documentation of internal controls as a possible deficiency, significant deficiency or material weakness. The Borough initiated the process of documenting its controls, we suggest the Borough consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation also include the internal controls that exist over grant compliance.

## GENERAL COMMENTS

### OTHER MATTERS

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

N.J.S.A. 40A: 11-4 states "every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidder therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000.00 except by contract or agreement."

On September 28, 2015, the Local Public Contracts Law was amended, effective for periods beginning on July 1, 2015. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount to \$36,000.00 to \$40,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent ("QPA"). The maximum bid threshold remains at \$17,500.00 for those municipalities that do not have a Qualified Purchasing Agent. As of December 31, 2015, North Plainfield had an appointed QPA.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

A test of the Borough's purchasing procedures indicates bids were requested by public advertising for the following items as disclosed in the official minutes:

Fire Station Garage improvements; Green Acres Park Multi-Purpose Sports Court Improvements; Traffic Signal Modification And Civil Design; Various Road Improvements; On-call Services and Emergency Sewer Repairs; Tree Maintenance and Removal Services; Pump Station Improvements; Dump Truck; Garbage Truck.

Our Tests of the Borough's minute records during the current audit period indicated that evidence of the approval of the governing body was sought in 2015 when the Borough planned to utilize state contracts for procurement, however it was not sought when the amount of goods and services purchased exceeded the applicable bid threshold, from specific vendors. This additional approval is required by the governing statute.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

## GENERAL COMMENTS

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

The examination of expenditures disclosed four (4) instances wherein aggregate payments in excess of the bid threshold then in effect, "for the performance of any work or the furnishing or hiring of any materials or supplies", where the clerk was unable to provide proof of advertisement or competitive bidding pursuant to N.J.S.A. 40A:11-4, and/or resolution awarding a contract pursuant to the statutory exceptions thereto. We also noted three (3) instances where resolutions awarding contracts based upon public bidding did not specify "not to exceed" amounts.

Upon inquiry of the various officials responsible for the purchases of materials, supplies, equipment, etc. for the Borough in relation to the Local Public Contracts Laws regarding the solicitation of quotations when required, monitoring of change orders, quantities, unit prices of contracts, and utilization of state approved contracts, the following matters were identified:

- a) The failure of the departmental officials to properly utilize the requisition and encumbrance accounting system in all instances precluded the QPA from performing compliance reviews for numerous procurements of goods and services throughout the year.
- b) We noted three instances wherein contracts to state approved vendors were approved by resolutions that did not specify "not to exceed" amounts.
- c) We noted two instances wherein the amounts paid to vendors exceeded the total of bid awards by an amount that would have required additional compliance actions pursuant to the Local Public Contracts Law.

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

Audit Services; Legal Services; Engineering Services; Animal Control Services; Affordable Housing Planning Advisory Services; DPW Facility Master Plan.

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

### Pay-to-Play Requirements (P.L. 2005, c.271)

An anomaly exists in the "Pay-to-Play" statutes when they are matched with the LPCL requirements to determine compliance requirements. The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. At the time c.271 was enacted, the bid threshold per the LPCL was also set at \$17,500. However, the bid threshold has subsequently been increased on several occasions while the Pay-to-Play statute threshold has not. This created a gap for compliance, as under c. 271, a contract not awarded using a fair & open process and exceeding \$17,500 triggers the filing of additional documentation relating to ownership of the contracting entity and disclosure of political contributions. Since "Pay-to-Play" laws cover all contracts (not just professional services as some believe) any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Township to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006. The incongruity of the existing "Pay-to-Play" laws and the Local Public Contracts Law have effectively created a new set of compliance requirements which require a new set of internal controls to assure compliance.

## GENERAL COMMENTS

### Pay-to-Play Requirements (Cont'd.)

A non-compliance would result from the issuance of purchase orders exceeding \$17,500 during the fiscal period without a “fair and open” process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing “Pay-to-Play” focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

Audit tests identified thirteen instances for which the requisite documentation of vendor compliance with the Pay-to-Play requirements was not available for audit.

It is recommended:

That procurement policies, procedures and approval forms be revised to reflect the approval and documentation processes contained in the Local Public Contracts Law and regulations and the provisions of P.L. 2005, c. 271 as they relate to the circumstances which require public bidding, the use of state approved contracts, the timely encumbrance of funds upon commitment, and the required documentation of vendor equity interest and political contributions.

### Business Registration Act

During a prior audit, we noted in our testing of vendor registration certificates, required pursuant to the Business Registration Act (P.L. 2004,c.57), that the Borough has continued to make compliance with the provisions of this Act a high priority item, and that the Borough was compliant with this requirement. This improved control process has eliminated an exposure to legal challenges from unsuccessful vendors that could delay procurement process.

### Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the underpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes sewer user fees and assessments:

BE IT RESOLVED by the Council of the Borough of North Plainfield that  
The Tax Collector is hereby authorized and directed to charge interest on delinquent tax, assessment and sewer user accounts for calendar year 2015, as follows:

Eight percent (8%) on the first one thousand five hundred dollars (\$1,500.00) which is delinquent for a period in excess of ten (10) calendar days, which said percentage shall be chargeable from the due date of payment; and

Eighteen percent (18%) on any amount in excess of one thousand five hundred dollars (\$1,500.00) which is delinquent for a period in excess of ten (10) calendar days, which said percentage shall be chargeable from the due date of payment; and

Six percent (6%) yearly penalty on any tax delinquency, as defined by N.J.S.A. 54:4-67, which exceeds ten thousand dollars (\$10,000.00), provided said delinquency has not been paid prior to the end of the calendar year.

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments (Cont'd.)

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution, with minor exceptions noted.

Delinquent Taxes and Tax Title Liens

The Borough held a tax sale on October 29, 2014 and all delinquent items from 2013 were cleared at or prior to the holding of the sale, unless under bankruptcy proceedings.

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

<u>Year</u>	<u>Total Liens</u>	<u>Tax Liens</u>	<u>Sewer Liens</u>
2015	21	9	13
2014	21	9	13
2013	9	9	0

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 Taxes	25
Delinquent Taxes	4
Tax Title Liens	7
Payments of Sewer Utility Charges	25
Delinquent Sewer Utility Charges	17
Sewer Utility Liens	13
Special Assessment	23

The result of the test, which was made as of June 11, 2016, revealed no irregularities for all responses.

Impact of Declining Tax Base on Tax Rates

During the six-year period ending December 31, 2015, the Borough experienced a significant decline in the taxable value of the land and improvements that comprise its tax ratable base. From 2009 to 2014, the Borough has seen an overall decline of 11.01% in its ratables, with the largest declines in the taxable values of commercial property, industrial property, and apartment complexes. This places additional upward pressure on the property tax rates, and the municipal tax rate has been increasing at almost twice the rate of growth in municipal spending

During 2015, this trend continued with ratables decreasing \$38.1 million, or 2.4%. It is anticipated that the improving economy will help stabilize commercial and industrial property values and that economic development along the Route 22 corridor will reverse this trend in the coming years.

## GENERAL COMMENTS

### Interfund Balances

The Borough showed interfund payable balances on its December 31, 2015 balance sheets. These interfund balances represent capital grant proceeds deposited to the grant fund and sewer capital ordinance expenditures paid by the general capital fund. In addition, the balance of employee health benefit contributions remaining in the payroll agency account at year-end was established as an interfund account receivable. The interfund balances do not represent any matters requiring additional scrutiny. However, interfund loans should be cleared by cash transfers during the current fiscal year.

### Investment of Idle Funds

The Chief Financial Office had the idle funds of the Borough in interest-bearing checking accounts pursuant to its Cash Management Plan. During 2015, interest was earned and recorded as revenues in the Current Fund and Sewer Utility Operating Fund in the amounts of \$33,778.25 and \$1,950.99, respectively.

A resolution approving all authorized depositories was approved at reorganization. Pursuant to N.J.S.A. 40A:5-14, a formal cash management plan is approved annually by the governing body. All bank balances and investments held by the Borough were directly confirmed as of December 31, 2015.

### Payment of Claims

Claims were examined on a test basis for the year under review and they were found to be in good order with no exceptions noted relating to missing certifications, approval signatures, and supporting documentation. All bill lists are presented to Council for review and approval prior to the disbursement of funds. Tests for compliance with these requirements yielded no exceptions.

### Purchase Order and Encumbrance System

The Borough is utilizing a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Prior years' outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control. Tests of the system identified a significant number of confirming purchase orders issued during 2015. A "confirming purchase order" occurs when the purchasing approval process, the encumbrance of available budgetary funds, and the reviews for compliance with the Local Public Contracts Law (the "LPCL") is documented after the time that Borough moneys have been committed by departmental personnel. The failure of departmental personnel to submit requisitions for approvals and determinations as to availability of funds and compliance exposes the Borough to a variety of risks, including possible overexpenditure of appropriations, unauthorized purchases, and noncompliance with the LPCL, pay-to-play laws and business registration requirements.

We also noted several instances in which the Borough failed to issue purchase orders upon the approval of bids and the authorization to of state contracts. Based upon the date of the issuance of the purchase order, these items appear on their face to be confirming orders. Our follow-up procedures identified the problem to be a lack of timely encumbrance of funds rather than a procurement procedure matter. However, the failure to encumber funds through the issuance of a purchase order immediately upon the commitment of Borough funds also exposes the Borough to the possibility of overexpenditures of appropriations.



## GENERAL COMMENTS

### Purchase Order and Encumbrance System (Cont'd.)

A recommendation relating to the improvement of encumbrance accounting procedures has been included in a previous section of our comments.

### Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, that amounts charged were in accordance with the provisions of the Borough Code and that monthly financial reports are being submitted to the Finance Department timely. Our review revealed no exceptions.

### Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2015. The bond coverages for the Tax/Utility Collector and the Municipal Court Personnel meet the minimum required by N.J.A.C. 5:30-8.3.

Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Borough's coverages meet the suggested levels of the revised Administrative Code.

### Municipal Court

The financial records maintained by the Municipal Court during the period under review were found to be in good condition. The examination of the general account indicated that deposits were properly recorded and spread by receipt category, cash was reconciled monthly and disbursements were generally made to the appropriate agencies on a timely basis.

Two instances were noted where monthly disbursements were not made by the 15<sup>th</sup> day of the following month. The disbursements were made two and five business days late. While a greater effort should be made to comply with the mandate of the Administrative Office of the Courts, we did not consider these matters to be significant noncompliances.

The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated continued improvement in the completeness of the records. Monthly reconciliations were performed.

The process of traffic and criminal cases entered on the State's on-line computer system was found to be good.

## GENERAL COMMENTS

### Developer Escrow Accounting Law Amendments

As noted in previous reports, changes have been made in Chapter 55, Laws of 1995 relating to the management of developer escrow funds effective September 17, 1995. The billing and reporting requirements imposed on the Borough by this law change are significant.

We noted that cash receipt and disbursement records maintained for escrow fund transactions continued to provide the necessary degree of detail, and that an appropriate and timely form of escrow deposit accounting had been implemented both in-house and through the new escrow bank account. The Borough is in compliance with the Municipal Land Use Act (N.J.S.A. 40:55D-53.1)

Our review of Other Trust Funds maintained by the Borough included a review of the list of approved funds maintained by the Division of Local Government Services. All dedicated funds maintained by the Borough were included on the approved list by the Division.

### Other Trust Funds

During 2015, the Borough continued utilizing the new accounting system and general ledgers for the various general trust funds for which individual bank accounts are maintained. The Borough records provided accountability to insure the funds are available for specified uses. Management should periodically review the financial activities of the trust funds against approved "Dedication by Rider" resolutions on file with the Division of Local Government Services to assure that all trust fund financial activity has been properly authorized.

### Condition of Records - Finance Department

The records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund. The completeness and accuracy of the financial records remained strong during the current period, and the general ledger serves as the basis for financial statement – statutory basis preparation and presentation. Our audit revealed only minor adjustments were required to the records maintained by the Finance Office.

### Condition of Records – Payroll

During 2015, the periodic performance of balance identification and transactional proof procedures were reinstated. However, additional unidentified balances relating to 2015 payrolls and deductions resulted from the processing of 2015 payrolls and deductions.

The unidentified balances in the payroll account from prior years were cancelled and established as due back to the Current Fund. Similarly, agency account balances were transmitted to the various taxing authorities and other agencies/organizations by the close of the year for all amounts known to be due and payable. Any remaining balances were established as due back to the Current Fund.

Audit testing of salaries and wages paid by the Borough revealed no exceptions to the amounts or rates of pay for the items tested to approved salaries by resolution or negotiated contract. During 2015, the evidence of supervisory reviews and approvals of timesheets prior to submission to the payroll office revealed no exceptions.

## GENERAL COMMENTS

### Condition of Records – Payroll (Cont'd.)

It is recommended that monthly reconciliation and proof procedures for the payroll and agency accounts be expanded to include an identification and verification of account balances by purpose or deduction category.

### Prospective Assessments Funded

At December 31, 2015, there remains \$68,203.44 of unbilled assessments on the books of the Trust-Assessment Fund. The origins of this balance dates back over twenty years, to local projects approved, for which the funding of the project costs was to be derived in whole or in part with moneys billed and collected from the benefitted property owners for sidewalks, curbing and similar improvements. These projects were bonded and, at December 31, 2007 the bonds issued in the amount of \$175,000 had fully matured and had been paid through the general budget of the Borough. Accordingly, in the event that the assessment process cannot go forward, cancellation will not have an impact on the budgets or financial position of the Borough. No actions to levy or cancel these prospective assessments have occurred in the intervening six years. Furthermore, due to the significant time that has elapsed since the improvements were made, it has likely increased the difficulty of establishing the increase in property value (a requirement for cost assessment) that resulted from these improvements. This matter should be reviewed with legal counsel to determine if this item can be billed or should be cancelled. As of the date of this audit the Borough has not made any determination on how to proceed.

It is recommended that prospective assessments greater than five years old be reviewed for cancellation in the absence of confirmation proceedings.

### Condition of Records – Tax/Sewer Office

The condition of the records maintained by the Tax Collector was found to be in good condition. Computerized real estate tax billings and billing adjustments were found to be in good order. The 2015 tax levy was proved to the billing records, and collection activity was proved to cash receipts records on a monthly basis.

### Sewer Utility Fund

The results of operation for the Sewer Utility Operating Fund are set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$2,090,755.79 and expenditures amounted to \$1,978,310.02 resulting in excess revenues of \$112,455.77.

The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in excess revenues for debt statement purposes of \$187,649.23, which allows for the deduction of Sewer Utility Debt in the calculation of statutory net debt of the Borough at December 31, 2015. A reconciliation of excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in the "Notes to Financial Statements".

## GENERAL COMMENTS

### Administration and Accounting for State & Federal Grants

The Borough operated various programs during 2015, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process, matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Borough had expended grant funds during 2015 for the purposes authorized and monitoring procedures appeared adequate to assure that grant objectives were met. A full review of the status of each grant program for infrastructure improvements should be performed to annually determine that all grant expenditures were charged appropriately (either to grant accounts or capital project accounts based upon the underlying authorizations), that project financial reports of expenditures are in agreement with the Borough's official financial records, that all reimbursements due to the Borough have been received or have been requisitioned, and that unexpended balances relating to completed programs and expired grants have been cancelled in a timely manner. The Borough has performed such a review during each of the last three fiscal years, and has made appropriate adjustments to the Grant receivable and reserves balances.

The audit procedures, which were applied in the tests of grant programs, disclosed no material instances of noncompliance with the terms and conditions of the grant agreements and assurances made in the acceptance of these grant funds. Based upon expenditure levels, the provisions of the federal Single Audit Act and New Jersey Single Audit mandate were not applicable in 2015.

### Compliance with New Jersey Administration Code 5:30:

The Division of Local Government Services, Department of Community Affairs, State of New Jersey has issued Technical Accounting Directives (TADs) which require New Jersey municipalities to develop and maintain certain accounting systems and records to comply with the statutory basis of accounting. The Local Finance Board, State of New Jersey, has codified these TADs in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30 – 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. Based upon the improvements brought about by the implementation of the new accounting systems, the Borough is in full compliance with this directive.

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough has completed an inventory of Fixed Assets as of December 31, 2008, and is now in full compliance with this directive.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. Based upon the improvements brought about by the implementation of the new accounting systems, the Borough is now in full compliance with this directive.

### Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

## GENERAL COMMENTS

### Compliance with Local Finance Notices

(Cont'd.):

The minutes indicated that a corrective action plan for the Year 2014, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, had been prepared and filed within the statutory deadline.

### Status of Prior Year Recommendations

Except as noted, corrective actions were taken prior to the filing of the 2015 Report of Audit to correct any matters that were the subject of recommendations included in the 2014 Report of Audit.

RECOMMENDATIONS

We recommend the following:

That procurement policies, procedures and approval forms be revised to reflect the approval and documentation processes contained in the Local Public Contracts Law and regulations and the provisions of P.L. 2005, c. 271 as they relate to the circumstances which require public bidding, the use of state approved contracts, the timely encumbrance of funds upon commitment, and the required documentation of vendor equity interest and political contributions.

That monthly reconciliation and proof procedures for the payroll and agency accounts be expanded to include an identification and verification of account balances by purpose or deduction category.

That prospective assessments greater than five years old be reviewed for cancellation in the absence of confirmation proceedings.

\* \* \* \* \*

ACKNOWLEDGMENT

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

During the course of our engagement we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.

A handwritten signature in black ink, appearing to read "Robert S. Morrison". The signature is written in a cursive style with a large, prominent initial "R".

Robert S. Morrison  
Registered Municipal Accountant  
No. 412