

**REPORT OF AUDIT**

**BOROUGH OF NEW PROVIDENCE**

**COUNTY OF UNION**

**DECEMBER 31, 2014**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **BOROUGH OF NEW PROVIDENCE**

### **TABLE OF CONTENTS**

#### **PART I**

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	9
A-3	Statement of Expenditures - Regulatory Basis	11
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	18
B-1	Schedule of Fund Balance - Regulatory Basis	20
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	21
C-1	Statement of Changes in Fund Balance - Regulatory Basis	22
	<b><u>GENERAL FIXED ASSETS</u></b>	
D	Statement of General Fixed Assets - Regulatory Basis	23
	Notes to Financial Statements Year Ended December 31, 2014	24
	Supplementary Data	50
	<b><u>CURRENT FUND</u></b>	
A-4	Schedule of Cash - Treasurer	53
A-5	Schedule of Cash - Change Fund	54
A-6	Schedule of Petty Cash	54
A-7	Schedule of Amount Due to/from State of New Jersey for Senior Citizen's and Veteran's Deductions - CH. 73 P.L. 1976	55
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	56
A-9	Schedule of Title Liens	57
A-10	Schedule of Property Acquired for Taxes Assessed Valuation	57
A-11	Schedule of Revenue Accounts Receivable	58
A-12	Schedule of Other Accounts Receivable	59
A-13	Schedule of Due From Free Public Library	59
A-14	Schedule of Interfunds	60
A-15	Schedule of Appropriation Reserves	61
A-16	Schedule of Encumbrances Payable	64
A-17	Schedule of Prepaid Taxes	64
A-18	Schedule of Due to Special Improvement District	65
A-19	Schedule of Municipal Open Space Taxes Payable	65

<b><u>CURRENT FUND, (continued)</u></b>		
A-20	Schedule of Local District School Tax Payable	66
A-21	Schedule of County Taxes Payable	66
A-22	Schedule of Various Cash Liabilities and Reserves	67
A-23	Schedule of Grants Receivable - Federal and State Grant Fund	68
A-24	Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund	69
A-25	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	70
A-26	Schedule of Interfund Current Fund - Federal and State Grant Fund	71
A-27	Schedule of Interfunds- General Capital Fund	71
<b><u>TRUST FUND</u></b>		
B-2	Schedule of Cash	72
B-3	Analysis of Assessment Cash	73
B-4	Schedule of Cash Dog License Collector	73
B-5	Schedule of Due from/(to) Current Fund	74
B-6	Schedule of Other Accounts Receivable - Outside Police Duty	74
B-7	Schedule of Reserve for Animal License Fund Expenditures	75
B-8	Schedule of Due to State of New Jersey	75
B-9	Schedule of Interfund- General Capital Fund Municipal Open Space Trust Fund	75
B-10	Schedule of Other Trust Funds	76
B-11	Schedule of Payroll Deductions Payable	77
B-12	Schedule of Construction and other Deposits	78
B-13	Schedule of Reserve for Unemployment Insurance	79
B-14	Schedule of Reserve for Municipal Open Space	79
B-15	Schedule of LOSAP Contribution Receivable	80
B-16	Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits	80
<b><u>GENERAL CAPITAL FUND</u></b>		
C-2	Schedule of Cash	81
C-3	Analysis of Cash	82
C-4	Schedule of Various Receivables	83
C-5	Schedule of Deferred Charges to Future Taxation - Funded	84
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	85
C-7	Schedule of Interfund - Current Fund	86
C-8	Schedule of Interfunds- Municipal Open Space Trust	86
C-9	Schedule of New Jersey Environmental Infrastructure Trust/Loans Payable	87
C-10	Schedule of General Serial Bonds Payable	88
C-11	Schedule of Bond Anticipation Notes Payable	89
C-12	Schedule of Improvement Authorizations	90
C-13	Schedule of Capital Improvement Fund	91
C-14	Schedule of Various Reserves	92
C-15	Schedule of Reserve for Various Grants Receivable	92
C-16	Schedule of Bonds and Notes Authorized But Not Issued	93

**PART II**

Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	94
Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133 and N.J. OMB Circular 04-04	96
Schedule of Expenditures of Federal Financial Awards	99
Schedule of Expenditures of State Financial Awards	100
Notes to the Schedules of Expenditures of Federal and State Awards	101
General Comments	104
Recommendations	106
Status of Prior Year Audit Findings/Recommendations	107

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BOROUGH OF NEW PROVIDENCE**

**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2014**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# **Ferraioli, Wielkotz, Cerullo & Cuva, P.A.**

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of New Providence  
New Providence, NJ 07974

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of New Providence in the County of Union, as of December 31, 2014 and 2013, the related statement 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, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable Mayor and  
Members of the Borough Council  
Page 2.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of New Providence on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of New Providence as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

As described in Note 16 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$370,561.22 and \$345,476.52 for 2014 and 2013, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



Honorable Mayor and  
Members of the Borough Council  
Page 3.

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

In our opinion, except for the effects of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of New Providence’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2015 on our consideration of the Borough of New Providence’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

Honorable Mayor and  
Members of the Borough Council  
Page 4.

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of New Providence's internal control over financial reporting and compliance.



Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

July 13, 2015



**Exhibit A**

Page 1 of 2

**Borough of New Providence, N.J.****Comparative Balance Sheet - Regulatory Basis****Current Fund****December 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>Current Fund:</b>			
Cash	A-4	\$ 6,639,598.89	6,487,157.03
Change Fund	A-5	150.00	150.00
		<u>6,639,748.89</u>	<u>6,487,307.03</u>
 <b>Receivables and Other Assets with Full Reserves:</b>			
Delinquent Taxes Receivable	A-8	256,949.11	258,564.08
Tax Title Liens	A-9	175,164.12	162,766.48
Property Acquired for Taxes -			
Assessed Valuation	A-10	11,955.00	11,955.00
Revenue Accounts Receivable	A-11	127,668.37	45,160.84
Other Accounts Receivable	A-12	5,465.14	3,812.76
Due from:			
Free Public Library	A-13	18,288.83	
Other Trust Fund - Developer Escrow	A-14		3.52
General Capital Fund	A-14	2.09	
Federal and State Grant Fund	A-14	1,800.07	
Animal Control Trust Fund	A-14		6,972.32
Recreation Trust Fund	A-14		<u>10,000.00</u>
		<u>597,292.73</u>	<u>499,235.00</u>
		<u>7,237,041.62</u>	<u>6,986,542.03</u>
 <b>Federal and State Grant Fund:</b>			
Cash	A-4	94,854.57	13,169.20
Grants Receivable	A-23	1,106,323.70	1,018,302.77
		<u>1,201,178.27</u>	<u>1,031,471.97</u>
 Total Assets		<u>\$ 8,438,219.89</u>	<u>8,018,014.00</u>

See Accompanying Notes to Financial Statements

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

<u>Ref.</u>	<u>2014</u>	<u>2013</u>
-------------	-------------	-------------

Liabilities, Reserves and Fund Balance

## Current Fund:

Appropriation Reserves	A-3/A-15	\$ 1,420,621.12	1,310,255.27
Due to:			
Other Trust Fund - Public Defender	A-14		175.00
Assessment Trust Fund	A-14	790.40	790.40
Municipal Open Space Trust	A-14	171.14	78.76
General Capital Fund	A-14		249,998.14
Encumbrances Payable	A-16	208,508.37	390,777.15
Prepaid Taxes	A-17	197,266.21	542,576.34
Due to Special Improvement District	A-18	3,678.16	32,174.41
County Tax Payable	A-21	46,521.66	37,681.88
Tax Overpayments	A-22		1,980.66
Prepaid Revenue	A-22	330,000.00	
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	2,664.73	2,051.04
Reserve for:			
Sale of Borough Property	A-22	136,847.19	84,141.92
Tax Appeals	A-22	<u>436,955.18</u>	<u>630,884.20</u>
		2,784,024.16	3,283,565.17
Reserve for Receivables	Contra	597,292.73	499,235.00
Fund Balance	A-1	<u>3,855,724.73</u>	<u>3,203,741.86</u>
		<u>7,237,041.62</u>	<u>6,986,542.03</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	724,769.20	1,005,536.08
Unappropriated Reserve for Grants	A-25	24,609.00	25,935.89
Interfund - Current Fund	A-26	1,800.07	
Interfund - General Capital Fund	A-27	<u>450,000.00</u>	<u>1,031,471.97</u>
		<u>1,201,178.27</u>	
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,438,219.89</u>	<u>8,018,014.00</u>

See Accompanying Notes to Financial Statements

## Borough of New Providence, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

## Year Ended December 31,

	Ref.	2014	2013
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 2,482,500.00	2,212,000.00
Miscellaneous Revenue Anticipated	A-2	3,528,246.45	3,705,833.26
Receipts from Delinquent Taxes	A-2	256,499.66	313,003.41
Receipts from Current Taxes	A-2	58,772,813.11	57,194,513.28
Non-Budget Revenue	A-2	279,138.35	266,765.88
Other Credits to Income:			
Interfunds Returned	A-14	16,975.84	10,008.76
Due from Free Public Library			18,316.71
Statutory Excess Animal License Fund			6,972.32
Unexpended Balance of Appropriation Reserves	A-15	1,037,033.27	412,332.10
Canceled Grant Reserves	A-24	1,104.97	13.75
Total Revenues and Other Income		<u>66,374,311.65</u>	<u>64,139,759.47</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,941,081.02	5,727,105.00
Other Expenses	A-3	7,064,751.24	6,895,041.31
Capital Improvement Fund	A-3	400,000.00	350,000.00
Municipal Debt Service	A-3	1,679,199.94	1,764,765.32
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,644,900.00	1,648,037.00
Refund of Prior Year's Revenue	A-4	132,750.82	17,179.48
Due from Free Public Library	A-13	18,288.83	
Interfund Advances	A-14	1,802.16	16,975.84
Special Improvement District Taxes	A-18	50,547.36	116,797.83
Municipal Open Space Tax	A-19	32,308.38	32,323.76
Local District School Tax	A-20	33,179,087.00	32,533,073.00
County Taxes including Added Taxes	A-21	13,094,382.13	12,446,744.18
Canceled Grants Receivable	A-23	729.90	13.75
Total Expenditures		<u>63,239,828.78</u>	<u>61,548,056.47</u>
Excess (Deficit) Revenue Over Expenditures		3,134,482.87	2,591,703.00

Borough of New Providence, N.J.

**Exhibit A-1**

Page 2 of 2

**Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis**

**Current Fund**

**Year Ended December 31,**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		3,134,482.87	2,591,703.00
Fund Balance, January 1,	A	<u>3,203,741.86</u>	<u>2,824,038.86</u>
		6,338,224.73	5,415,741.86
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>2,482,500.00</u>	<u>2,212,000.00</u>
Fund Balance, December 31,	A	<u>\$ 3,855,724.73</u>	<u>3,203,741.86</u>

See Accompanying Notes to Financial Statements

## Borough of New Providence, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2014

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,482,500.00	2,482,500.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	7,000.00	8,000.00	1,000.00
Other	A-2	20,000.00	29,903.00	9,903.00
Fees and Permits	A-2	45,000.00	45,626.91	626.91
Fines and Costs:				
Municipal Court	A-11	125,000.00	113,998.92	(11,001.08)
Interest and Costs on Taxes	A-4	55,000.00	53,762.65	(1,237.35)
Parking Meters	A-11	17,000.00	11,079.00	(5,921.00)
Sewer Rentals	A-11	200,000.00	227,735.36	27,735.36
Cat Licenses	A-11	1,275.00	1,495.00	220.00
Parking Permits	A-11	160,000.00	200,033.00	40,033.00
Rental of Municipal Ownded Property	A-11	65,000.00	66,274.58	1,274.58
Cable Television Franchise Fees	A-11	171,504.85	171,504.85	
Energy Receipts Tax	A-11	1,272,751.00	1,272,751.00	
Consolidated Municipal Property Tax Relief Aid	A-11	31,068.00	31,068.00	
Uniform Construction Code Fees	A-11	290,000.00	298,605.00	8,605.00
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-23	1,821.02	1,821.02	
Body Armor Grant	A-23	3,239.96	3,239.96	
Clean Communities	A-23	20,952.85	20,952.85	
Recycling Tonnage Grant	A-23	20,874.91	20,874.91	
NJ Transportation Trust	A-23	250,000.00	250,000.00	
Bulletproof Vest Partnership	A-23	1,239.00	1,239.00	
CDBG - Senior Citizen High Risk Health Services	A-23	5,000.00	5,000.00	
CDBG - Senior Exercise, Arts and Crafts	A-23	9,300.00	9,300.00	
CDBG - Window Replacement	A-23	10,000.00	10,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	25,105.00	25,105.00	
Union County - Streetfair Contribution	A-11	1,500.00	1,500.00	
Union County - Kids Recreation Trust	A-23	50,000.00	50,000.00	
Contribution from Summit Junior Leauge - Special Needs	A-11	1,499.00	1,499.00	
Other Special Items:				
False Alarm Revenue	A-11	1,000.00	1,500.00	500.00
New Providence DID - Contribution for BAN P&I	A-11	83,000.00	136,592.36	53,592.36
Library Reimbursement	A-11	66,000.00	66,000.00	
Leaf Collection Revenue	A-11	50,000.00	51,599.00	1,599.00
General Capital Fund Balance	A-11	50,000.00	50,000.00	
Berkeley Heights Shared Court	A-11	18,000.00	24,000.00	6,000.00
Summit Shared Sewer Services	A-11	123,000.00	169,743.08	46,743.08
Multi Family Sewer Fees	A-11	70,000.00	68,400.00	(1,600.00)
Uniform Fire Safety Act	A-11	17,000.00	28,043.00	11,043.00
Total Miscellaneous Revenues	A-1	3,339,130.59	3,528,246.45	189,115.86
Receipts from Delinquent Taxes	A-1/A-2	250,000.00	256,499.66	6,499.66
Subtotal General Revenues		6,071,630.59	6,267,246.11	195,615.52
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		11,712,385.33	13,437,300.24	1,724,914.91
Minimum Library Tax		829,188.00	829,188.00	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	12,541,573.33	14,266,488.24	1,724,914.91
Budget Totals		18,613,203.92	20,533,734.35	1,920,530.43
Non-Budget Revenue	A-1/A-2		279,138.35	279,138.35
		\$ 18,613,203.92	20,812,872.70	2,199,668.78
		A-3		
Adopted Budget	A-3	18,315,212.07		
Appropriated by (N.J.S. 40A:4-87)	A-3	297,991.85		
		18,613,203.92		

## Borough of New Providence, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2014

Analysis of Realized Revenues

	<u>Ref</u>	
Revenue from Collections	A-1/A-8	58,772,813.11
Allocated to School and County Taxes	A-8	<u>46,356,324.87</u>
Balance for Support of Municipal Budget Appropriations		12,416,488.24
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,850,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>14,266,488.24</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>256,499.66</u>
	A-2	<u>256,499.66</u>
Licenses - Other:		
Clerk	A-11	5,994.00
Registrar	A-11	153.00
Board of Health	A-11	<u>23,756.00</u>
	A-2	<u>29,903.00</u>
Fees and Permits - Other:		
Clerk	A-11	10,459.22
Building Inspector Other	A-11	480.00
Police	A-11	2,102.69
Engineering Department	A-11	2,000.00
Registrar	A-11	2,205.00
Variance & Tax Searches	A-11	20.00
Board of Adjustment	A-11	22,820.00
Planning Board	A-11	<u>5,540.00</u>
	A-2	<u>45,626.91</u>

Analysis of Non-budget Revenues

	<u>Ref</u>	
Other Accounts Receivable	A-12	3,812.76
Hotel Tax		77,372.04
Insurance and Workers' Compensation Refunds		1,926.86
State DMV		1,650.00
Senior Citizens & Veterans Administration Fee		1,809.41
Scrap Metal		4,424.05
Interest on Investments		18,384.51
Police Escrow Administrative Fees		100,153.48
FEMA Reimbursements - Sandy		40,748.32
Other Miscellaneous		26,849.06
Miscellaneous Reimbursements	A-4	<u>2,007.86</u>
		<u>275,325.59</u>
	A-2	<u>279,138.35</u>

See Accompanying Notes to Financial Statements

## Borough of New Providence, N.J.

## Statement of Expenditures - Regulatory Basis

Page 1 of 7

## Current Fund

## Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	Budget After Modification	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Cancelled</u>
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages	\$	358,017.79	350,017.79	347,464.64	2,553.15	
Other Expenses		125,200.00	125,200.00	122,533.41	2,666.59	
Human Resources (Personnel/Labor Attny)						
Salaries and Wages		34,460.00	34,660.00	34,463.19	196.81	
Other Expenses		63,900.00	43,900.00	7,585.17	36,314.83	
Mayor and Council						
Salaries and Wages		33,000.00	33,000.00	33,000.00		
Other Expenses		6,000.00	6,000.00	5,671.85	328.15	
Municipal Clerk						
Salaries and Wages		118,457.47	124,457.47	121,132.05	3,325.42	
Other Expenses		18,200.00	18,200.00	15,189.52	3,010.48	
Financial Administration						
Salaries and Wages		50,600.10	65,600.10	61,529.13	4,070.97	
Other Expenses		54,500.00	50,600.00	43,640.19	6,959.81	
Audit Services						
Other Expenses		41,500.00	41,500.00	31,000.00	10,500.00	
Collection of Taxes						
Salaries and Wages		84,800.00	84,800.00	82,171.55	2,628.45	
Other Expenses		2,150.00	2,150.00	271.45	1,878.55	
Assessment of Taxes						
Salaries and Wages		35,700.00	35,700.00	35,440.33	259.67	
Other Expenses		128,300.00	148,300.00	117,418.68	30,881.32	
Legal Services and Costs						
Salaries and Wages						
Other Expenses		95,000.00	71,000.00	40,818.85	30,181.15	
Engineering Services and Costs						
Other Expenses		92,000.00	92,000.00	85,541.70	6,458.30	

## Borough of New Providence, N.J.

## Statement of Expenditures - Regulatory Basis

Page 2 of 7

Current Fund					
Year Ended December 31, 2014					
<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Unexpended Balance Cancelled</u>
Planning Board					
Salaries and Wages		5,000.00	5,000.00	1,685.00	3,315.00
Other Expenses		37,625.00	37,625.00	19,766.77	17,858.23
Board of Adjustment					
Salaries and Wages		3,600.00	3,600.00	1,960.00	1,640.00
Other Expenses		15,750.00	15,750.00	11,906.82	3,843.18
Insurance:					
General Liability		245,000.00	245,000.00	244,230.00	770.00
Workers' Compensation		230,000.00	230,000.00	230,000.00	
Employee Group Health		1,079,173.00	1,079,173.00	839,779.74	239,393.26
Health Benefit Waiver		208,830.00	208,830.00	155,267.08	53,562.92
Municipal Court:					
Salaries and Wages		120,080.00	120,080.00	119,574.13	505.87
Other Expenses		5,300.00	5,300.00	1,162.67	4,137.33
Public Defender					
Salaries and Wages		2,500.00	2,600.00	2,500.08	99.92
Police					
Salaries and Wages		2,925,940.00	2,925,940.00	2,817,662.81	108,277.19
Other Expenses		168,600.00	168,600.00	165,235.51	3,364.49
Police Dispatch/911					
Salaries and Wages		200,375.00	200,375.00	195,584.30	4,790.70
Other Expenses		53,000.00	53,000.00	2,487.00	50,513.00
Emergency Management Services					
Other Expenses		3,500.00	3,500.00	41.06	3,458.94
Fire					
Other Expenses		248,990.00	260,990.00	233,644.41	27,345.59
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Salaries and Wages		36,411.02	36,411.02	34,763.79	1,647.23
Other Expenses		4,000.00	4,000.00	2,609.82	1,390.18

## Borough of New Providence, N.J.

## Statement of Expenditures - Regulatory Basis

Page 3 of 7

Current Fund					
Year Ended December 31, 2014					
<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Road Repairs and Maintenance					
Other Expenses		253,500.00	253,500.00	242,554.46	10,945.54
Public Works					
Salaries and Wages		1,002,795.00	1,002,795.00	807,047.27	195,747.73
Other Expenses		11,000.00	11,000.00	4,636.03	6,363.97
Traffic Signal Maintenance					
Other Expenses		12,500.00	12,500.00	12,045.00	455.00
Public Buildings and Grounds					
Other Expenses		238,200.00	238,200.00	208,448.39	29,751.61
Fleet Maintenance					
Other Expenses		83,450.00	83,450.00	76,321.65	7,128.35
Solid Waste/Recycling Collections					
Other Expenses		540,300.00	540,300.00	428,044.60	112,255.40
Solid Waste Disposal Costs					
347,000.00		347,000.00	347,000.00	295,306.66	51,693.34
Waste Water Treatment Plant					
Salaries and Wages		345,705.00	345,705.00	323,130.39	22,574.61
Other Expenses		61,500.00	65,500.00	62,191.68	3,308.32
Board of Health					
Salaries and Wages		2,000.00	2,000.00	1,191.63	808.37
Other Expenses		57,925.00	57,925.00	54,594.92	3,330.08
Animal Control Services					
Other Expenses		24,000.00	24,000.00	5,630.00	18,370.00
Health Services					
Salaries and Wages		48,560.00	48,560.00	48,551.29	8.71
Other Expenses		3,550.00	3,550.00	64.98	3,485.02
Community Activities					
Salaries and Wages		105,965.00	112,965.00	112,691.05	273.95
Other Expenses		13,500.00	13,500.00	11,417.48	2,082.52

## Borough of New Providence, N.J.

Page 4 of 7

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Senior Citizen Programs						
Salaries and Wages		55,520.00	58,120.00	56,742.00	1,378.00	
Other Expenses		24,850.00	24,850.00	19,407.41	5,442.59	
Tuition Reimbursement Program						
Other Expenses		2,500.00	2,500.00	125.00	2,375.00	
Construction Code Official						
Salaries and Wages		342,194.64	342,194.64	321,591.88	20,602.76	
Other Expenses		7,862.00	8,862.00	8,861.32	0.68	
Utility Expenses/Bulk Purchases:						
Electricity		280,000.00	269,000.00	202,469.72	66,530.28	
Telephone and Telegraph		50,000.00	50,000.00	37,804.08	12,195.92	
Natural Gas		95,000.00	95,000.00	73,399.45	21,600.55	
Street Lighting		145,000.00	145,000.00	119,560.31	25,439.69	
Water		18,000.00	27,000.00	21,511.28	5,488.72	
Motor Supplies		150,000.00	150,000.00	122,707.68	27,292.32	
Contingent		500.00	500.00		500.00	
Total Operations within "CAPS"		<u>11,258,336.02</u>	<u>11,268,336.02</u>	<u>9,942,780.31</u>	<u>1,325,555.71</u>	
Detail:						
Salaries and Wages	A-1	5,911,681.02	5,934,581.02	5,559,876.51	374,704.51	
Other Expenses	A-1	<u>5,346,655.00</u>	<u>5,333,755.00</u>	<u>4,382,903.80</u>	<u>950,851.20</u>	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		318,562.00	318,562.00	318,562.00		
Social Security System (O.A.S.I.)		476,000.00	466,000.00	441,314.18	24,685.82	

## Borough of New Providence, N.J.

## Statement of Expenditures - Regulatory Basis

Page 5 of 7

## Current Fund

## Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Police and Firemen's Retirement System of N.J.		518,338.00	518,338.00	518,338.00		
Defined Contribution Retirement Plan		12,000.00	12,000.00	5,063.10	6,936.90	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,324,900.00	1,314,900.00	1,283,277.28	31,622.72	
Total General Appropriations for Municipal Purposes within "CAPS"		12,583,236.02	12,583,236.02	11,226,057.59	1,357,178.43	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		829,188.00	829,188.00	829,188.00		
Employee Group Health Insurance						
Sewer System						
Joint Meeting Expenses		675,000.00	675,000.00	657,305.00	17,695.00	
Berkley Heights Expenses		15,000.00	15,000.00	5,752.91	9,247.09	
Emergency Services Volunteer Length of Service Award Program		30,000.00	30,000.00		30,000.00	
Reserve for Tax Appeals		25,000.00	25,000.00	25,000.00		
Fair Housing Act of 1985						
Council on Affordable Housing						
Salaries and Wages		6,500.00	6,500.00		6,500.00	
Public and Private Programs Offset by Revenues						
Drunk Driving Enforcement Fund		1,821.02	1,821.02	1,821.02		
Body Armor Grant		3,239.96	3,239.96	3,239.96		
Clean Communities		20,952.85	20,952.85	20,952.85		
Recycling Tonnage Grant		20,874.91	20,874.91	20,874.91		
Bulletproof Vest Partnership		1,239.00	1,239.00	1,239.00		
Union County - Kids Recreation Trust		50,000.00	50,000.00	50,000.00		
CDBG - Senior Citizen High Risk Health Services		5,000.00	5,000.00	5,000.00		
CDBG - Senior Exercise, Arts and Crafts		9,300.00	9,300.00	9,300.00		
CDBG - Window Replacement		10,000.00	10,000.00	10,000.00		

## Borough of New Providence, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Union County - Streetfair Contribution		1,500.00	1,500.00	1,500.00		
Municipal Alliance on Alcoholism and Drug Abuse		25,105.00	25,105.00	25,105.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		6,276.50	6,276.50	6,276.50		
Contribution Summit Junior League - Special Needs		1,499.00	1,499.00	1,498.40	0.60	
Total Operations - Excluded from "CAPS"		<u>1,737,496.24</u>	<u>1,737,496.24</u>	<u>1,674,053.55</u>	<u>63,442.69</u>	
Detail:						
Salaries & Wages	A-1	6,500.00	6,500.00		6,500.00	
Other Expenses	A-1	<u>1,730,996.24</u>	<u>1,730,996.24</u>	<u>1,674,053.55</u>	<u>56,942.69</u>	
Capital Improvements:						
Capital Improvement Fund		150,000.00	150,000.00	150,000.00		
NJ Transportation Trust Fund Authority Act		<u>250,000.00</u>	<u>250,000.00</u>	<u>250,000.00</u>		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>		
Municipal Debt Service:						
Payment of Bond Principal		1,155,000.00	1,155,000.00	1,155,000.00		
Interest on Bonds		285,190.00	285,190.00	285,190.00		
NJ Waste Water Treatment Loan		<u>272,281.66</u>	<u>272,281.66</u>	<u>239,009.94</u>		<u>33,271.72</u>
Series 1998F Loan - Principal & Interest						
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>1,712,471.66</u>	<u>1,712,471.66</u>	<u>1,679,199.94</u>		<u>33,271.72</u>
Deferred Charges:						
Deferred Cahrges to Future Taxation - Unfunded						
Ordinance 12-08 Various Capital Improvements		<u>330,000.00</u>	<u>330,000.00</u>	<u>330,000.00</u>		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	<u>330,000.00</u>	<u>330,000.00</u>	<u>330,000.00</u>		

## Borough of New Providence, N.J.

## Statement of Expenditures - Regulatory Basis

Page 7 of 7

## Current Fund

Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	Budget After Modification	Paid or Charged	<u>Reserved</u>	Unexpended Balance <u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>4,179,967.90</u>	<u>4,179,967.90</u>	<u>4,083,253.49</u>	<u>63,442.69</u>	<u>33,271.72</u>
Subtotal General Appropriations		16,763,203.92	16,763,203.92	15,309,311.08	1,420,621.12	33,271.72
Reserve for Uncollected Taxes		<u>1,850,000.00</u>	<u>1,850,000.00</u>	<u>1,850,000.00</u>		
Total General Appropriations	\$	<u>18,613,203.92</u>	<u>18,613,203.92</u>	<u>17,159,311.08</u>	<u>1,420,621.12</u>	<u>33,271.72</u>
Adopted Budget	A-2		18,315,212.07			
Appropriated by (N.J.S.A. 40A:4-87)	A-2		297,991.85			
			<u>18,613,203.92</u>			

Analysis of Paid or Charged

Reserve for Uncollected Taxes	A-2	1,850,000.00
Cash Disbursed	A-4	14,348,269.97
Encumbrances Payable	A-16	208,508.37
Interfund - General Capital	A-14	330,000.00
Reserve for Tax Appeals	A-22	25,000.00
Reserve for Federal and State Grants	A-24	<u>397,532.74</u>
		<u>17,159,311.08</u>

See Accompanying Notes to Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Exhibit B****Borough of New Providence , N.J.**

Page 1 of 2

**Comparative Balance Sheet - Regulatory Basis****Trust Funds****December 31, 2014 and 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>			
Assessment Fund:			
Due from Current Fund	B-5	\$ 790.40	790.40
		<u>790.40</u>	<u>790.40</u>
Animal License Fund:			
Cash	B-2	10,894.97	21,955.32
Cash - License Collector	B-4	100.00	15.00
		<u>10,994.97</u>	<u>21,970.32</u>
Other Trust Funds:			
Cash	B-2	2,074,181.49	2,048,196.35
Cash - Payroll	B-11	47,900.34	49,037.52
Due from Current Fund (Open Space)	B-5	171.14	78.76
Due from Current Fund (Public Defender)	B-5		175.00
Other Accounts Receivable	B-6	4,199.16	3,978.81
		<u>2,126,452.13</u>	<u>2,101,466.44</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	348,561.22	320,976.52
Contributions Receivable	B-15	22,000.00	24,500.00
		<u>370,561.22</u>	<u>345,476.52</u>
Total Assets		\$ <u>2,508,798.72</u>	<u>2,469,703.68</u>

See Accompanying Notes to Financial Statements

**Exhibit B**

**Borough of New Providence , N.J.**  
**Comparative Balance Sheet - Regulatory Basis**

Page 2 of 2

**Trust Funds****December 31, 2014 and 2013**

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Assessment Fund:			
Fund Balance	B-1	\$ 790.40	790.40
		<u>790.40</u>	<u>790.40</u>
Animal License Fund:			
Interfund - Current Fund	B-5		6,972.32
Reserve for Dog Fund Expenditures	B-7	10,988.97	14,996.80
Due to State of New Jersey	B-8	6.00	1.20
		<u>10,994.97</u>	<u>21,970.32</u>
Other Trust Fund:			
Interfund - Current Fund (Other Trust)	B-5		3.52
Interfund - Current Fund (Recreation Trust)	B-5		10,000.00
Various Other Trust Funds	B-10	674,418.69	851,177.73
Payroll Deductions	B-11	47,900.34	49,037.52
Reserve for:			
Construction and Other Deposits	B-12	1,347,543.05	530,898.95
Unemployment Insurance Trust Fund	B-13	23,526.46	22,652.29
Municipal Open Space	B-14	33,064.09	637,696.43
		<u>2,126,452.63</u>	<u>2,101,466.44</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-16	370,561.22	345,476.52
		<u>370,561.22</u>	<u>345,476.52</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 2,508,799.22</u>	<u>2,469,703.68</u>

See Accompanying Notes to Financial Statements

**Exhibit B-1**

**Borough of New Providence , N.J.**

**Statement of Fund Balance - Regulatory Basis**

**Assessment Trust Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	\$ <u>790.40</u>
Balance - December 31, 2014	B/B-3	\$ <u>790.40</u>

See Accompanying Notes to Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK**

## Borough of New Providence, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 2,094,588.90	313,455.21
Various Receivables	C-4	383,407.50	441,900.47
Deferred Charges to Future Taxation:			
Funded	C-5	10,520,000.00	11,945,000.00
Unfunded	C-6	7,562,544.74	5,290,019.74
Interfund - Current Fund	C-7		249,998.14
Interfund - State & Federal Grant Fund	C-8	450,000.00	
		<u>21,010,541.14</u>	<u>18,240,373.56</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-7	2.09	
NJEIT Trust/Loans Payable	C-9		270,000.00
General Serial Bonds	C-10	10,520,000.00	11,675,000.00
Bond Anticipation Notes	C-11	3,250,000.00	
Improvement Authorizations:			
Funded	C-12	1,319,979.75	1,935,045.59
Unfunded	C-12	5,344,783.55	4,017,746.75
Capital Improvement Fund	C-13	13,584.13	559.13
Reserve for:			
Debt Service	C-14	183,394.00	124,394.00
Redwood ERC Sewer Project	C-14	225,000.00	
Voluntary Agreements	C-15		33,492.97
Fund Balance	C-1	153,797.62	184,135.12
	\$ <u>21,010,541.14</u>	<u>18,240,373.56</u>	

Footnote: There were \$4,312,544.74 and \$5,290,019.74 of Bonds and Notes Authorized But Not Issued per Exhibit C-16 on December 31, 2014 and 2013

See Accompanying Notes to Financial Statements

**Borough of New Providence, N.J.****Comparative Statement of Changes in Fund Balance - Regulatory Basis****General Capital Fund****Year Ended December 31, 2014**

	<u>Ref.</u>		<u>2014</u>	<u>2013</u>
Balance - December 31, 2013	C	\$	184,135.12	334,135.12
Increased by:				
Premium on Sale of Bond Anticipation Notes	C-2		19,662.50	
			203,797.62	334,135.12
Decreased by:				
Appropriated to Current Year Budget Revenue	C-7		50,000.00	150,000.00
Balance - December 31, 2014	C,C-3	\$	<u>153,797.62</u>	<u>184,135.12</u>

See Accompanying Notes to Financial Statements

## GENERAL FIXED ASSET ACCOUNT GROUP

**Exhibit D****Borough of New Providence , N.J.****Comparative Statement of General Fixed Assets****December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>General Fixed Assets:</u>		
Buildings and Construction	\$ 12,725,348.59	\$ 11,406,253.59
Machinery and Equipment	6,485,543.78	4,747,847.24
Land Improvements	2,742,520.95	266,541.45
Underground Equipment & Utilities	<u>1,160,586.00</u>	<u>1,163,811.00</u>
	<u>\$ 23,113,999.32</u>	<u>\$ 17,584,453.28</u>
Investment in Fixed Assets	<u>\$ 23,113,999.32</u>	<u>\$ 17,584,453.28</u>

See Accompanying Notes to Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of New Providence have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**A. Reporting Entity**

The Borough of New Providence (the “Borough”) operates under a Mayor/Council form of government. There are six elected members on the Council. Each is elected to a three year term. The Mayor is elected in a general election for a four year term. The Mayor carries a legislative vote only if there is a tie amongst Council members. The Borough’s major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, which is considered a component unit under GAAP. Complete financial statements of the above component can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Assessment Trust - This fund deals with the hauling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

All Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Emergency Services Volunteer Length of Service Awards Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the interest of the participant's length of service awards.

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

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of New Providence. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

**Property Tax Revenues** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month in the fiscal year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Grant Revenues** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

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

General Capital Fund  
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014, the Borough Council increased the original budget by \$297,991.85. The increase was funded by \$297,991.85 of additional grants and contributions given to the Borough. In addition, several budget transfers were approved by the governing body.

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

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

General Fixed Assets - The Borough of New Providence has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except land which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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

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

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

**Recent Accounting Pronouncements**

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity’s financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Government Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term “government combinations” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement, which is effective for financial statements beginning after December 15, 2013, will not have any effect on the entity’s financial reporting.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity’s financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**C. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2014 and 2013, \$-0- of the Borough's bank balance of \$11,011,536.44 and \$9,047,698.79, respectively, was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

**Unaudited Investments**

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2014 and 2013 amounted to \$348,561.22 and \$320,976.52, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Growth	\$194,077.15	\$178,419.27
Fixed Income	74,364.45	74,137.00
Income	37,916.70	33,753.97
Growth and Income	22,445.44	19,356.37
All Others	<u>19,757.48</u>	<u>15,309.91</u>
<b>Total</b>	<b><u>\$348,561.22</u></b>	<b><u>\$320,976.52</u></b>

**NOTE 3: MUNICIPAL DEBT**

Long-term debt as of December 31, 2014 consisted of the following:

	<u>Balance Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$11,675,000.00	\$	\$1,155,000.00	\$10,520,000.00	\$1,140,000.00
Other Liabilities:					
N.J. Environmental Infrastructure: Trust	<u>270,000.00</u>	<u>—</u>	<u>270,000.00</u>	<u>0.00</u>	<u>—</u>
	<u><b>\$11,945,000.00</b></u>	<u><b>\$0.00</b></u>	<u><b>\$1,425,000.00</b></u>	<u><b>\$10,520,000.00</b></u>	<u><b>\$1,140,000.00</b></u>

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED  
DEBT ISSUED AND OUTSTANDING.**

<u>General</u>				
<u>Calendar</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2015	\$1,140,000.00	\$255,890.00	\$1,395,890.00
	2016	950,000.00	226,815.00	1,176,815.00
	2017	950,000.00	200,590.00	1,150,590.00
	2018	950,000.00	174,365.00	1,124,365.00
	2019	950,000.00	148,140.00	1,098,140.00
	2020	950,000.00	121,915.00	1,071,915.00
	2021	910,000.00	95,265.00	1,005,265.00
	2022	620,000.00	70,215.00	690,215.00
	2023	620,000.00	57,815.00	677,815.00
	2024	620,000.00	45,415.00	665,415.00
	2025	620,000.00	33,015.00	653,015.00
	2026	620,000.00	20,228.00	640,228.00
	2027	<u>620,000.00</u>	<u>6,820.00</u>	<u>626,820.00</u>
		<u>\$10,520,000.00</u>	<u>\$1,456,488.00</u>	<u>\$11,976,488.00</u>

At December 31, 2014, the Borough had authorized but not issued debt of \$4,312,544.74.

**NOTE 4: BOND ANTICIPATION NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2014, the Borough had \$3,250,000.00 in outstanding general capital bond anticipation notes that mature on July 17, 2015 at an interest rate of 1.00%. These notes were funded by the issuance of bonds (see Note 18).

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$13,770,000.00	\$11,675,000.00	\$12,875,000.00
Loans	0.00	270,000.00	525,000.00
Total Issued	<u>13,770,000.00</u>	<u>11,945,000.00</u>	<u>13,400,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>4,312,544.74</u>	<u>5,290,019.74</u>	<u>2,545,321.24</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$18,082,544.74</u>	<u>\$17,235,019.74</u>	<u>\$15,945,321.24</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .726%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$10,095,000.00	\$10,095,000.00	\$0.00
General Debt	<u>18,082,544.74</u>	<u>183,394.00</u>	<u>17,899,150.74</u>
	<u>\$28,177,544.74</u>	<u>\$10,278,394.00</u>	<u>\$17,899,150.74</u>

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 3: MUNICIPAL DEBT, (continued)**

Net Debt \$17,899,150.74 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,465,219,916.00 = .726%.

**BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 1/2% of Equalized Valuation Basis (Municipal)	\$86,282,697.06
Net Debt	<u>17,899,150.74</u>
Remaining Borrowing Power	<u>\$68,383,546.32</u>

The Borough's bonded debt consisted of the following at December 31, 2014:

	<u>Amount Outstanding</u>
Paid by Current Fund:	
General Improvement Bonds - \$4,165,000.00 issued August 1, 2006 due through August 1, 2021 with variable interest rates of 4.125% to 4.250%	\$2,340,000.00
Refunding Bonds - \$790,000.00 issued April 10, 2012 due through July 15, 2015 with an interest rate of 1.50%	190,000.00
General Improvement Bonds - \$8,910,000.00 issued May 15, 2012 due through May 15, 2027 with variable interest rates of 2.00% to 2.125%	<u>7,990,000.00</u>
	<u><b>\$10,520,000.00</b></u>

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Borough.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 4: BOND ANTICIPATION NOTES, (continued)**

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Securities	<u>\$</u> <u>                  </u>	<u>\$3,250,000.00</u>	<u>\$</u> <u>                  </u>	<u>\$3,250,000.00</u>

**NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, there were no deferred charges shown on the balance sheets of the various funds.

**NOTE 6: SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough raises its share of local school district taxes on a calendar year basis; hence there is no deferral of school taxes.

**NOTE 7: PENSION PLANS**

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. 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 systems terminate.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS)*, (continued)

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

Description of Systems, (continued)

*Police and Firemens' Retirement System (PFRS)*, (continued)

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2014	\$318,562.00	\$518,338.00
2013	338,238.00	574,367.00
2012	346,019.00	554,467.00

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 7: PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The Borough's contribution to the DCRP for the years ended December 31, 2014, 2013 and 2012 were \$5,063.10, \$3,547.95 and \$2,222.66, respectively.

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2014 and 2013 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Current Fund	<u>\$2,930,000.00</u>	<u>\$2,482,500.00</u>

**NOTE 9: FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2014.

	<u>Balance Dec. 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2014</u>
Buildings and Improvements	\$11,301,159.80	\$1,424,188.79	\$541,176.37	\$12,184,172.22
Machinery and Equipment	7,026,720.15	2,475,979.50		9,502,699.65
Land Improvements	266,541.45			266,541.45
Underground Equipment and Utilities	<u>1,157,802.00</u>	<u>2,784.00</u>	<u>\$541,176.37</u>	<u>1,160,586.00</u>
	<u><u>\$19,752,223.40</u></u>	<u><u>\$3,902,952.29</u></u>		<u><u>\$23,113,999.32</u></u>

\*Changes in fixed assets is the result of Borough having an independent physical inventory and appraisal of fixed assets performed

The values represent estimated historical costs.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 10: TERMINAL LEAVE**

Eligible employees who retire with a pension under PERS or PFRS shall be entitled to receive Terminal Leave. The number of Terminal Leave days will be based on the number of unused sick leave at the time of retirement. Retiring PERS employees will remain on the payroll of the Borough based on one day of base salary pay for every four days of accumulated unused sick leave up to 100 days; and 1 day base salary pay for every 3 days of accumulated sick leave beyond 100 days subject to a maximum payment. Retiring PFRS employees will remain on the payroll of the Borough based on 1 day of salary pay for every 4 days of accumulated unused sick leave if the total days are below 100 or 1 day base salary pay for every 3 days of accumulated unused sick leave if the total days are above 100, subject to a maximum payment. The maximum payment for employees who retire under PERS is \$12,000.00 and under PFRS is \$17,000.00

It is estimated that the sum of \$160,671.32, computed internally at 2014 salary rates, would be payable to 21 officials and employees of the Borough of New Providence as of December 31, 2014 for accumulated sick days. This amount was not verified by audit.

Provisions for the above are not reflected on the Financial Statements of the Borough. It is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year in which it is used.

**NOTE 11: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2014 consist of the following:

\$790.40	Due to the Assessment Trust Fund from the Current Fund for Assessment receipts deposited in the Current Fund.
2.09	Due to the Current Fund from the General Capital Fund for interest earnings.
171.14	Due to the Municipal Open Space Trust Fund from the Current Fund for added taxes.
1,800.07	Due to the Current Fund from the State Aid and Federal Grant Fund for cancelled grants and receipts deposited in Grant Fund.
<u>450,000.00</u>	Due to the General Capital Fund from the State and Federal Grant Fund for capital receipts deposited in the Grant Fund.
<u> \$452,763.70</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 12: RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2014 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of New Providence is currently a member of the Garden State Municipal Joint Insurance Fund (the "Fund"). The Fund provides their members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

**NOTE 13: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2014</u>	<u>Balance Dec 31, 2013</u>
Prepaid Taxes	<u>\$197,266.21</u>	<u>\$542,576.34</u>
Cash Liability for Taxes Collected in Advance	<u>\$197,266.21</u>	<u>\$542,576.34</u>

**NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

The Borough will provide for all non-bargaining personnel hospitalization upon retirement (as defined by PERS) in accordance with the following criteria. A combination of age at retirement and a minimum of fifteen (15) years service with the Borough, will be the basis for determining eligibility and length of coverage. Borough personnel who were originally hired as part time employees and subsequently become full time are eligible for consideration dependent upon date he/she joined PERS plan.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)**

**Age Determination**

The number of points an employee earns for age will be calculated by year of retirement less year of birth up to a maximum of seventy points.

**Service Determination**

The number of points an employee earns for service will be calculated as one per year for each year of service.

**Physical Disability Retirement**

In the event an employee retires due to physical disability, said employee could earn additional points for age up to a maximum of ten points or a total age points of seventy.

**Length of Coverage**

- (1) In the event an employee has earned one hundred points or more, lifetime hospitalization will be paid by the Borough for the employee and his/her eligible dependents, at a cost not to exceed \$15,000.00 per year. Upon death of the employee, coverage will continue for the surviving spouse until his/her 65<sup>th</sup> birthday. Upon the death of the employee if there is no surviving spouse, coverage will cease at that point.
- (2) In the event an employee has earned a minimum of eighty points, the Borough will provide hospitalization up to a cumulative cost of \$10,000.00 per employee or for the employee and eligible dependents. These payments will be made in the form of monthly premium contributions or if the employee has been participating in the benefit waiver program in accordance with IRC-125, payments will be made on a quarterly basis in accordance with Borough policy.
- (3) In the event an employee has earned less than a minimum of eighty points, the Borough will provide hospitalization up to a cumulative cost of \$5,000.00 per employee or for the employee and eligible dependents. These payments will be made in the form of monthly premium contributions or if the employee had been participating in the benefit waiver program in accordance with IRC-125, payments will be made on a quarterly basis in accordance with Borough policy.

**Funding**

The Borough contributes up to a maximum of \$15,000.00 per year for each plan member hired after January 1, 2005. Employees hired prior to that date are not capped. For the year 2014, the Borough contributed \$31,844.00 to the plan for two individuals.

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Borough has calculated the ARC and related information using the Projected Unit Credit method. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$31,844.00
Annual OPEB Cost (Expense)	<u>31,844.00</u>
Contributions Made	<u>(31,844.00)</u>
Increase (Decrease) in Net OPEB Obligation	<u>0.00</u>
Net OPEB Obligation	<u><b>\$31,844.00</b></u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year 2014 is as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/14	\$31,844.00	100%	\$31,844.00

**BOROUGH OF NEW PROVIDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)**

**Funding Status and Funding Progress**

As of December 31, 2014, the municipality calculated that the accrued liability for benefits was \$3,683,920.00, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimated of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - 100% of Police Officers are assumed to retire at age 65 (which is mandated under New Jersey State law), regardless of service, 100% of the other union eligible employees are assumed to retire at age 65, regardless of service and under the Personnel Policy Handbook, the Borough will provide for all non-bargaining personnel hospitalization upon retirement (as defined by PERS) in accordance with the following criteria: A combination of age at retirement and a minimum of fifteen (15) years of service with the Borough with the cost not to exceed \$15,000.00, \$10,000.00 or \$5,000.00, the amount to be determined in accordance with the amount of points earned.

Mortality - Life expectancies were estimated until age eighty-five (85) or twenty (20) years of post retirement for health and disabled participants. No retirement death benefits were valued, specially the "in-the-line of duty" death benefit for police.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)**

**Methods and Assumptions, (continued)**

Benefits - The valuation projects the cost to the Borough of providing medical benefits to employees who remain in the medical plan after retirement. Future retirees are assumed to remain the same medical plan they were covered under while active.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections using a rate of 4%.

Health Insurance Premiums - 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans or a proportionate combination of the two for plans that are being partially funded. A discount rate of 4.00% for purposes of developing the liabilities and Annual Required contribution on the basis that the Plan would not be funded. This rate is derived from the historical performance of the United States Treasury.

**Schedule of Funding Progress for the Retiree Health Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Simplified Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>
12/31/14	\$ -0-	\$3,683,920.00	\$3,683,920.00	1.00%

**NOTE 15: SPECIAL IMPROVEMENT DISTRICT**

The Special Improvement District is a separate entity which was established in 2007. The Special Improvement District has a budget which is based on the assessed value of a number of designated property owners in the Borough. The rate for 2014 is \$.145.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On March 6, 2003, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$500.00 to each eligible volunteer who accumulates minimum service points based on criteria established by Borough Ordinance No. 2000-05. The amount of the LOSAP award cannot exceed \$500.00 annually. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2014 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES**

**Federal and State Awards**

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2014 may be impaired. In the opinion of management, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

**Tax Appeals**

The Borough has established a Reserve for Tax Appeals Pending in the amount of \$436,955.18.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**Litigation**

The Borough of New Providence is a defendant in certain lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, would be funded from future taxation.

**NOTE 18: SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through July 13, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure with the exception of the item noted below:

On June 17, 2015, the Borough issued \$9,980,000 General Improvement Bonds with variable interest rates of 3.00% to 4.00%. These Bonds were issued to fund the Borough's outstanding Bond Anticipation Notes of \$3,250,000 and to fund \$6,730,000 of authorized but not issued debt.

**SUPPLEMENTARY DATA**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate:	<u>4.564</u>	<u>4.442</u>	<u>4.306</u>	<u>4.209</u>	<u>4.082</u>
Apportionment of Tax Rate:					
Municipal	.910	.892	.872	.851	.890
Municipal Open Space	.002	.002	.002	.002	.002
Municipal Library	.064	.065	.065	.065	
County	.984	.933	.867	.805	.739
County Open Space	.029	.029	.029	.030	.030
Local School	2.575	2.521	2.471	2.456	2.421

### Assessed Valuation:

2014	\$1,288,630,095.00
2013	1,290,812,412.00
2012	1,302,404,548.00
2011	1,300,519,201.00
2010	1,294,367,988.00

## COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

<u>Year</u>	<u>Tax Levy*</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$59,073,713.06	\$58,772,813.11	99.49%
2013	57,629,127.19	57,194,513.28	99.24
2012	56,302,143.57	55,698,441.77	98.93
2011	54,946,873.61	54,632,371.81	99.43
2010	53,062,716.95	52,856,696.58	99.61

\*Includes Special Improvement District Taxes.

## **DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the last five years. A comparison of the outstanding assessment and assessment title liens for the past five years is also shown.

<u>Taxes and Liens</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Delinquent Taxes	\$256,949.11	\$258,564.08	\$316,709.06	\$260,939.00	\$157,580.10
Tax Title Liens	<u>175,164.12</u>	<u>162,766.48</u>	<u>150,700.04</u>	<u>139,002.80</u>	<u>127,569.26</u>
Totals	<u>\$432,113.23</u>	<u>\$421,330.56</u>	<u>\$467,409.10</u>	<u>\$399,941.80</u>	<u>\$285,149.36</u>
Percentage of each Years Tax Levy	.73%	.73%	.83%	.73%	.54%

## **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

There was no property sold or acquired during the year.

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

<u>Year</u>	<u>Amount</u>
2014	\$11,955
2013	11,955
2012	11,955
2011	11,955
2010	11,955

## **COMPARATIVE SCHEDULE OF FUND BALANCE**

	<u>Current Fund</u>	
<u>Fund Balance December 31,</u>		<u>Utilized in Budget of Succeeding Year</u>
2014	\$3,855,724.73	\$2,930,000.00
2013	3,203,741.86	2,482,500.00
2012	2,824,038.86	2,212,000.00
2011	2,461,742.41	2,000,000.00
2010	2,791,057.69	2,117,000.00

## ROSTER OF OFFICIALS IN OFFICE AND REPORT ON SURETY BONDS

DECEMBER 31, 2014

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
J. Brooke Hern	Mayor	\$
Michael Gennaro	Council President	
Armand Galluccio	Councilman	
Gary Kapner	Councilman	
James Madden	Councilman	
Robert Muñoz	Councilman	
Robert T. Robinson	Councilman	
Kenneth DeRoberts	Chief Financial Officer	*
Douglas Marvin	Administrator	
Wendi B. Barry	Borough Clerk	
Monica S. Marino	Tax Collector to 5/31/14	*
Denise Gelormini	Tax Collector, Deputy Borough Clerk – from 6/1/14*	
Paul Rizzo	Borough Attorney	
Donald Bogosian	Borough Judge	*
Macrina Carra	Court Administrator	*
Patricia Spychala	Tax Assessor	

\*Coverage provided by Garden State Municipal Joint Insurance Fund.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## Borough of New Providence, N.J.

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	Current Fund	Federal & State Grant Fund
Balance - December 31, 2013	A	\$ 6,487,157.03	\$ 13,169.20
Increased by Receipts:			
Interest and Costs on Taxes	A-2	53,762.65	
Miscellaneous Revenue Not Anticipated	A-2	275,325.59	
Petty Cash	A-6	1,750.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	87,220.54	
Taxes Receivable	A-8	58,400,129.58	
Revenue Accounts Receivable	A-11	3,026,951.06	
Other Accounts Receivable	A-12	3,812.76	
Interfunds	A-14	66,975.84	
Prepaid Taxes	A-17	197,266.21	
Various Cash Liabilities and Reserves	A-22	409,666.39	
Federal and State Grants Receivable	A-23		282,846.02
Unappropriated Reserves	A-25		24,609.00
Interfund - General Capital	A-27		<u>450,000.00</u>
		<u>62,522,860.62</u>	<u>758,880.02</u>
		<u>69,010,017.65</u>	<u>772,049.22</u>
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	132,750.82	
Current Year Budget Appropriations	A-3	14,348,269.97	
Petty Cash	A-6	1,750.00	
Due from Free Public Library	A-13	18,288.83	
Interfunds	A-14	613,816.23	
Appropriation Reserves	A-15	663,999.15	
Special Improvement District Taxes	A-18	79,043.61	
Local District School Taxes	A-20	33,179,087.00	
County Taxes Payable	A-21	13,085,542.35	
Various Cash Liabilities and Reserves	A-22	247,870.80	
Federal & State Grant Appropriations	A-24		<u>677,194.65</u>
		<u>62,370,418.76</u>	<u>677,194.65</u>
Balance - December 31, 2014	A	\$ <u>6,639,598.89</u>	\$ <u>94,854.57</u>

**Exhibit A-5**  
**Borough of New Providence, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2014**

Ref.

Balance - December 31, 2013	A	\$ <u>150.00</u>
-----------------------------	---	------------------

Balance - December 31, 2014	A	\$ <u>150.00</u>
-----------------------------	---	------------------

Analysis of Balance:

Tax Collector	50.00
Clerk	50.00
Municipal Court	<u>50.00</u>
	<u>150.00</u>

**Exhibit A-6**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2014**

Ref.

Increased by:

Disbursed	A-4	\$ <u>1,750.00</u>
-----------	-----	--------------------

Decreased by:

Returned to Treasurer	A-4	\$ <u>1,750.00</u>
-----------------------	-----	--------------------

**Borough of New Providence, N.J.**

**Schedule of Amount Due to/from State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

**Current Fund**

**Year Ended December 31, 2014**

Ref.

Balance - December 31, 2013	- Due to	A	\$ 2,051.04
Decreased by:			
Senior Citizens' and Veterans' Deductions			
Per Tax Billings		90,500.00	
Senior Citizens' and Veterans' Deductions			
Allowed by Tax Collector			
Senior Citizens' and Veterans' Deductions			
Disallowed by Tax Collector		<u>(3,893.15)</u>	
	A-8		86,606.85
Less:			
Cash Receipts - State of NJ	A-4		<u>87,220.54</u>
			<u>(613.69)</u>
Balance - December 31, 2014	- Due to	A	\$ <u>2,664.73</u>

Exhibit A-8

Borough of New Providence, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2014

Year	Balance, Dec. 31, 2013	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2014
				2013	2014				
2013	\$ 258,564.08				260,272.95	(3,773.29)		2,064.42	
2014		58,863,624.96	210,088.10	542,576.34	58,139,856.63	90,380.14	11,656.46	32,294.38	256,949.11
	\$ 258,564.08	58,863,624.96	210,088.10	542,576.34	58,400,129.58	86,606.85	11,656.46	34,358.80	256,949.11
	A			A-2/A-17	A-2/A-4	A-2/A-7	A-9		A

Analysis of Tax Levy

Tax yield:	<u>Ref.</u>	
General Purpose Tax		58,710,934.82
Utilities		102,142.78
Special Taxes		50,547.36
Added Tax (R.S. 54:4-63.1 et seq.)		210,088.10
		<u>59,073,713.06</u>
 Tax Levy:		
Municipal Open Space Tax	A-19	32,216.00
Added Municipal Open Space Tax	A-19	92.38
		<u>32,308.38</u>
Special Improvement District Taxes	A-18	50,547.36
Local District School Tax	A-20	33,179,087.00
County Tax - General	A-21	12,673,898.14
County Tax - Open Space	A-21	373,962.33
Added County Taxes	A-21	46,521.66
		<u>13,094,382.13</u>
 Local Tax for Municipal Purposes	A-2	12,541,573.33
Additional Taxes		175,814.86
		<u>46,356,324.87</u>
		<u>12,717,388.19</u>
		<u>59,073,713.06</u>

**Exhibit A-9**

**Borough of New Providence, N.J.**

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	\$ 162,766.48
Increased by:		
Penalties	A-12	741.18
Transfers from Taxes Receivable	A-8	<u>11,656.46</u>
		<u>12,397.64</u>
Balance - December 31, 2014	A	<u>\$ 175,164.12</u>

**Exhibit A-10**

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	<u>\$ 11,955.00</u>
Balance - December 31, 2014	A	<u>\$ 11,955.00</u>

**Analysis of Balance:**

Block-Lot	Amount
41-36	9,200.00
44-07	800.00
153-12	225.00
204-25	200.00
239-01	125.00
362-01	230.00
363-01	760.00
363-02	75.00
364-01	70.00
365-01	115.00
366-02	60.00
372-08	95.00
	<u>11,955.00</u>

## Borough of New Providence, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2014</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2	\$ 8,000.00		8,000.00	
Other	A-2	1,590.00	6,169.00	5,994.00	1,765.00
Fees and Permits	A-2	4,262.00	6,793.41	10,459.22	596.19
Police					
Fees and Permits	A-2	20.00	2,082.69	2,102.69	
Engineering Department					
Fees and Permits	A-2		2,000.00	2,000.00	
Registrar					
Other Licenses	A-2	15.00	141.00	153.00	3.00
Fees and Permits	A-2	285.00	2,385.00	2,205.00	465.00
Variance & Tax Search Fees					
Board of Health					
Other Licenses	A-2	750.00	24,196.00	23,756.00	1,190.00
Planning Board					
Fees and Permits	A-2		5,540.00	5,540.00	
Board of Adjustment					
Fees and Permits	A-2		23,870.00	22,820.00	1,050.00
Municipal Court :					
Fines and Costs	A-2	9,786.84	112,437.58	113,998.92	8,225.50
Uniform Construction Code Fees					
Construction Fees	A-2	22,751.00	327,644.00	298,605.00	51,790.00
Fees and Permits	A-2		480.00	480.00	
Energy Receipts Taxes					
Consolidated Municipal Property Tax					
Relief Aid	A-2		31,068.00	31,068.00	
Union County - Streetfair Contribution	A-2		1,500.00	1,500.00	
Contribution from Summit Junior League - Special Ne	A-2		1,499.00	1,499.00	
Fire Alarm Revenue					
A-2			1,500.00	1,500.00	
Library Reimbursement					
A-2			66,000.00	66,000.00	
Leaf Collection Revenue					
A-2		100.00	56,449.00	51,599.00	4,950.00
General Capital Fund Balance					
A-2			50,000.00	50,000.00	
Berkeley Heights Shared Court					
A-2			24,000.00	24,000.00	
Summit Shared Sewer Services					
A-2			216,975.76	169,743.08	47,232.68
Multi Family Sewer Fees					
A-2			68,500.00	68,400.00	100.00
Uniform Fire Safety Act					
A-2			28,043.00	28,043.00	
Parking Meters					
A-2		36.00	11,078.00	11,079.00	35.00
Sewer Rentals					
A-2		1,380.00	228,965.36	227,735.36	2,610.00
Cat Licenses					
A-2			1,511.00	1,495.00	16.00
Parking Permits					
A-2		4,185.00	201,688.00	200,033.00	5,840.00
Rental of Municipal Owned Property					
A-2			68,074.58	66,274.58	1,800.00
New Providence DID - Contribution for BAN P&I					
A-2			136,592.36	136,592.36	
Cable TV Franchise Fee					
A-2			171,504.85	171,504.85	
		<u>\$ 45,160.84</u>	<u>3,159,458.59</u>	<u>3,076,951.06</u>	<u>127,668.37</u>
		A			A
<u>Ref.</u>					
Interfund - General Capital Fund	A-14			50,000.00	
Receipts	A-4			<u>3,026,951.06</u>	<u>3,076,951.06</u>

**Exhibit A-12**

**Borough of New Providence, N.J.**

**Schedule of Other Accounts Receivable**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	\$ 3,812.76
Increased by:		
Penalty Charges	Reserve	<u>6,206.32</u>
		10,019.08
Decreased by:		
Collections	A-2/A-4	3,812.76
Transferred to Tax Title Liens	A-9	<u>741.18</u>
		<u>4,553.94</u>
Balance - December 31, 2014	A	\$ <u>5,465.14</u>

**Exhibit A-13**

**Schedule of Due From Free Public Library**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Increased by:		
Transferred from Sewer Rents		
Cash Disbursed	A-4	\$ <u>18,288.83</u>
Balance - December 31, 2014	A/A-1	\$ <u>18,288.83</u>

## Borough of New Providence, N.J.

## Schedule of Interfunds

## Current Fund

Year Ended December 31, 2014

<u>Fund</u>	<u>Ref.</u>	Due From/(To)		<u>Dec. 31, 2014</u>
		<u>Balance</u>	<u>Increased</u>	
Other Trust Fund - Developer Escrow	A	\$ 3.52		3.52
Other Trust Fund - Public Defender	A	(175.00)	175.00	
General Capital Fund	A	(249,998.14)	630,000.23	380,000.00
Federal and State Grant Fund	A		2,529.97	729.90
Assessment Trust Fund	A	(790.40)		(790.40)
Open Space Trust Fund	A	(78.76)	32,308.38	32,216.00
Animal License Fund	A	6,972.32		6,972.32
Recreation Trust Fund	A	10,000.00		10,000.00
		<u>\$ (234,066.46)</u>	<u>665,013.58</u>	<u>429,921.74</u>
				<u>840.62</u>
<u>Analysis</u>				
Due to Current Fund	A/A-1	16,975.84		1,802.16
Due From Current Fund	A	<u>(251,042.30)</u>		<u>(961.54)</u>
		<u>(234,066.46)</u>		<u>840.62</u>
Disbursed	A-4	581,600.23	32,216.00	
Received	A-4		66,975.84	
Current Appropriations	A-3		330,000.00	
General Capital Fund Balance	A-11	50,000.00		
Cancellation of Appropriated Grants	A-26	1,104.97		
Cancellation of Grants Receivable	A-26		729.90	
Municipal Open Space Tax	A-19	32,308.38		
		<u>665,013.58</u>	<u>429,921.74</u>	

## Borough of New Providence, N.J.

## Schedule of Appropriation Reserves

Page 1 of 3

## Current Fund

Year Ended December 31, 2014

	<u>Balance</u> <u>Dec. 31,</u> <u>2013</u>	<u>Transfers</u> <u>and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>Salaries and Wages Within "CAPS":</b>				
Mayor and Council	\$ 281.25	281.25		281.25
Financial Administration	1,908.43	1,908.43	356.66	1,551.77
Collection of Taxes	6,799.43	6,799.43		6,799.43
Legal Services and Costs		3,333.26	3,333.26	
Planning Board	4,015.00	4,015.00	60.00	3,955.00
Board of Adjustment	1,695.00	1,695.00	280.00	1,415.00
Police	87,569.83	87,569.83	8,079.64	79,490.19
Police Dispatch / 911	16,062.17	16,062.17		16,062.17
Public Works	63,827.46	63,827.46	1,008.16	62,819.30
Waste Water Treatment Plant	11,876.61	11,876.61	4,423.85	7,452.76
Board of Health	808.37	808.37	108.33	700.04
Health Services	2.34	2.34		2.34
Community Services	782.55	782.55	778.30	4.25
Senior Citizens' Programs	3,978.41	3,978.41	1,805.21	2,173.20
Construction Official	15,590.78	15,590.78	1,236.19	14,354.59
<b>Total Salaries and Wages Within "CAPS"</b>	<b>215,197.63</b>	<b>218,530.89</b>	<b>21,469.60</b>	<b>197,061.29</b>
<b>Other Expenses Within "CAPS":</b>				
Administrative and Executive	1,353.19	6,475.60	6,417.38	58.22
Human Resources	41,504.92	43,052.69	3,213.27	39,839.42
Mayor and Council	2,532.95	4,372.95	2,280.00	2,092.95
Clerk	1,154.76	1,200.76	385.55	815.21
Financial Administration	22,200.31	22,200.31	1,440.88	20,759.43
Audit Services	10,300.00	10,300.00		10,300.00
Collection of Taxes	416.50	416.50	51.83	364.67
Assessment of Taxes	34,487.89	110,272.59	68,086.05	42,186.54
Legal Services and Costs	33,294.41	33,294.41	30.00	33,264.41
Engineering Services and Costs	55,793.63	61,593.63	20,326.00	41,267.63
Planning Board	5,274.03	25,326.03	20,502.00	4,824.03
Board of Adjustment	3,511.24	4,166.12	3,317.38	848.74
<b>Insurance:</b>				
General Liability	9,001.00	9,001.00		9,001.00
Workers' Compensation	3,277.00	3,277.00		3,277.00
Group Insurance for Employees	176,690.78	27,601.91	27,601.91	
Health Benefit Waiver	10,220.84	10,220.84	10,220.84	
Police	19,357.42	79,753.83	57,010.63	22,743.20
Police Dispatch / 911	8,482.82	8,482.82		8,482.82
Emergency Management Services	552.11	2,352.09	1,799.98	552.11
Fire	9,748.29	33,784.55	26,939.72	6,844.83
Uniform Fire Safety	1,060.16	1,060.16		1,060.16

## Borough of New Providence, N.J.

## Schedule of Appropriation Reserves

Page 2 of 3

## Current Fund

Year Ended December 31, 2014

	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Balance, Dec. 31, 2013			
Municipal Court	2,163.88	2,189.44	2,189.44
Road Repairs and Maintenance	4,219.46	121,318.28	3,616.08
Public Works	7,105.17	7,105.17	5,815.59
Public Building and Grounds	54,614.98	85,301.17	36,774.07
Traffic Light Maintenance	1,060.36	2,690.36	2,200.00
Fleet Maintenance	7,313.94	29,037.70	23,151.97
Solid Waste / Recycling Collection	109,660.00	59,110.00	7,450.00
Landfill / Solid Waste Disposal Costs	40,243.52	57,243.52	17,190.06
Waste Water Treatment Plant	1,721.04	13,296.80	12,000.78
Board of Health	2,218.36	2,218.36	100.36
Animal Control	4,401.20	4,401.20	
Health Services	3,363.36	3,398.36	35.00
Community Services	7,880.50	8,490.50	500.00
Senior Citizens' Programs	4,274.45	8,777.28	5,896.06
Tuition Reimbursement Program	2,500.00	2,500.00	
Construction Code Official	6,784.86	6,935.86	152.03
Electricity	105,989.34	106,144.33	26,088.23
Telephone & Telegraph	16,948.36	17,280.86	332.50
Natural Gas	45,987.80	45,987.80	8,752.13
Street Lighting	33,825.44	43,599.12	13,805.50
Water	826.99	2,826.99	1,364.45
Motor Supplies	23,410.05	41,017.28	17,466.07
Contingent	500.00	500.00	500.00
 Total Other Expenses Within "CAPS"	 937,227.31	 1,169,576.17	 546,400.42
			623,175.75
 Deferred Charges and Statutory Expenditures Within "CAPS":			
Public Employees' Retirement System	0.24	0.24	0.24
Social Security ( O.A.S.I. )	51,071.27	51,071.27	51,071.27
Defined Contribution Retirement Plan	8,452.05	8,531.08	2,232.19
			6,298.89
 Total Deferred Charges and Statutory Expenditures Within "CAPS"	 59,523.56	 59,602.59	 2,232.19
			57,370.40
 Total Reserves Within "CAPS"	 1,211,948.50	 1,447,709.65	 570,102.21
			877,607.44
 Salaries & Wages Excluded From "CAPS":			
Council on Affordable Housing	6,500.00	6,500.00	6,500.00
 Total Salary & Wages Excluded From "CAPS"	 6,500.00	 6,500.00	 6,500.00

## Borough of New Providence, N.J.

## Schedule of Appropriation Reserves

Page 3 of 3

## Current Fund

Year Ended December 31, 2014

	Balance after Transfers and <u>Encumbrances</u>	Paid or Charged	Balance Lapsed
Balance, Dec. 31, <u>2013</u>			
<b>Other Expenses Excluded From "CAPS":</b>			
Sewer System			
Joint Meeting Expenses	984.00	56,000.00	55,016.00
Berkley Heights Expenses	8,978.77	8,978.77	
Employee Group Health Insurance	51,844.00	51,844.00	15,380.94
Emergency Services Volunteer Length of Service Award Program	30,000.00	30,000.00	6,500.00
Reserve for Tax Appeals		100,000.00	
	<u>91,806.77</u>	<u>246,822.77</u>	<u>93,896.94</u>
Total Other Expenses Excluded from "CAPS"			152,925.83
Total Reserves Excluded from "CAPS"	<u>98,306.77</u>	<u>253,322.77</u>	<u>93,896.94</u>
Total Reserves	<u>\$ 1,310,255.27</u>	<u>1,701,032.42</u>	<u>663,999.15</u>
	A		A-1
Appropriation Reserves			
Transfer from Reserve for Encumbrances	Ref. above A-16	1,310,255.27 390,777.15 <u>1,701,032.42</u>	
Cash Disbursements	A-4		<u>663,999.15</u>
			<u>663,999.15</u>

**Exhibit A-16**

**Borough of New Providence, N.J.**

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	\$ 390,777.15
Increased by:		
Transfer from Current Appropriations	A-3	<u>208,508.37</u>
		599,285.52
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>390,777.15</u>
Balance - December 31, 2014	A	\$ <u>208,508.37</u>

**Exhibit A-17**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	\$ 542,576.34
Increased by:		
Receipts - Prepaid 2015 Taxes	A-4	<u>197,266.21</u>
		739,842.55
Decreased by:		
Applied to 2014 Taxes	A-8	<u>542,576.34</u>
Balance - December 31, 2014	A	\$ <u>197,266.21</u>

Exhibit A-18

**Borough of New Providence, N.J.**

**Schedule of Due to Special Improvement District**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	A	\$ 32,174.41
Increased by:		
Levy Calendar Year - 2014	A-1/A-8	<u>50,547.36</u>
		<u>82,721.77</u>
Decreased by:		
Disbursed	A-4	<u>79,043.61</u>
Balance - December 31, 2014	A	<u>\$ 3,678.16</u>

Exhibit A-19

**Schedule of Municipal Open Space Taxes Payable**

**Current Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year - 2014	A-8	\$ 32,216.00
Added and Omitted Taxes	A-8	<u>92.38</u>
	A-1	32,308.38
Decreased by:		
Transfer to Municipal Open Space Trust	A-14	<u>\$ 32,308.38</u>

## Exhibit A-20

## **Borough of New Providence, N.J.**

## **Schedule of Local District School Tax Payable**

### **Current Fund**

**Year Ended December 31, 2014**

Ref.

Increased by:

Levy Calendar Year - 2014      A-1/A-8      \$ 33,179,087.00

Decreased by:

Payments A-4 \$ 33,179,087.00

### Exhibit A-21

## **Schedule of County Taxes Payable**

### **Current Fund**

### **Year Ended December 31, 2014**

Ref.

Increased by:

Levy - General County	A-1/A-8	12,673,898.14
Levy - Open Space	A-1/A-8	373,962.33
Added and Omitted Taxes	A-1/A-8	<u>46,521.66</u>
		13,094,382.13

Decreased by:

Payments A-4 13,085,542.35

Balance - December 31, 2014 A \$ 46,521.66

## Borough of New Providence, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2014

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2013	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2014
<u>Liabilities:</u>				
Tax Overpayments	\$ 1,980.66	26,961.12	28,941.78	
Prepaid Revenue		330,000.00		330,000.00
<u>Reserves for:</u>				
Sale of Municipal Assets	84,141.92	52,705.27		136,847.19
Tax Appeals	<u>630,884.20</u>	<u>25,000.00</u>	<u>218,929.02</u>	<u>436,955.18</u>
	<u>\$ 717,006.78</u>	<u>434,666.39</u>	<u>247,870.80</u>	<u>903,802.37</u>
	A			A
2014 Budget Appropriation	<u>Ref.</u>			
Receipts	A-3	25,000.00		
Disbursed	A-4	409,666.39		
	<u>A-4</u>	<u>247,870.80</u>		
		<u>434,666.39</u>	<u>247,870.80</u>	

**Borough of New Providence, N.J.**

**Schedule of Grants Receivable**

### **Federal and State Grant Fund**

**Year Ended December 31, 2014**

<u>Grant</u>	<u>Balance, Dec. 31, 2013</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2014</u>
<b>County &amp; Local Grants:</b>					
Union County Kids Recreation Trust - Playground	\$ 13,720.13		13,720.13		
Union County Kids Recreation Trust - 2012	50,000.00				50,000.00
Union County Tree Grant - 2012	6,600.00				6,600.00
Union County Heart Grant - 2013	500.00				500.00
Union County Kids Recreation Trust - 2013		50,000.00	25,000.00		25,000.00
	<u>70,820.13</u>	<u>50,000.00</u>	<u>38,720.13</u>		<u>82,100.00</u>
<b>Federal Grants:</b>					
<b>Community Development Block Grant:</b>					
Senior Citizen High Risk Health - 2013	5,000.00		5,000.00		
Senior Citizen High Risk Health - 2014		5,000.00	1,560.00		3,440.00
Senior Exercise and Arts & Crafts - 2013	4,400.00		4,400.00		
Senior Exercise and Arts & Crafts - 2014		9,300.00			9,300.00
Senior Citizen Transportation - 2013	3,900.00		3,900.00		
Senior Citizen Facility Improvements - 2012	25,000.00		25,000.00		
Senior Citizen Windows - 2014		10,000.00			10,000.00
Safe Routes to Schools	173,336.00		113,294.92		60,041.08
Bulletproof Vest Partnership		1,239.00	1,239.00		
	<u>211,636.00</u>	<u>25,539.00</u>	<u>154,393.92</u>		<u>82,781.08</u>
<b>State County Grants</b>					
Body Armor Replacement Fund		3,239.96	3,239.96		
NJDEP Trails Grant	2,527.87				2,527.87
Municipal Alliance on Alcoholism and Drug Abuse - 2013	14,003.83		13,273.93	729.90	
Municipal Alliance on Alcoholism and Drug Abuse - 2014		25,105.00	8,005.19		17,099.81
Recycling Tonnage Grant		20,874.91	20,874.91		
Clean Communities		20,952.85	20,952.85		
Drunk Driving Enforcement Fund		1,821.02	1,821.02		
NJ Transportation Trust - Central Ave	12,057.44				12,057.44
NJ Transportation Trust - Streetscape	245,000.00				245,000.00
NJ Transportation Trust - Pearl Street	47,500.00		47,500.00		
NJ Transportation Trust - Oakwood Drive	205,000.00				205,000.00
NJ Transportation Trust - Central Ave. Sec. 7	200,000.00				200,000.00
NJ Transportation Trust - Union Avenue		250,000.00			250,000.00
NJ Safe Streets Program	9,757.50				9,757.50
	<u>735,846.64</u>	<u>321,993.74</u>	<u>115,667.86</u>	<u>729.90</u>	<u>941,442.62</u>
	<u>\$ 1,018,302.77</u>	<u>397,532.74</u>	<u>308,781.91</u>	<u>729.90</u>	<u>1,106,323.70</u>
	A	A-2	A-1, A-26		A

	<u>Ref.</u>	
Cash Receipts	A-4	282,846.02
Transferred from Unappropriated Reserves	A-25	<u>25,935.89</u>
		308,781.91

## Borough of New Providence, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2014

Grant	Balance, Dec. 31, 2013	Transfer From 2014 Budget	Expended	Canceled	Balance, Dec. 31, 2014
County & Local Grants:					
Union County Kids Recreation Trust	\$ 22,733.28		22,508.28	225.00	
Union County Kids Recreation Trust - 2012	50,000.00				50,000.00
Union County Kids Recreation Trust - 2013		50,000.00	50,000.00		
Union County Kids Tree Grant	6,600.00				6,600.00
Union County Heart Grant - 2012	23.50		23.50		
Union County Heart Grant - 2013	1,000.00		1,000.00		
Knights of Columbus Donation	1,326.31		249.20		1,077.11
Fields of Dreams - Board of Education	5,018.57				5,018.57
NPHS Music Boosters	500.00		500.00		
Old Guard of Summit Grant	639.08				639.08
Senior Citizen Bus Donation	50,000.00		50,000.00		
Summit Area Foundation - Background Checks	3,504.00		873.50		2,630.50
	<u>141,344.74</u>	<u>50,000.00</u>	<u>125,154.48</u>	<u>225.00</u>	<u>65,965.26</u>

## Federal Grants:

Community Development Block Grant:					
Senior Citizen High Risk Health - 2009	34.00		34.00		
Senior Citizen High Risk Health - 2011	150.07				150.07
Senior Citizen High Risk Health - 2013	3,970.00		3,970.00		
Senior Citizen High Risk Health - 2014		5,000.00	1,560.00		3,440.00
Senior Exercise and Arts & Crafts - 2013	2,790.00		2,790.00		
Senior Exercise and Arts & Crafts - 2014		9,300.00	5,530.28		3,769.72
Senior Citizen Transportation - 2013	232.79		232.79		
Senior Citizen Facility Improvments - 2012	25,000.00		25,000.00		
Senior Citizen Window Improvments - 2014		10,000.00			10,000.00
Safe Routes to Schools	1,352.42		1,352.42		
Bulletproof Vest Partnership	2,520.41	1,239.00	3,440.00		319.41
	<u>36,049.69</u>	<u>25,539.00</u>	<u>43,909.49</u>	<u>150.07</u>	<u>17,529.13</u>

## State Grants:

Drunk Driving Enforcement Fund	7,169.92	1,821.02	511.00		8,479.94
Body Armor Replacement Grant	9,888.93	3,239.96	4,320.40		8,808.49
NJ Transportation Trust - Livingston Ave	5,773.71				5,773.71
NJ Transportation Trust - Central Ave	17,017.21				17,017.21
NJ Transportation Trust - Oakwood Drive	192,192.50		118,355.76		73,836.74
NJ Transportation Trust - Streetscape	217,790.44		720.00		217,070.44
NJ Transportation Trust - Central Ave. Sec. 7	200,000.00		197,266.96		2,733.04
NJ Transportation Trust - Union Avenue		250,000.00			250,000.00
NJDEP Trails Grant					
State Share	2,527.87				2,527.87
Local Share	55.50				55.50
Clean Communities Grant	38,606.06	20,952.85	48,416.74		11,142.17
Recycling Tonnage Grant	125,618.81	20,874.91	123,468.64		23,025.08
Municipal Alliance on Alcoholism & Drug Abuse					
State Share - 2013	6,292.50		5,562.60	729.90	
Local Share - 2013	3,923.26		3,923.26		
Municipal Alliance on Alcoholism & Drug Abuse					
State Share - 2014		25,105.00	5,585.32		19,519.68
Alcohol Education & Rehab Grant	1,284.94				1,284.94
	<u>828,141.65</u>	<u>321,993.74</u>	<u>508,130.68</u>	<u>729.90</u>	<u>641,274.81</u>
	<u>\$ 1,005,536.08</u>	<u>397,532.74</u>	<u>677,194.65</u>	<u>1,104.97</u>	<u>724,769.20</u>
	A	A-4	A-4	A-1, A-26	A

Ref.

A-3      397,532.74  
397,532.74

State and Federal Grants

**Borough of New Providence, N.J.**

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Transfer</u> <u>To 2014</u> <u>Budget</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Recycling Tonnage Grant	\$ 20,874.91	20,874.91	22,084.57	22,084.57
Body Armor Replacement Fund	3,239.96	3,239.96	2,524.43	2,524.43
Drunk Driving Enforcement Fund	<u>1,821.02</u>	<u>1,821.02</u>		
	<u>\$ 25,935.89</u>	<u>25,935.89</u>	<u>24,609.00</u>	<u>24,609.00</u>
	A	A-23	A-4	A

**Exhibit A-26**

**Borough of New Providence, N.J.**

**Schedule of Interfund Current Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

**Ref.**

Increased by:

Cancellation of Appropriated Reserves	A-14/A-24	\$ 1,104.97
Received	A-4	1,425.00
		<u>2,529.97</u>

Decreased by:

Cancellation of Grants Receivable	A-14/A-23	<u>729.90</u>
Balance - December 31, 2014	- Due to	\$ <u>1,800.07</u>

**Exhibit A-27**

**Schedule of Interfund - General Capital Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2014**

**Ref.**

Increased by:

Cash Receipts	A-4	<u>450,000.00</u>
Balance - December 31, 2014	(due to)	<u>450,000.00</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Exhibit B-2****Borough of New Providence , N.J.****Schedule of Cash****Trust Funds****Year Ended December 31, 2014**

	<u>Ref.</u>	<u>Animal License Fund</u>	<u>Other Trust Fund</u>	<u>Emergency Services Volunteers LOSAP</u>
Balance - December 31, 2013	B	\$ <u>21,955.32</u>	<u>2,048,196.35</u>	<u>320,976.52</u>
Increase by Receipts:				
Interfund - Current Fund	B-5		175.00	
Other Receivables	B-6		165,940.30	
Dog License Fees - Borough	B-4	8,661.80		
Replacement/Late Fees	B-4	400.00		
Other Trust Funds	B-10		1,378,657.49	
Construction & Other Deposits	B-12		1,237,412.53	
Unemployment Trust Fund	B-13		9,612.47	
Reserve for Municipal Open Space	B-14		32,962.78	
LOSAP Contributions	B-15			23,500.00
Net Assets Available for Benefits	B-16			23,435.22
Total Receipts		<u>9,061.80</u>	<u>2,824,760.57</u>	<u>46,935.22</u>
		<u>31,017.12</u>	<u>4,872,956.92</u>	<u>367,911.74</u>
Decreased by Disbursements:				
Due to Current Fund - Anticipated				
Interfund - Current Fund	B-5	6,972.32	10,003.52	
Reserve for Dog Expenditures	B-7	13,149.83		
Other Trust Funds	B-10		1,721,577.68	
Construction & Other Deposits	B-12		420,768.43	
Unemployment Trust Fund	B-13		8,738.30	
Reserve for Municipal Open Space	B-14		637,687.50	
Net Assets Available for Benefits	B-16			19,350.52
Total Disbursements		<u>20,122.15</u>	<u>2,798,775.43</u>	<u>19,350.52</u>
Balance - December 31, 2014	B	\$ <u>10,894.97</u>	<u>2,074,181.49</u>	<u>348,561.22</u>

**Exhibit B-3**

**Borough of New Providence , N.J.**

**Analysis of Assessment Cash**

**Assessment Trust Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Fund Balance	B-1	\$ 790.40
Interfund - Current Fund	B-5	<u>(790.40)</u>
		<u>\$</u> <u>_____</u>

**Exhibit B-4**

**Schedule of Cash Dog License Collector**

**Animal License Trust Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	15.00
Increased by:		
Dog License Fees - Borough Share	B-7	8,732.00
Replacement/Late Fees	B-7	410.00
State Fees Collected	B-8	<u>828.00</u>
		<u>\$</u> <u>9,970.00</u>
		<u>9,985.00</u>
Decreased by:		
Dog License Fees Paid to Treasurer	B-2	8,661.80
Replace/Late Fees Paid to Treasurer	B-2	400.00
State Fees Paid to State	B-8	<u>823.20</u>
		<u>9,885.00</u>
Balance - December 31, 2014	B	<u>\$ 100.00</u>

## Borough of New Providence, N.J.

## Schedule of Due from/(to) Current Fund

## Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	<u>Total</u>	Assessment Fund	Animal License Fund	Open Space Fund	Other Trust Funds - Dev. Escrow	Other Trust Funds - Public Defender	Recreation Trust Fund
Balance - December 31, 2013	B	\$ (15,931.68)	790.40	(6,972.32)	78.76	(3.52)	175.00	(10,000.00)
Increased by:								
Added Open Space Tax Disbursed	B-14 B-2	92.38 16,975.84		6,972.32	92.38 171.14	3.52		10,000.00
		1,136.54	790.40				175.00	
Decreased by:								
Receipts	B-2	175.00					175.00	
Balance - December 31, 2014	B	\$ 961.54	790.40		171.14			
		B-3						

## Borough of New Providence, N.J.

## Other Accounts Receivable - Outside Police Duty

## Trust Funds

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	B	\$ 3,978.81
Increased by:		
Outside Police Duty Services	B-10	166,160.65 170,139.46
Decreased by:		
Receipts	B-2	165,940.30
Balance - December 31, 2014	B	\$ 4,199.16

Borough of New Providence , N.J.

Exhibit B-7

**Reserve for Animal License Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2014**

Ref.

Balance - December 31, 2013	B	\$ 14,996.80
<b>Increased by:</b>		
Dog License Fees - Borough Share	B-4	8,732.00
Replacement/Late Fees	B-4	<u>410.00</u>
		<u>9,142.00</u>
		24,138.80
<b>Decreased by:</b>		
Expenditures Under N.J.S. 40A:4-39	B-2	<u>13,149.83</u>
		<u>13,149.83</u>
Balance - December 31, 2014	B	\$ <u>10,988.97</u>

License Fees Collected

2013	8,442.60
2012	<u>7,497.80</u>
	\$ <u>15,940.40</u>

Exhibit B-8

**Due to State of New Jersey**

**Trust Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	<u>Ref.</u>	\$	1.20
<b>Increased by:</b>			
State Share of Dog License Fee	B-4	<u>828.00</u>	<u>829.20</u>
<b>Decreased by:</b>			
Disbursed	B-4	<u>823.20</u>	
Balance - December 31, 2014	B	\$ <u>6.00</u>	

Exhibit B-9

**Interfund - General Capital Fund**

**Municipal Open Space Trust Fund**

**Year Ended December 31, 2014**

Balance - December 31, 2013	Due to	<u>Ref.</u>	\$
<b>Decreased by:</b>			
Disbursed	B-2		
Balance - December 31, 2014	Due to	B	\$ <u>0.00</u>

**Exhibit B-10**

**Borough of New Providence , N.J.**

**Schedule of Other Trust Funds**

**Trust Funds**

**Year Ended December 31, 2014**

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Affordable Housing	\$ 26,116.66	441.90	25,000.00	1,558.56
Employee Flex Spending	1,828.69	4,135.93	2,560.06	3,404.56
Forfeitures	9,031.71	16.27		9,047.98
Municipal Alliance	12,590.79	6,364.95	6,210.57	12,745.17
Parking Offenses Adjudication Act	3,448.46	382.00	339.28	3,491.18
Outside Employment of Police	96,056.96	166,161.15	238,180.93	24,037.18
Public Defender Fees	14,400.99	2,432.00		16,832.99
Snow Removal Reserve	466,013.07	250,800.00	275,762.34	441,050.73
Planning Brd. / Brd. Of Adj. Escrow	6,771.25	28,405.00	26,183.55	8,992.70
Unclaimed Property - Police	1,034.61	169.18		1,203.79
Recreation	191,251.27	1,061,310.78	1,119,198.72	133,363.33
Redemption of Outside Liens		11,399.48	11,399.48	
Premium on Tax Sale	17,300.00	12,000.00	12,000.00	17,300.00
Tree Replacement Program	5,333.27	800.00	4,742.75	1,390.52
	<hr/> <u>\$ 851,177.73</u>	<hr/> <u>1,544,818.64</u>	<hr/> <u>1,721,577.68</u>	<hr/> <u>674,418.69</u>
		B		B

	<u>Ref.</u>	
Receipts	B-2	1,378,657.49
Disbursed	B-2	1,721,577.68
Other Accounts Receivable	B-6	<hr/> <u>166,161.15</u>
		<hr/> <u>1,544,818.64</u>
		<hr/> <u>1,721,577.68</u>

**Exhibit B-11**

**Borough of New Providence , N.J.**

**Schedule of Payroll Deductions Payable**

**Trust Funds**

**Year Ended December 31, 2014**

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Net Salaries & Wages	\$ 4,288,683.93		4,288,683.93	
Payroll Agency	<u>49,037.52</u>	<u>4,082,587.54</u>	<u>4,083,724.72</u>	<u>47,900.34</u>
	<u>\$ 49,037.52</u>	<u>8,371,271.47</u>	<u>8,372,408.65</u>	<u>47,900.34</u>
	B			B

**Borough of New Providence , N.J.**  
**Schedule of Construction and Other Deposits**  
**Trust Funds**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	<u>Total</u>	<u>Performance Bonds</u>	<u>Sewer Openings</u>	<u>Road Openings</u>	<u>Well Abandonment</u>	<u>Lot Grading</u>	<u>Eggers Court Storm Water Detention</u>
Balance - December 31, 2013	B	\$ 530,898.95	467,796.95	1,000.00	23,292.00	9,800.00	27,010.00	2,000.00
Increased by:								
Receipts	B-2	1,237,412.53 1,768,311.48	1,225,017.53 1,692,814.48	1,000.00	7,295.00 30,587.00	2,100.00 11,900.00	3,000.00 30,010.00	2,000.00
Decreased by:								
Disbursed	B-2	420,768.43	406,179.53		9,136.00	1,400.00	4,052.90	
Balance - December 31, 2014	B	\$ 1,347,543.05	1,286,634.95	1,000.00	21,451.00	10,500.00	25,957.10	2,000.00

**Exhibit B-13**

**Borough of New Providence , N.J.**  
**Schedule of Reserve for Unemployment Insurance**  
**Trust Funds**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	\$ 22,652.29
Increased by:		
Receipts	B-2	<u>9,612.47</u>
		<u>32,264.76</u>
Decreased by:		
Disbursed	B-2	<u>8,738.30</u>
Balance - December 31, 2014	B	<u>\$ 23,526.46</u>

**Exhibit B-14**

**Schedule of Reserve for Municipal Open Space**  
**Trust Funds**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	\$ 637,696.43
Increased by:		
Interest On Investments	B-2	746.78
Tax Levy	B-2	32,216.00
Added Taxes	B-5	<u>92.38</u>
		<u>33,055.16</u>
		<u>670,751.59</u>
Decreased by:		
Disbursed	B-2	<u>637,687.50</u>
Balance - December 31, 2014	B	<u>\$ 33,064.09</u>

**Exhibit B-15****Borough of New Providence , N.J.****LOSAP Contribution Receivable****Trust Funds****Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	\$ 24,500.00
Increased by:		
Borough Contributions	B-16	<u>21,000.00</u>
		45,500.00
Decreased by:		
Received	B-2	<u>23,500.00</u>
Balance - December 31, 2014	B	<u>\$ 22,000.00</u>

**Exhibit B-16****Schedule of Emergency Services Volunteer Length  
of Service Award Program - Net Assets Available for Benefits****Trust Funds****Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	B	\$ 345,476.52
Increased by:		
Borough Contributions	B-15	21,000.00
Appreciation	B-2	<u>23,435.22</u>
		<u>44,435.22</u>
		<u>389,911.74</u>
Decreased by:		
Withdrawals		17,525.52
Administrative Charges	B-2	<u>1,825.00</u>
		<u>19,350.52</u>
Balance - December 31, 2014	B	<u>370,561.22</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Exhibit C-2****Borough of New Providence, N.J.****Schedule of Cash****General Capital Fund****Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	C	\$ 313,455.21
Increased by Receipts:		
Premium Sale of BAN'S	C-1	19,662.50
Various Receivables	C-4	375,000.00
Interfund - Current Fund	C-7	580,000.23
Bond Anticipation Notes	C-11	3,250,000.00
Budget Appropriations:		
Capital Improvement Fund	C-13	150,000.00
Various Reserves	C-14	<u>284,000.00</u>
		<u>4,658,662.73</u>
		4,972,117.94
Decreased by Disbursements:		
Interfund Current Fund	C-7	50,000.00
Interfund - State & Federal Grant Fund	C-8	450,000.00
Improvement Authorizations	C-12	<u>2,377,529.04</u>
		<u>2,877,529.04</u>
Balance - December 31, 2014	C	<u>\$ 2,094,588.90</u>

## Borough of New Providence, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Fund Balance	C-1	\$ 153,797.62
Due from Current Fund	C-7	2.09
Due from FEMA	C-4	(293,407.50)
Due from Community Pool	C-4	(40,000.00)
Due from State & Federal Grant Fund	C-8	(450,000.00)
Due from Union County	C-4	(50,000.00)
Capital Improvement Fund	C-13	13,584.13
Various Reserves	C-14	408,394.00

## Improvement Authorizations:

## Ordinance

<u>Number</u>	<u>Improvement Description</u>	
07-08	Various Capital Improvements	5,880.26
08-07	Various Capital Improvements	239,807.59
08-12	Academy Street Project	84,762.60
08-13	Downtown Streetscape Project	260.37
09-13	Various Capital Improvements	21,636.00
10-13	Various Capital Improvements	30,442.93
10-19	Lighting at Lieder Field	(11,352.24)
11-09	Acquisition of Equipment	7,991.53
11-17	Various Capital Improvements	333,467.78
12-08	Various Capital Improvements	459,306.23
12-14	Imp. To Various Fields & Parks	47,364.73
13-03	Various Capital Improvements	(62,298.04)
13-05	Various Capital Improvements	7.45
13-07	Renovation & Recon. Of Basketball Courts	138,174.64
13-08	Repairs/Rebuilding detention Basins	266,932.81
13-09	Imp. To Various Fields & Parks	(1,250.00)
14-02	Improve. To the Municipal Center	172,979.04
14-04	Various Capital Improvements	327,489.09
14-06	Supp. To Ord. 17-08 & 13-05 Var. Cap. Imp.	290,615.79
		\$ 2,094,588.90

**Exhibit C-4**

**Borough of New Providence, N.J.**

**Schedule of Various Receivables**

**General Capital Fund**

**Year Ended December 31, 2014**

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Grants/</u> <u>Contributions</u>	<u>Decrease</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
<u>Federal Emergency Management Agency</u>					
Ord. 13-08 Repairs/Rebuilding Detention Basins	\$ 293,407.50				293,407.50
<u>Voluntary Contribution</u>					
Ord. 07-13 Downtown Streetscape Project	33,492.97		33,492.97		
Ord. 13-07 Renovation and Reconstruction of Basketball Courts - Community Pool	40,000.00				40,000.00
Ord. 14-06 Various Capital Improvements Township of Milburn		350,000.00	350,000.00		
<u>County of Union</u>					
Ord. 12-14 Improvements to Various Fields and Parks	25,000.00		25,000.00		
Ord. 13-07 Renovation and Reconstruction of Basketball Courts	50,000.00				50,000.00
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 441,900.47	350,000.00	408,492.97		383,407.50
	C	C-12			C/C-3

	<u>Ref.</u>	
Reserve for Receivables	C-15	33,492.97
Receipts	C-2	375,000.00
		<hr/>
		408,492.97

**Exhibit C-5**

**Borough of New Providence, N.J.**

**Schedule of Deferred Charges to Future  
Taxation - Funded**

**General Capital Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance - December 31, 2013	C	\$ 11,945,000.00
Decreased by:		
Paid by Current Year Budget Appropriations:		
Serial Bonds	C-10	1,155,000.00
NJEIT Trust / Loans Payable	C-9	<u>270,000.00</u>
		<u>1,425,000.00</u>
Balance - December 31, 2014	C	<u>\$ 10,520,000.00</u>

## Borough of New Providence, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014		Balance Dec. 31, 2014	Analysis of Balance - Dec. 31, 2014		
			Authorizations	Funded		Financed by Bond	Anticipation Notes	Unexpended Improvement Authorization
10-19	Lighting at Lieder Field	11,352.24			11,352.24		11,352.24	
12-08	Various Capital Improvements	2,069,425.00		330,000.00	1,739,425.00	1,490,000.00		249,425.00
12-14	Imp. To Various Fields & Parks	190,000.00			190,000.00	190,000.00		
13-03	Various Capital Improvements	2,361,700.00			2,361,700.00	725,000.00	62,298.04	1,574,401.96
13-07	Renovation & Recon. Basketball Courts	104,700.00			104,700.00	100,000.00		4,700.00
13-08	Repairs/Rebuilding Detenetion Basins	481,592.50			481,592.50			481,592.50
13-09	Imp. To Various Fields & Parks	71,250.00			71,250.00	70,000.00	1,250.00	
14-02	Imp. To the Municipal Center		199,500.00		199,500.00	175,000.00		24,500.00
14-04	Various Capital Improvements		2,403,025.00		2,403,025.00	500,000.00		1,903,025.00
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		\$ 5,290,019.74	2,602,525.00	330,000.00	7,562,544.74	3,250,000.00	74,900.28	4,237,644.46
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		C	C-12/C-16		C			

Funded by Budget Appropriation	<u>Ref.</u>	
	C-7	
		<u>330,000.00</u>

Improvement Authorizations Unfunded	C-12	5,344,783.55
Less: Unexpended Proceeds of Bond		
Anticipation Notes - Ord. #		
12-08	459,306.23	
12-14	47,364.73	
13-07	100,000.00	
14-02	172,979.04	
14-04	327,489.09	
		<hr/>
		1,107,139.09
		<hr/>
		4,237,644.46

**Exhibit C-7****Borough of New Providence, N.J.****Schedule of Interfund - Current Fund****General Capital Fund****Year Ended December 31, 2014**

		<u>Ref.</u>
Balance - December 31, 2013	- Due from	C
		\$ 249,998.14
Increased by:		
Deferred Charges - Unfunded	C-6	330,000.00
Disbursed	C-2	<u>50,000.00</u>
		<u>380,000.00</u>
		629,998.14
Decreased by:		
Interest Earned	C-2	2.09
Capital Surplus Anticipated as Revenue	C-1	50,000.00
Received	C-2	<u>579,998.14</u>
		<u>630,000.23</u>
Balance - December 31, 2014	- Due to	C, C-3
		\$ <u>2.09</u>

**Exhibit C-8****Schedule of Interfund - State & Federal Grant Fund****General Capital Fund****Year Ended December 31, 2014**

		<u>Ref.</u>
Increased by:		
Disbursements	C-2	\$ <u>450,000.00</u>
Balance - December 31, 2014	- Due From	C, C-3
		\$ <u>450,000.00</u>

**Exhibit C-9**

**Borough of New Providence, N.J.**

**Schedule of New Jersey Environmental Infrastructure Trust/Loans Payable**

**General Capital Fund**

**Year Ended December 31, 2014**

	<u>Ref.</u>	<u>Total</u>	<u>Series 1998F</u>
Balance - December 31, 2013	C	\$ 270,000.00	270,000.00
Decreased by:			
Principal Paid	C-5	270,000.00	270,000.00
Balance - December 31, 2014	C	\$ <u>0.00</u>	<u>0.00</u>

## Borough of New Providence, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding, December 31, 2014		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	8/1/2006	4,165,000.00	8/1/2015	340,000.00	4.125%	\$ 2,680,000.00	340,000.00	2,340,000.00
			8/1/2016	340,000.00	4.125%			
			8/1/2017	340,000.00	4.125%			
			8/1/2018	340,000.00	4.125%			
			8/1/2019	340,000.00	4.125%			
			8/1/2020	340,000.00	4.250%			
			8/1/2021	300,000.00	4.250%			
General Refunding Bonds	4/10/2012	790,000.00	7/15/2015	190,000.00	1.500%	395,000.00	205,000.00	190,000.00
General Improvement Bonds	5/15/2012	8,910,000.00	5/15/2015-21	610,000.00	2.000%	8,600,000.00	610,000.00	7,990,000.00
			5/15/2022-25	620,000.00	2.000%			
			5/15/2026	620,000.00	2.125%			
			5/15/2027	620,000.00	2.200%			
						\$ 11,675,000.00	1,155,000.00	10,520,000.00
						C		C

Bonds Paid by Budget Appropriation

Ref.  
C-51,155,000.00  
1,155,000.00

**Borough of New Providence, N.J.**  
**Schedule of Bond Anticipation Notes Payable**  
**General Capital Fund**  
**Year Ended December 31, 2014**

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
12-08	Various Capital Improvements	\$ 1,490,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%	\$	1,490,000.00		1,490,000.00
12-14	Imp. To Various Fields & Parks	190,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%		190,000.00		190,000.00
13-03	Various Capital Improvements	725,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%		725,000.00		725,000.00
13-07	Renovation & Recon. Basketball Courts	100,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%		100,000.00		100,000.00
13-09	Imp. To Various Fields & Parks	70,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%		70,000.00		70,000.00
14-02	Imp. To the Municipal Center	175,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%		175,000.00		175,000.00
14-04	Various Capital Improvements	500,000.00	7/18/2014	7/18/2014	7/17/2015	1.00%		500,000.00		500,000.00
							\$		3,250,000.00	3,250,000.00
							C			C

Issued for Cash

Ref.  
C-2/C-16

## Borough of New Providence, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2014

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2013		2014 Authorizations	Paid or Charged	Balance Dec. 31, 2014	
				Funded	Unfunded			Funded	Unfunded
<b>General Improvements:</b>									
07-08	Various Capital Improvements	04-23-07	2,538,800.00	\$ 371,539.05			365,658.79		5,880.26
08-07	Various Capital Improvements	05-27-08	1,652,300.00	254,322.54			14,514.95		239,807.59
08-12	Academy Street Project	07-28-08	175,000.00	86,794.60			2,032.00		84,762.60
08-13	Downtown Streetscape Project	07-28-08	50,000.00	260.37					260.37
09-13	Various Capital Improvements	08-24-09	526,000.00	21,636.00					21,636.00
10-13	Various Capital Improvements	08-23-10	666,000.00	36,377.48			5,934.55		30,442.93
11-09	Acquisition of Equipment	04-25-11	55,000.00	24,881.53			16,890.00		7,991.53
11-17	Various Capital Improvements	06-13-11	1,163,700.00	383,356.21			49,888.43		333,467.78
12-08	Various Capital Improvements	05-29-12	2,441,500.00		1,041,715.21		332,983.98		708,731.23
12-14	Imp. To Various Fields & Parks	10-22-12	300,000.00		59,326.45		11,961.72		47,364.73
13-03	Various Capital Improvements	05-28-13	2,486,000.00		2,319,043.59		744,641.63		1,574,401.96
13-05	Various Capital Improvements	07-22-13	350,000.00	349,400.00			349,392.55		7.45
13-07	Renovation & Recon. Of Basketball Courts	08-26-13	200,000.00	92,356.25	104,700.00		54,181.61		38,174.64
13-08	Repairs/Rebuilding detention Basins	08-26-13	800,000.00	314,121.56	481,592.50		47,188.75		266,932.81
13-09	Imp. To Various Fields & Parks	09-09-13	75,000.00		11,369.00		11,369.00		
14-02	Improve. To the Municipal Center	03-31-14	210,000.00			210,000.00		12,520.96	
14-04	Various Capital Improvements	04-28-14	2,529,500.00			2,529,500.00		298,985.91	
14-06	Supp. To Ord. 17-08 & 13-05 Var. Cap. Imp.	07-28-14	350,000.00			350,000.00		59,384.21	
				\$ 1,935,045.59	4,017,746.75	3,089,500.00	2,377,529.04	1,319,979.75	5,344,783.55
				C	C	C-2		C	C

Various Grants & Contributions	Ref.
Deferred Charges to Future Taxation - Unfunded	
Capital Improvement Fund	
	C-4
	350,000.00
	C-6/C-16
	2,602,525.00
	C-13
	136,975.00
	3,089,500.00

## Borough of New Providence, N.J.

## Schedule of Capital Improvement Fund

## General Capital Fund

Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	C	\$ 559.13
Increased by:		
Budget Appropriation	C-2	<u>150,000.00</u>
		150,559.13
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>136,975.00</u>
Balance - December 31, 2014	C/C-3	<u>\$ 13,584.13</u>

**Exhibit C-14**

**Borough of New Providence, N.J.**

**Schedule of Various Reserves**

**General Capital Fund**

**Year Ended December 31, 2014**

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Debt Service	\$ 124,394.00	59,000.00		183,394.00
Redwood ERC Sewer Project		225,000.00		225,000.00
	<u>\$ 124,394.00</u>	<u>284,000.00</u>	<u>                  </u>	<u>408,394.00</u>
	<u>C</u>	<u>C-2</u>		<u>C/C-3</u>

**Exhibit C-15**

**Schedule of Reserve for Various Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2014**

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
<u>Voluntary Contribution</u>				
Ord. 07-13 Downtown Streetscape Project	\$ 33,492.97			33,492.97
	<u>\$ 33,492.97</u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
	<u>C</u>		<u>C-4</u>	<u>C</u>

## Borough of New Providence, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
<u>General improvements:</u>					
10-19	Lighting Lieder Field	\$ 11,352.24			11,352.24
12-08	Various Capital Improvements	2,069,425.00		1,820,000.00	249,425.00
12-14	Imp. To Various Fields & Parks	190,000.00		190,000.00	
13-03	Various Capital Improvements	2,361,700.00		725,000.00	1,636,700.00
13-07	Renovation & Recon. Basketball Courts	104,700.00		100,000.00	4,700.00
13-08	Repairs/Rebuilding Detention Basins	481,592.50			481,592.50
13-09	Imp. To Various Fields & Parks	71,250.00		70,000.00	1,250.00
14-02	Imp. To the Municipal Center		199,500.00	175,000.00	24,500.00
14-04	Various Capital Improvements		2,403,025.00	500,000.00	1,903,025.00
		<hr/>	<hr/>	<hr/>	<hr/>
		\$ 5,290,019.74	2,602,525.00	3,580,000.00	4,312,544.74
		Footnote C	C-12		Footnote C
Notes Issued					
Funded by Budget Appropriation					
			<u>Ref.</u>		
			C-11	3,250,000.00	
			C-6	330,000.00	
				<hr/>	<hr/>
				3,580,000.00	

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BOROUGH OF NEW PROVIDENCE**

**PART II**

**LETTER ON INTERNAL CONTROL AND COMPLIANCE**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

**THIS PAGE INTENTIONALLY LEFT BLANK**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S 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

The Honorable Mayor and  
Members of the Borough Council  
Borough of New Providence  
New Providence, NJ 07974

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of New Providence in the County of Union as of and for the year ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated July 13, 2015, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

### **Internal Control Over Financial Reporting**

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



Honorable Mayor and  
Members of the Borough Council  
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of New Providence in the accompany comments and recommendations section of this report.

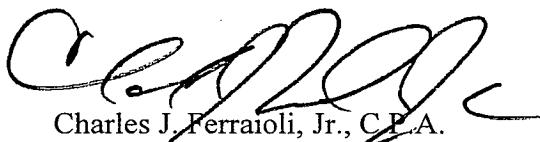
### **Compliance and Other Matters**

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of New Providence in the accompanying comments and recommendations section of this report.

### **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 Borough of New Providence internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of New Providence internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

July 13, 2015

# **Ferraioli, Wielkotz, Cerullo & Cuva, P.A.**

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04**

Honorable Mayor and  
Members of the Borough Council  
Borough of New Providence  
County of Union, New Jersey

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Borough of New Providence in the County of Union compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014. The Borough of New Providence's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of New Providence's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments."



Honorable Mayor and  
Members of the Borough Council  
Page 2.

Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of New Providence's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Borough of New Providence's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Borough of New Providence complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

Management of the Borough of New Providence is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of New Providence's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of New Providence's internal control over compliance.

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

Honorable Mayor and  
Members of the Borough Council  
Page 3.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

July 13, 2015



FWCC

**THIS PAGE INTENTIONALLY LEFT BLANK**

SCHEDULE A

BOROUGH OF NEW PROVIDENCE, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Name of Federal Agency or Department</u>	<u>Federal Program</u>	<u>C.F.D.A. Account No.</u>	<u>Total Grant Award Amount</u>	<u>Original Grant Period</u>		<u>Balance Jan. 1, 2014</u>	<u>Receipts</u>	<u>Adjusted/Expended</u>	<u>Balance Dec. 31, 2014</u>	<u>Memo</u>	<u>Cumulative Total Expenditures</u>
Department of Housing and Urban Development	Community Development Block Grant			<u>From</u>	<u>To</u>						
<b>Pass Through Funds:</b>											
Union County	Senior Citizen High Risk Health	14.218	7,247.00	9/1/2008	8/31/2009	34.00		34.00		*	7,247.00
	Senior Citizen High Risk Health	14.218	6,522.00	9/1/2010	8/31/2011	150.07		150.07		*	6,522.00
	Senior Citizen High Risk Health	14.218	5,000.00	9/1/2014	8/31/2015		1,560.00	1,560.00		*	1,560.00
	Senior Citizen High Risk Health	14.218	5,000.00	9/1/2013	8/31/2014	(1,030.00)	5,000.00	3,970.00		*	5,000.00
	Senior Citizen Enrichment & Exercise	14.218	9,300.00	9/1/2014	8/31/2015			5,530.28	(5,530.28)	*	5,530.28
	Senior Citizen Enrichment & Exercise	14.218	4,400.00	9/1/2013	8/31/2014	(1,610.00)	4,400.00	2,790.00		*	4,400.00
	Senior Citizens Transportation	14.218	3,900.00	9/1/2013	8/31/2014	(3,667.21)	3,900.00	232.79		*	3,900.00
	Senior Citizens Window Projects	14.218	10,000.00	9/1/2014	8/31/2015					*	
	Senior Citizens Facility Improvements	14.218	25,000.00	9/1/2012	8/31/2013		25,000.00	25,000.00		*	25,000.00
										*	
										*	
Federal Highway Administration Pass thru State of N.J.	Safe Routes to School	20.205	180,000.00			(171,983.58)	113,294.92	1,352.42	(60,041.08)	*	180,000.00
Department of Homeland Pass thru State of N.J.	FEMA Mitigation Hurricane Irene	97.039	293,407.50							*	
	FEMA Reimbursement Sandy	(1)	226,379.56			(51,870.65)	40,748.32		(11,122.33)	*	165,060.40
U.S. Department of Justice Pass thru State of N.J.	Bulletproof Vest Partnership Program	16.607	3,174.40			1,720.41		1,720.41		*	3,174.40
	Bulletproof Vest Partnership Program	16.607	800.00			800.00		800.00		*	800.00
	Bulletproof Vest Partnership Program	16.607	1,239.00				1,239.00	919.59	319.41	*	
						(227,456.96)	195,142.24	44,059.56	(76,374.28)	*	408,194.08

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133.

(1) Reflects reimbursement of expenditures in the Current Fund from prior years.

## SCHEDULE B

## BOROUGH OF NEW PROVIDENCE, N.J.

## SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2014

<u>State Funding Department</u>	<u>State Program</u>	<u>State Grant (Award) No.</u>	<u>Grant Award Amount</u>	<u>Balance Jan. 1, 2014</u>	<u>Receipts</u>	<u>Expended</u>	<u>Balance Dec. 31, 2014</u>	<u>Memo Cumulative Total Expenditures</u>
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900	19,028.62	16,264.92		16,264.92		* 19,028.62
	Clean Communities Program	4900-765-042-4900	22,341.14	22,341.14		22,341.14		* 22,341.14
	Clean Communities Program	4900-765-042-4900	20,952.85		20,952.85	9,810.68	11,142.17	* 9,810.68
	Recycling Tonnage Grant	4900-752-042-4900	27,620.61	2,258.69		2,258.69		* 27,620.61
	Recycling Tonnage Grant	4900-752-042-4900	41,633.83	41,633.83		41,633.83		* 41,633.83
	Recycling Tonnage Grant	4900-752-042-4900	44,458.24	44,458.24		44,458.24		* 44,458.24
	Recycling Tonnage Grant	4900-752-042-4900	18,113.41	18,113.41		18,113.41		* 18,113.41
	Recycling Tonnage Grant	4900-752-042-4900	19,154.64	19,154.64		17,004.47	2,150.17	* 17,004.47
	Recycling Tonnage Grant	4900-752-042-4900	20,874.91	20,874.91			20,874.91	* 20,874.91
	Recycling Tonnage Grant	4900-752-042-4900	22,084.57		22,084.57		22,084.57	* 22,084.57
Department of Law and Public Safety	Body Armor Fund	1020-718-066-1020	2,528.19	1,057.48		1,057.48		* 2,528.19
	Body Armor Fund	1020-718-066-1020	3,684.89	3,684.89		3,262.92	421.97	* 3,262.92
	Body Armor Fund	1020-718-066-1020	2,544.98	2,544.98			2,544.98	* 2,544.98
	Body Armor Fund	1020-718-066-1020	2,601.58	2,601.58			2,601.58	* 2,601.58
	Body Armor Fund	1020-718-066-1020	3,239.96	3,239.96			3,239.96	* 3,239.96
	Body Armor Fund	1020-718-066-1020	2,524.43		2,524.43		2,524.43	* 2,524.43
	Drunk Driving Enforcement Fund	6400-100-078-6400	4,968.99	4,320.07		511.00	3,809.07	* 1,159.92
	Drunk Driving Enforcement Fund	6400-100-078-6400	2,849.85	2,849.85			2,849.85	* 2,849.85
	Drunk Driving Enforcement Fund	6400-100-078-6400	1,821.02	1,821.02			1,821.02	* 1,821.02
Pass Through County of Union	Municipal Alliance on Alcoholism and Drug Abuse	13-ALL-103	16,476.00	(7,711.33)	13,273.93	5,562.60		* 15,746.10
	Municipal Alliance on Alcoholism and Drug Abuse	14-ALL-103	25,105.00		8,005.19	5,585.32	2,419.87	* 5,585.32
Department of Community Affairs	Alcohol, Education & Rehab Fund	9735-760-098-Y900	402.18	318.58			318.58	* 83.60
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	431.48	431.48			431.48	* 431.48
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	323.78	323.78			323.78	* 323.78
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	211.10	211.10			211.10	* 211.10
NJDEP	Trails Grant		9,000.00					* 6,472.13
Department of Transportation	Municipal Aid Program - Livingston Avenue	6320-480-078-6320	185,000.00	5,773.71		5,773.71		* 179,226.29
	Central Avenue Sec.	6320-480-078-6320	282,100.00	4,959.77		4,959.77		* 265,082.79
	Pearl Street - Section 2	6320-480-078-6320	190,000.00	(47,500.00)	47,500.00	0.00		* 190,000.00
	Oakwood Drive Section 2	6320-480-078-6320	205,000.00	(12,807.50)		118,355.76	(131,163.26)	* 131,163.26
	Safe Streets Program	6300-480-078-6300	50,000.00	(9,757.50)			(9,757.50)	* 50,000.00
	Streetscape Phase II	6320-480-078-6320	245,000.00	(27,209.56)		720.00	(27,929.56)	* 27,929.56
	Central Avenue Sec. 7	6320-480-078-6320	200,000.00			197,266.96	(197,266.96)	* 197,266.96
	Union Avenue	6320-480-078-6320	250,000.00					* 250,000.00
					114,252.14	114,340.97	504,207.42	(275,614.31) 1,275,518.04

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH N.J. OMB CIRCULAR 04-04.

**BOROUGH OF NEW PROVIDENCE  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of New Providence. The Borough is defined in Note 1A to the Borough's financial statements. All federal and state financial assistance received directly from federal and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Notes 1(B) to the Borough's financial statements.

**NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Grant Fund	<u>\$43,909.49</u>	<u>\$504,207.42</u>	<u>\$548,116.91</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BOROUGH OF NEW PROVIDENCE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: Adverse GAAP/qualified regulatory

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X none reported

2. Material weakness(es) identified? \_\_\_\_\_ yes  X no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X no

**Federal Awards**

Not Applicable

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  X yes \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X none reported

2. Material weakness(es) identified? \_\_\_\_\_ yes  X no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04? \_\_\_\_\_ yes  X no

Identification of major programs:

**GMIS Number(s)**

6320-480-078-6320

**Name of State Program or Cluster**

Transportation Trust Fund

BOROUGH OF NEW PROVIDENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(continued)

*Section II - Schedule of Financial Statement Findings*

None

*Section III - State Financial Assistance Findings and Questioned Costs*

No matters were reported

**Status of Prior Years Findings**

There were no prior year findings.

## **GENERAL COMMENTS**

### **Contracts and Agreements**

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010 the threshold was increased to \$36,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract 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.

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

Sanitary Sewer Repairs  
Grass and Garden Waste Collection  
Parking Improvements Municipal  
Building and Village Center  
Sanitary Sewer Lining

ADA Curb Ramp Improvements  
Lincoln Field Improvement Project  
Additional Parking and Basketball Court  
Improvements

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 6, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes and year end penalty:

BE IT RESOLVED by the Mayor and Council of the Borough of New Providence, County of Union, State of New Jersey, that the interest rate on delinquent taxes shall be established at the rate of eight percent (8%) per annum on amounts up to \$1,500.00 and eighteen percent (18%) per annum on amounts over \$1,500.00 and that pursuant to N.J.S.A. 54:4-67, as amended, there is hereby imposed a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00, who fails to pay said delinquency prior to December 31, 2014. The penalty be and the same hereby is fixed at six percent (6%) of the amount of delinquency, and that the penalty as herein provided shall be in addition to all other interest and penalty provisions now existing for unpaid taxes.

BE IT FURTHER RESOLVED, that there is hereby established, pursuant to New Jersey Statute 54:4-67, as amended, a ten (10) day grace period for the payment of any current year tax installment. During said ten-day grace period, no interest shall be chargeable upon the then-current tax installment payments due.

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

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 11, 2014 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2014	3
2013	3
2012	3

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

## **Verification of Delinquent Taxes and Other Charges**

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

The result of the test, which was made for the year ending December 31, 2014, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

## **COMMENTS**

### **Other Comments**

1. There are old grants receivable and appropriated reserves for grants that should be reviewed for followup and/or proper disposition.
2. There were four invoices from one vendor that had the original date from 2012 covered with correction tape and changed to 2014.
3. Two vendors exceeding payments of \$17,500 did not have Political Contribution Disclosure forms on file.

## **RECOMMENDATIONS**

1. That aging grants receivable and appropriated reserves for grants should be received for followup and/or proper disposition.
2. That vendor invoices be reviewed for proper dates of service.
3. That when it is anticipated that a vendor will be paid in excess of \$17,500 during the year, Political Contribution Disclosure forms should be obtained.

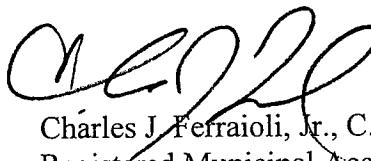
## **STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

A review was performed on all prior year recommendations and corrective action was taken on all items except those marked with an “\*”.

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 call us.

Very truly yours,



Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey