

REPORT OF AUDIT
BOROUGH OF NEW PROVIDENCE
COUNTY OF UNION
DECEMBER 31, 2015

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BOROUGH OF NEW PROVIDENCE

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BOROUGH OF NEW PROVIDENCE

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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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, 2015 and 2014, 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, 2015, 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.



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, 2015 and 2014, 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 \$339,863.62 and \$370,561.22 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

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, 2015 and 2014, 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, 2015 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 May 31, 2016 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
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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
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Pompton Lakes, New Jersey

May 31, 2016

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 6,549,812.25	6,639,598.89
Change Fund	A-5	150.00	150.00
		<u>6,549,962.25</u>	<u>6,639,748.89</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	258,646.78	256,949.11
Tax Title Liens	A-9	187,752.61	175,164.12
Property Acquired for Taxes - Assessed Valuation	A-10	11,955.00	11,955.00
Revenue Accounts Receivable	A-11	85,891.61	127,668.37
Other Accounts Receivable	A-12	5,825.72	5,465.14
Due from:			
Free Public Library	A-13		18,288.83
General Capital Fund	A-14	5.80	2.09
Federal and State Grant Fund	A-14	6,585.83	1,800.07
		<u>556,663.35</u>	<u>597,292.73</u>
		<u>7,106,625.60</u>	<u>7,237,041.62</u>
Federal and State Grant Fund:			
Cash	A-4	45,089.33	94,854.57
Grants Receivable	A-23	1,537,809.87	1,106,323.70
		<u>1,582,899.20</u>	<u>1,201,178.27</u>
Total Assets		<u>\$ 8,689,524.80</u>	<u>8,438,219.89</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	\$ 1,380,256.82	1,420,621.12
Due to:			
Assessment Trust Fund	A-14		790.40
Municipal Open Space Trust	A-14	108.97	171.14
Encumbrances Payable	A-16	242,961.75	208,508.37
Prepaid Taxes	A-17	220,633.07	197,266.21
Due to Special Improvement District	A-18	3,678.16	3,678.16
County Tax Payable	A-21	38,643.82	46,521.66
Prepaid Revenue	A-22	330,000.00	330,000.00
Accounts Payable	A-22	11,330.00	
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	3,289.93	2,664.73
Reserve for:			
Sale of Borough Property	A-22		136,847.19
Tax Appeals	A-22	127,863.21	436,955.18
		<u>2,358,765.73</u>	<u>2,784,024.16</u>
Reserve for Receivables	Contra	556,663.35	597,292.73
Fund Balance	A-1	<u>4,191,196.52</u>	<u>3,855,724.73</u>
		<u>7,106,625.60</u>	<u>7,237,041.62</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	894,589.40	724,769.20
Unappropriated Reserve for Grants	A-25	31,723.97	24,609.00
Interfund - Current Fund	A-26	6,585.83	1,800.07
Interfund - General Capital Fund	A-27	650,000.00	450,000.00
		<u>1,582,899.20</u>	<u>1,201,178.27</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,689,524.80</u>	<u>8,438,219.89</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,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 2,930,000.00	2,482,500.00
Miscellaneous Revenue Anticipated	A-2	4,114,542.35	3,528,246.45
Receipts from Delinquent Taxes	A-2	256,949.11	256,499.66
Receipts from Current Taxes	A-2	59,830,822.78	58,772,813.11
Non-Budget Revenue	A-2	272,626.77	279,138.35
Other Credits to Income:			
Interfunds Returned	A-14	1,802.16	16,975.84
Due from Free Public Library	A-13	18,288.83	
Unexpended Balance of Appropriation Reserves	A-15	826,384.55	1,037,033.27
Canceled Grant Reserves	A-24	88,792.84	1,104.97
		<hr/>	<hr/>
Total Revenues and Other Income		68,340,209.39	66,374,311.65
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,959,800.00	5,941,081.02
Other Expenses	A-3	7,968,659.00	7,064,751.24
Capital Improvement Fund	A-3	370,000.00	400,000.00
Municipal Debt Service	A-3	1,428,299.72	1,679,199.94
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,981,220.00	1,644,900.00
Refund of Prior Year's Revenue	A-4	38,995.76	132,750.82
Due from Free Public Library	A-13		18,288.83
Interfund Advances	A-14	6,591.63	1,802.16
Special Improvement District Taxes	A-18	74,817.86	50,547.36
Municipal Open Space Tax	A-19	45,346.97	32,308.38
Local District School Tax	A-20	34,145,610.00	33,179,087.00
County Taxes including Added Taxes	A-21	12,971,389.58	13,094,382.13
Canceled Grants Receivable	A-23	84,007.08	729.90
Total Expenditures		<hr/>	<hr/>
		65,074,737.60	63,239,828.78
Excess (Deficit) Revenue Over Expenditures		3,265,471.79	3,134,482.87
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		<hr/>	<hr/>
Statutory Excess to Fund Balance		3,265,471.79	3,134,482.87
Fund Balance, January 1,	A	<hr/>	<hr/>
		3,855,724.73	3,203,741.86
		7,121,196.52	6,338,224.73
Decreased by:			
Fund Balance Utilized as Budget Revenue		<hr/>	<hr/>
		2,930,000.00	2,482,500.00
Fund Balance, December 31,	A	<hr/>	<hr/>
		\$ 4,191,196.52	3,855,724.73

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.
Statement of Revenues - Regulatory Basis

Exhibit A-2

Page 1 of 2

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,930,000.00	2,930,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	7,000.00	7,500.00	500.00
Other	A-2	20,000.00	29,603.00	9,603.00
Fees and Permits	A-2	43,000.00	36,980.39	(6,019.61)
Fines and Costs:				
Municipal Court	A-11	113,000.00	110,517.52	(2,482.48)
Interest and Costs on Taxes	A-4	55,000.00	53,249.49	(1,750.51)
Parking Meters	A-11	11,000.00	6,731.99	(4,268.01)
Sewer Rentals	A-11	200,000.00	234,561.41	34,561.41
Cat Licenses	A-11	1,275.00	1,904.00	629.00
Parking Permits	A-11	170,000.00	224,803.89	54,803.89
Rental of Municipal Owned Property	A-11	65,000.00	74,114.17	9,114.17
Cable Television Franchise Fees	A-11	177,142.65	177,142.75	0.10
Energy Receipts Tax	A-11	1,292,146.00	1,292,146.00	
Consolidated Municipal Property Tax Relief Aid	A-11	11,673.00	11,673.00	
Uniform Construction Code Fees	A-11	350,000.00	587,633.00	237,633.00
Public and Private Revenues:				
Body Armor Grant	A-23	2,524.43	2,524.43	
Recycling Tonnage Grant	A-23	22,084.57	22,084.57	
NJ Transportation Trust	A-23	220,000.00	220,000.00	
HSDRF Public Entity Grant	A-23	74,015.00	74,015.00	
Hazardous Mitigation Grant	A-23	100,000.00	100,000.00	
CDBG - Senior Citizen Services Grant	A-23	5,000.00	5,000.00	
CDBG - Senior Exercise, Arts and Crafts	A-23	7,800.00	7,800.00	
CDBG - Window Replacement	A-23	20,000.00	20,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	16,867.00	16,867.00	
Municipal Alliance Donations	A-23	4,217.00	4,217.00	
Union County - Streetfair Contribution	A-23	3,000.00	3,000.00	
Union County - Kids Recreation Trust	A-23	40,000.00	40,000.00	
Union County - Infrastructure Grant	A-23	70,000.00	70,000.00	
Other Special Items:				
False Alarm Revenue	A-11	1,000.00	5,775.00	4,775.00
Reserve for Sale of Municipal Assets	A-22	136,847.19	136,847.19	
New Providence DID - Contribution for BAN P&I	A-11	33,317.86	33,317.86	
Library Reimbursement	A-11	66,000.00	74,397.00	8,397.00
Leaf Collection Revenue	A-11	50,000.00	66,940.00	16,940.00
General Capital Fund Balance	A-11	35,000.00	35,000.00	
Assessment Trust Surplus	A-11	790.40	790.40	
Berkeley Heights Shared Court	A-11	18,000.00	35,500.00	17,500.00
Summit Shared Sewer Services	A-11	130,000.00	201,446.94	71,446.94
Multi Family Sewer Fees	A-11	67,000.00	71,300.00	4,300.00
Uniform Fire Safety Act	A-11	17,000.00	19,159.35	2,159.35
Total Miscellaneous Revenues	A-1	3,656,700.10	4,114,542.35	457,842.25
Receipts from Delinquent Taxes	A-1/A-2	250,000.00	256,949.11	6,949.11
Subtotal General Revenues		6,836,700.10	7,301,491.46	464,791.36
Amount to be Raised by Taxes for Support of:				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		11,969,132.90	13,691,422.37	1,722,289.47
Minimum Library Tax		802,236.00	802,236.00	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	12,771,368.90	14,493,658.37	1,722,289.47
Budget Totals		19,608,069.00	21,795,149.83	2,187,080.83
Non-Budget Revenue	A-1/A-2		272,626.77	272,626.77
		\$ 19,608,069.00	22,067,776.60	2,459,707.60
	A-3			
Adopted Budget	A-3	19,087,170.00		
Appropriated by (N.J.S. 40A:4-87)	A-3	520,899.00		
		19,608,069.00		

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>Analysis of Realized Revenues</u>		
	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	59,830,822.78
Allocated to School and County Taxes	A-8	<u>47,237,164.41</u>
Balance for Support of Municipal Budget Appropriations		12,593,658.37
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,900,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>14,493,658.37</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>256,949.11</u>
	A-2	<u>256,949.11</u>
Licenses - Other:		
Clerk	A-11	7,317.00
Registrar	A-11	129.00
Board of Health	A-11	<u>22,157.00</u>
	A-2	<u>29,603.00</u>
Fees and Permits - Other:		
Clerk	A-11	4,934.18
Building Inspector Other	A-11	300.00
Police	A-11	2,471.21
Engineering Department	A-11	4,000.00
Registrar	A-11	2,625.00
Variance & Tax Searches	A-11	40.00
Board of Adjustment	A-11	17,610.00
Planning Board	A-11	<u>5,000.00</u>
	A-2	<u>36,980.39</u>

<u>Analysis of Non-budget Revenues</u>		
	<u>Ref.</u>	
Other Accounts Receivable	A-12	5,465.14
Hotel Tax		81,205.44
Insurance and Workers' Compensation Refunds		3,055.47
State DMV		650.00
Senior Citizens & Veterans Administration Fee		1,692.60
Scrap Metal		3,730.10
Interest on Investments		31,256.94
Police Escrow Administrative Fees		45,230.00
Smoke Detector Inspection Fees		10,875.89
Rent / Payroll Services NPSM Dispatch		27,000.00
Miscellaneous Reimbursements		<u>62,465.19</u>
	A-4	<u>267,161.63</u>
	A-2	<u>272,626.77</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

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Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages	\$	411,000.00	381,000.00	358,904.00	22,096.00	
Other Expenses		143,700.00	158,700.00	153,727.64	4,972.36	
Human Resources (Personnel/Labor Attny)						
Salaries and Wages		35,000.00	38,000.00	37,700.15	299.85	
Other Expenses		66,900.00	34,900.00	10,200.76	24,699.24	
Mayor and Council						
Salaries and Wages		33,000.00	33,000.00	33,000.00		
Other Expenses		6,500.00	6,500.00	5,702.35	797.65	
Municipal Clerk						
Salaries and Wages		93,000.00	96,000.00	95,450.09	549.91	
Other Expenses		18,200.00	18,200.00	16,002.78	2,197.22	
Financial Administration						
Salaries and Wages		108,000.00	109,200.00	109,200.00		
Other Expenses		54,500.00	49,500.00	45,178.64	4,321.36	
Audit Services						
Other Expenses		41,500.00	36,500.00	35,400.00	1,100.00	
Collection of Taxes						
Salaries and Wages		41,000.00	41,000.00	35,996.71	5,003.29	
Other Expenses		2,150.00	2,150.00	1,948.45	201.55	
Assessment of Taxes						
Salaries and Wages		36,000.00	38,000.00	37,739.49	260.51	
Other Expenses		131,300.00	131,300.00	94,093.26	37,206.74	
Legal Services and Costs						
Salaries and Wages						
Other Expenses		95,000.00	90,500.00	73,534.15	16,965.85	
Engineering Services and Costs						
Other Expenses		97,000.00	117,000.00	80,723.31	36,276.69	

Borough of New Providence, N.J.

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Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Planning Board						
Salaries and Wages		5,000.00	5,000.00	1,417.00	3,583.00	
Other Expenses		37,625.00	40,625.00	40,360.86	264.14	
Board of Adjustment						
Salaries and Wages		3,600.00	3,600.00	2,217.00	1,383.00	
Other Expenses		15,750.00	15,750.00	14,897.54	852.46	
Insurance:						
General Liability		245,000.00	245,000.00	245,000.00		
Workers' Compensation		240,000.00	240,000.00	239,395.00	605.00	
Employee Group Health		1,122,340.00	1,122,340.00	852,885.20	269,454.80	
Health Benefit Waiver		210,000.00	190,773.44	154,121.14	36,652.30	
Municipal Court:						
Salaries and Wages		121,000.00	151,000.00	149,108.86	1,891.14	
Other Expenses		5,300.00	5,300.00	3,118.03	2,181.97	
Public Defender						
Salaries and Wages		2,500.00	2,500.00	2,500.00		
Police						
Salaries and Wages		2,976,000.00	2,956,000.00	2,779,498.52	176,501.48	
Other Expenses		168,600.00	170,100.00	169,984.16	115.84	
Police Dispatch/911						
Salaries and Wages		25,000.00	25,000.00	25,000.00		
Other Expenses		417,000.00	417,000.00	343,120.00	73,880.00	
Emergency Management Services						
Other Expenses		3,500.00	3,500.00	3,071.12	428.88	
Fire						
Other Expenses		270,990.00	270,990.00	231,278.23	39,711.77	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		37,000.00	37,000.00	36,473.32	526.68	
Other Expenses		4,000.00	4,000.00	2,089.26	1,910.74	
Road Repairs and Maintenance						

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

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Current Fund

Year Ended December 31, 2015

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Other Expenses		178,500.00	213,500.00	195,020.63	18,479.37	
Public Works						
Salaries and Wages		1,037,000.00	1,037,000.00	990,837.12	46,162.88	
Other Expenses		11,000.00	11,000.00	3,088.42	7,911.58	
Traffic Signal Maintenance						
Other Expenses		13,000.00	13,000.00	10,111.06	2,888.94	
Public Buildings and Grounds						
Other Expenses		238,200.00	238,200.00	230,925.88	7,274.12	
Fleet Maintenance						
Other Expenses		83,450.00	86,450.00	84,504.48	1,945.52	
Solid Waste/Recycling Collections						
Other Expenses		605,000.00	559,200.00	446,741.27	112,458.73	
Solid Waste Disposal Costs		350,000.00	340,000.00	292,478.42	47,521.58	
Waste Water Treatment Plant						
Salaries and Wages		352,000.00	352,000.00	333,829.46	18,170.54	
Other Expenses		64,500.00	64,500.00	63,342.77	1,157.23	
Board of Health						
Salaries and Wages		2,000.00	2,000.00	587.81	1,412.19	
Other Expenses		57,925.00	57,925.00	55,811.24	2,113.76	
Animal Control Services						
Other Expenses		24,000.00	24,000.00	2,135.00	21,865.00	
Health Services						
Salaries and Wages		49,000.00	50,000.00	49,800.19	199.81	
Other Expenses		3,550.00	3,550.00	16.32	3,533.68	
Community Activities						
Salaries and Wages		120,000.00	120,000.00	113,223.05	6,776.95	
Other Expenses		14,500.00	14,500.00	11,214.16	3,285.84	
Senior Citizen Programs						
Salaries and Wages		58,000.00	72,000.00	64,913.99	7,086.01	
Other Expenses		24,850.00	24,850.00	20,683.67	4,166.33	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Tuition Reimbursement Program						
Other Expenses		2,500.00	2,500.00		2,500.00	
Construction Code Official						
Salaries and Wages		404,000.00	404,000.00	400,150.42	3,849.58	
Other Expenses		9,125.00	9,625.00	9,148.38	476.62	
Utility Expenses/Bulk Purchases:						
Electricity		260,000.00	240,000.00	188,702.64	51,297.36	
Telephone and Telegraph		50,000.00	50,000.00	37,873.01	12,126.99	
Natural Gas		95,000.00	95,000.00	69,112.30	25,887.70	
Street Lighting		140,000.00	135,000.00	105,370.05	29,629.95	
Water		30,000.00	45,000.00	31,160.76	13,839.24	
Motor Supplies		150,000.00	150,000.00	93,925.51	56,074.49	
Contingent		500.00	500.00		500.00	
Total Operations within "CAPS"		11,751,555.00	11,702,228.44	10,424,745.03	1,277,483.41	
Detail:						
Salaries and Wages	A-1	5,949,100.00	5,953,300.00	5,657,547.18	295,752.82	
Other Expenses	A-1	5,802,455.00	5,748,928.44	4,767,197.85	981,730.59	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		355,925.00	355,925.00	355,925.00		
Social Security System (O.A.S.I.)		476,000.00	476,000.00	440,269.69	35,730.31	
Police and Firemen's Retirement System of N.J.		587,295.00	587,295.00	587,295.00		
Defined Contribution Retirement Plan		12,000.00	12,000.00	11,539.60	460.40	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,431,220.00	1,431,220.00	1,395,029.29	36,190.71	

Borough of New Providence, N.J.

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Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<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>
Total General Appropriations for Municipal Purposes within "CAPS"		13,182,775.00	13,133,448.44	11,819,774.32	1,313,674.12	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		802,236.00	802,236.00	802,236.00		
Employee Group Health Insurance		27,660.00	27,660.00		27,660.00	
Sewer System						
Joint Meeting Expenses		680,000.00	725,800.00	725,800.00		
Berkley Heights Expenses		15,000.00	15,000.00	6,077.30		8,922.70
Emergency Services Volunteer Length of Service Award Program		30,000.00	30,000.00		30,000.00	
Reserve for Tax Appeals		250,000.00	250,000.00	250,000.00		
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						
Body Armor Grant		2,524.43	2,524.43	2,524.43		
Recycling Tonnage Grant		22,084.57	22,084.57	22,084.57		
Union County - Kids Recreation Trust		40,000.00	40,000.00	40,000.00		
CDBG - Senior Citizen High Risk Health Services		5,000.00	5,000.00	5,000.00		
CDBG - Senior Exercise, Arts and Crafts		7,800.00	7,800.00	7,800.00		
CDBG - Senior Center Imp.		20,000.00	20,000.00	20,000.00		
Union County Infrastructure Grant		70,000.00	70,000.00	70,000.00		
HSDRF Public Entity Grant		74,015.00	74,015.00	74,015.00		
Hazardous Mitigation Grant		100,000.00	100,000.00	100,000.00		
Donations for Streetfair		3,000.00	3,000.00	3,000.00		
Municipal Alliance on Alcoholism and Drug Abuse		16,867.00	16,867.00	16,867.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		4,217.00	7,743.56	7,743.56		
Total Operations - Excluded from "CAPS"		2,176,904.00	2,226,230.56	2,159,647.86	66,582.70	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>General Appropriations</u>		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
	<u>Ref.</u>	<u>Budget</u>					
Detail:							
Salaries & Wages	A-1	6,500.00	6,500.00	6,500.00	6,500.00		
Other Expenses	A-1	2,170,404.00	2,219,730.56	2,153,147.86	66,582.70		
Capital Improvements:							
Capital Improvement Fund		150,000.00	150,000.00	150,000.00			
NJ Transportation Trust Fund Authority Act		220,000.00	220,000.00	220,000.00			
Total Capital Improvements Excluded from "CAPS"	A-1	370,000.00	370,000.00	370,000.00			
Municipal Debt Service:							
Payment of Bond Principal		1,140,000.00	1,140,000.00	1,140,000.00			
Interest on Bonds		255,890.00	255,890.00	255,890.00			90.28
Interest on Notes		32,500.00	32,500.00	32,409.72			
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,428,390.00	1,428,390.00	1,428,299.72			90.28
Deferred Charges:							
Deferred Charges to Future Taxation - Unfunded							
Ordinance 14-04 Various Capital Improvements		550,000.00	550,000.00	550,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	550,000.00	550,000.00	550,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,525,294.00	4,574,620.56	4,507,947.58	66,582.70		90.28
Subtotal General Appropriations		17,708,069.00	17,708,069.00	16,327,721.90	1,380,256.82		90.28
Reserve for Uncollected Taxes		1,900,000.00	1,900,000.00	1,900,000.00			

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<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>
Total General Appropriations		\$ 19,608,069.00	19,608,069.00	18,227,721.90	1,380,256.82	90.28
					A	
Adopted Budget	A-2		19,087,170.00			
Appropriated by (N.J.S.A. 40A:4-87)	A-2		520,899.00			
			<u>19,608,069.00</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			1,900,000.00		
Cash Disbursed	A-4			15,249,252.15		
Encumbrances Payable	A-16			242,961.75		
Reserve for Tax Appeals	A-22			250,000.00		
Reserve for Federal and State Grants	A-24			585,508.00		
				<u>18,227,721.90</u>		

See Accompanying Notes to Financial Statements

Borough of New Providence , N.J.
 Comparative Balance Sheet - Regulatory Basis
 Trust Funds
 December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Assessment Fund:			
Due from Current Fund	B-4	\$ _____	790.40
		_____	790.40
Animal License Fund:			
Cash	B-2	3,658.19	10,894.97
Cash - License Collector	B-3	83.00	100.00
		3,741.19	10,994.97
Other Trust Funds:			
Cash	B-2	2,199,505.75	2,074,181.99
Cash - Payroll	B-9	49,310.36	47,900.34
Due from Current Fund (Open Space)	B-4	108.97	171.14
Other Accounts Receivable	B-5	6,094.08	4,199.16
		2,255,019.16	2,126,452.63
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	318,863.62	348,561.22
Contributions Receivable	B-13	21,000.00	22,000.00
		339,863.62	370,561.22
Total Assets		\$ 2,598,623.97	2,508,799.22

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2015 and 2014

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Assessment Fund:			
Fund Balance	B-1	\$ <u> </u>	<u>790.40</u>
			<u>790.40</u>
Animal License Fund:			
Reserve for Dog Fund Expenditures	B-6	3,727.39	10,988.97
Due to State of New Jersey	B-7	<u>13.80</u>	<u>6.00</u>
		<u>3,741.19</u>	<u>10,994.97</u>
Other Trust Fund:			
Interfund - Current Fund (Other Trust)	B-4		
Interfund - Current Fund (Recreation Trust)	B-4		
Various Other Trust Funds	B-8	511,298.07	674,418.69
Payroll Deductions	B-9	49,310.36	47,900.34
Reserve for:			
Construction and Other Deposits	B-10	1,294,986.10	1,347,543.05
Unemployment Insurance Trust Fund	B-11	22,370.55	23,526.46
Municipal Open Space	B-12	<u>377,054.08</u>	<u>33,064.09</u>
		<u>2,255,019.16</u>	<u>2,126,452.63</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-14	<u>339,863.62</u>	<u>370,561.22</u>
		<u>339,863.62</u>	<u>370,561.22</u>
Total Liabilities, Reserves & Fund Balance		\$ <u><u>2,598,623.97</u></u>	<u><u>2,508,799.22</u></u>

See Accompanying Notes to Financial Statements

Borough of New Providence , N.J.
Statement of Fund Balance - Regulatory Basis
Assessment Trust Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> B	\$ 790.40
Decreased by:		
Payment to Current Fund as Anticipated Revenue	B-2	<u>790.40</u>
Balance - December 31, 2015	B/B-3	\$ <u><u>0.00</u></u>

See Accompanying Notes to Financial Statements

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

General Capital Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2/C-3	\$ 6,203,256.37	2,094,588.90
Various Receivables	C-4	383,407.50	383,407.50
Deferred Charges to Future Taxation:			
Funded	C-5	19,360,000.00	10,520,000.00
Unfunded	C-6	482,564.74	7,562,544.74
Interfund - State & Federal Grant Fund	C-8	650,000.00	450,000.00
		<u>27,079,228.61</u>	<u>21,010,541.14</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-7	5.80	2.09
General Serial Bonds	C-9	19,360,000.00	10,520,000.00
Bond Anticipation Notes	C-10		3,250,000.00
Improvement Authorizations:			
Funded	C-11	5,807,670.78	1,319,979.75
Unfunded	C-11	471,212.50	5,344,783.55
Capital Improvement Fund	C-12	32,004.13	13,584.13
Reserve for:			
Debt Service	C-13	1,064,537.78	183,394.00
Redwood ERC Sewer Project	C-13	225,000.00	225,000.00
Fund Balance	C-1	118,797.62	153,797.62
		<u>\$ 27,079,228.61</u>	<u>21,010,541.14</u>

Footnote: There were \$482,564.74 and \$4,312,544.74 of Bonds and Notes Authorized But Not Issued per Exhibit C-14 on December 31, 2015 and 2014

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, 2015

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - December 31, 2014	C	\$ 153,797.62	184,135.12
Increased by:			
Premium on Sale of Bond Anticipation Notes		<u>153,797.62</u>	<u>19,662.50</u>
			203,797.62
Decreased by:			
Appropriated to Current Year Budget Revenue	C-2	<u>35,000.00</u>	<u>50,000.00</u>
Balance - December 31, 2015	C,C-3	\$ <u><u>118,797.62</u></u>	<u><u>153,797.62</u></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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Buildings and Construction	\$ 12,725,348.59	\$ 12,725,348.59
Machinery and Equipment	7,145,133.37	6,485,543.78
Land Improvements	2,742,520.95	2,742,520.95
Underground Equipment & Utilities	<u>1,160,586.00</u>	<u>1,160,586.00</u>
	<u>\$ 23,773,588.91</u>	<u>\$ 23,113,999.32</u>
Investment in Fixed Assets	<u>\$ 23,773,588.91</u>	<u>\$ 23,113,999.32</u>

See Accompanying Notes to Financial Statements

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**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014
(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, 2015 AND 2014
(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 11th day of the 11th 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, 2015 AND 2014
(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 2015, the Borough Council increased the original budget by \$520,899.00. The increase was funded by \$520,899.00 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, 2015 AND 2014
(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, 2015 AND 2014
(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, 2015 AND 2014
(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 required 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 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 required 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 February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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, 2015 and 2014, \$0- of the Borough's bank balance of \$15,239,401.44 and \$11,011,536.44, 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.

Concentration of Credit Risk

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

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

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

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, 2015 and 2014 amounted to \$318,863.62 and \$348,561.22, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Growth	\$177,021.41	\$194,077.15
Fixed Income	64,059.94	74,364.45
Income	29,539.26	37,916.70
Growth and Income	21,427.57	22,445.44
All Others	<u>26,815.44</u>	<u>19,757.48</u>
Total	<u>\$318,863.62</u>	<u>\$348,561.22</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2015 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	<u>\$10,520,000.00</u>	<u>\$9,980,000.00</u>	<u>\$1,140,000.00</u>	<u>\$19,360,000.00</u>	<u>\$1,425,000.00</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(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 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$19,360,000.00	\$13,770,000.00	\$11,675,000.00
Loans	<u>0.00</u>	<u>0.00</u>	<u>270,000.00</u>
Total Issued	<u>19,360,000.00</u>	<u>13,770,000.00</u>	<u>11,945,000.00</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>482,564.74</u>	<u>4,312,544.74</u>	<u>5,290,019.74</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$19,842,564.74</u>	<u>\$18,082,544.74</u>	<u>\$17,235,019.74</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 .80%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$8,920,000.00	\$8,920,000.00	\$0.00
General Debt	<u>19,842,564.74</u>	<u>183,394.00</u>	<u>19,659,170.74</u>
	<u>\$28,762,564.74</u>	<u>\$9,103,394.00</u>	<u>\$19,659,170.74</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 3: MUNICIPAL DEBT, (continued)

Net Debt \$19,659,170.74 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,456,212,141.33 = .80%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$85,967,424.94
Net Debt	<u>19,659,170.74</u>
Remaining Borrowing Power	<u>\$66,308,254.20</u>

The Borough's bonded debt consisted of the following at December 31, 2015:

	<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%	\$2,000,000.00
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%	7,380,000.00
General Improvement Bonds - \$9,980,000.00 issued July 10, 2015 due March 1, 2016 through March 1, 2029 with variable interest rates of 3.00% to 4.00%	<u>9,980,000.00</u>
	<u>\$19,360,000.00</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, 2015 AND 2014
(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 Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$1,425,000.00	\$629,913.33	\$2,054,913.33
2017	1,425,000.00	533,490.00	1,958,490.00
2018	1,425,000.00	488,265.00	1,913,265.00
2019	1,425,000.00	443,040.00	1,868,040.00
2020	1,450,000.00	397,315.00	1,847,315.00
2021	1,460,000.00	349,665.00	1,809,665.00
2022	1,270,000.00	300,615.00	1,570,615.00
2023	1,445,000.00	258,715.00	1,703,715.00
2024	1,445,000.00	213,315.00	1,658,315.00
2025	1,570,000.00	165,415.00	1,735,415.00
2026	1,570,000.00	119,377.50	1,689,377.50
2027	1,570,000.00	77,470.00	1,647,470.00
2028	950,000.00	42,150.00	992,150.00
2029	930,000.00	13,950.00	943,950.00
	<u>\$19,360,000.00</u>	<u>\$4,032,695.83</u>	<u>\$23,392,695.83</u>

At December 31, 2015, the Borough had authorized but not issued debt of \$482,564.74.

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, 2015, the Borough had no outstanding general capital bond anticipation notes.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 4: BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Securities	<u>\$3,250,000.00</u>	<u>\$</u>	<u>\$3,250,000.00</u>	<u>\$</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, 2015, 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 Firemen's 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 Firemen's 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, 2015 AND 2014
(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, 2015 AND 2014
(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, 2015 AND 2014
(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.

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 retain 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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

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.

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>	<u>DCRP</u>
2015	\$355,925.00	\$587,295.00	\$11,539.60
2014	318,562.00	518,338.00	5,063.10
2013	338,238.00	574,367.00	3,547.95

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$10,171,879.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0453130846 percent, which was an increase/(decrease) of 0.0021385059 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$355,925.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$242,665.00	\$
Changes of assumptions	1,092,379.00	
Net difference between projected and actual earnings on pension plan investments		163,544.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	457,722.00	
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$1,792,766.00</u>	<u>\$163,544.00</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$213,272.00
2017	213,272.00
2018	213,272.00
2019	339,670.00
2020	192,014.00

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough's Proportion	0.0453130846 %	0.0431745787%

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$12,642,402.00	\$10,171,879.00	\$8,100,612.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Borough had a liability of \$12,326,750.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0740055823 percent, which was an increase/(decrease) of (0.0024582444) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$587,295.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$106,322.00
Changes of assumptions	2,275,824.00	
Net difference between projected and actual earnings on pension plan investments		214,536.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	486,756.00	269,646.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$2,762,580.00</u>	<u>\$590,504.00</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$371,284.00
2017	371,284.00
2018	371,284.00
2019	608,777.00
2020	232,338.00

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	0.0740055823%	0.0764638267%

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2014</u>		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the pension liability	\$17,675,691.00	\$12,326,750.00	\$9,927,653.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 8: FUND BALANCES APPROPRIATED

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

	<u>2016</u>	<u>2015</u>
Current Fund	<u>\$3,205,000.00</u>	<u>\$2,930,000.00</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2015.

	Balance <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2015</u>
Buildings and Improvements	\$12,184,172.22	\$	\$	\$12,184,172.22
Machinery and Equipment	9,502,699.65	-- 679,589.59	20,000.00	10,162,289.24
Land Improvements	266,541.45			266,541.45
Underground Equipment and Utilities	<u>1,160,586.00</u>			<u>1,160,586.00</u>
	<u>\$23,113,999.32</u>	<u>\$679,589.59</u>	<u>\$20,000.00</u>	<u>\$23,773,588.91</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.

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 \$171,134.30, computed internally at 2015 salary rates, would be payable to 20 officials and employees of the Borough of New Providence as of December 31, 2015 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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 11: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2015 consist of the following:

\$5.80	Due to the Current Fund from the General Capital Fund for interest earnings.
108.97	Due to the Municipal Open Space Trust Fund from the Current Fund for added taxes.
6,585.83	Due to the Current Fund from the State Aid and Federal Grant Fund for cancelled grants and receipts deposited in Grant Fund.
<u>650,000.00</u>	Due to the General Capital Fund from the State and Federal Grant Fund for capital receipts deposited in the Grant Fund.
<u>\$656,700.60</u>	

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

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 2015 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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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, 2015</u>	<u>Balance Dec 31, 2014</u>
Prepaid Taxes	<u>\$220,633.07</u>	<u>\$197,266.21</u>
Cash Liability for Taxes Collected in Advance	<u>\$220,633.07</u>	<u>\$197,266.21</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.

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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

Length of Coverage

- (1) In the event an employee has earned one hundred points or more, lifetime medical and dental benefits 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 65th 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 2015, the Borough contributed \$42,656.00 to the plan for two individuals.

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

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	\$42,656.00
Annual OPEB Cost (Expense)	<u>42,656.00</u>
Contributions Made	<u>(42,656.00)</u>
Increase (Decrease) in Net OPEB Obligation	<u>0.00</u>
Net OPEB Obligation	<u>\$42,656.00</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 2015 is as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/15	\$42,656.00	100%	\$42,656.00

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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

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 for 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.

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 - 2015 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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio
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 2015 is \$.220.

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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

We have reviewed the plan for the year ended December 31, 2015 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, 2015 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 \$127,863.21.

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 May 31, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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SUPPLEMENTARY DATA

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate:	<u>4.634</u>	<u>4.564</u>	<u>4.442</u>	<u>4.306</u>	<u>4.209</u>
Apportionment of Tax Rate:					
Municipal	.926	.910	.892	.872	.851
Municipal Open Space	.003	.002	.002	.002	.002
Municipal Library	.062	.064	.065	.065	.065
County	.973	.984	.933	.867	.805
County Open Space	.028	.029	.029	.029	.030
Local School	2.642	2.575	2.521	2.471	2.456

Assessed Valuation:

2015	\$1,292,526,271.00
2014	1,288,630,095.00
2013	1,290,812,412.00
2012	1,302,404,548.00
2011	1,300,519,201.00

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>
2015	\$60,148,709.38	\$59,830,822.78	99.47%
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

*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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Delinquent Taxes	\$258,646.78	\$256,949.11	\$258,564.08	\$316,709.06	\$260,939.00
Tax Title Liens	<u>187,752.61</u>	<u>175,164.12</u>	<u>162,766.48</u>	<u>150,700.04</u>	<u>139,002.80</u>
Totals	<u>\$446,399.39</u>	<u>\$432,113.23</u>	<u>\$421,330.56</u>	<u>\$467,409.10</u>	<u>\$399,941.80</u>
Percentage of each Years Tax Levy	.74%	.73%	.73%	.83%	.73%

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>
2015	\$11,955
2014	11,955
2013	11,955
2012	11,955
2011	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>
2015	\$4,191,196.52	\$3,205,000.00
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

ROSTER OF OFFICIALS IN OFFICE AND REPORT ON SURETY BONDS

DECEMBER 31, 2015

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Al Morgan	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	
Denise Gelormini	Tax Collector, Deputy Borough Clerk	*
Paul Rizzo	Borough Attorney	
Donald Bogosian	Borough Judge	*
Macrina Carra	Court Administrator	*
Patricia Spsychala	Tax Assessor to 07/01/15	
Bryan Flynn	Tax Assessor from 07/01/15	

*Coverage provided by Garden State Municipal Joint Insurance Fund.

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SCHEDULE A

BOROUGH OF NEW PROVIDENCE, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Original Grant Period		Balance Jan. 1, 2015	Receipts	Adjusted/ Expended	Balance Dec. 31, 2015	Memo Cumulative Total Expenditures
				From	To					
<u>Pass Through Funds:</u> Union County	Community Development Block Grant	14.218	5,000.00	9/1/2014	8/31/2015		3,440.00	3,440.00		5,000.00
		14.218	5,000.00	9/1/2015	8/31/2016			1,170.00	(1,170.00)	1,170.00
		14.218	9,300.00	9/1/2014	8/31/2015	(5,530.28)	9,300.00	3,769.72		9,300.00
		14.218	7,800.00	9/1/2015	8/31/2016			4,030.00	(4,030.00)	4,030.00
		14.218	10,000.00	9/1/2014	8/31/2015		10,000.00	10,000.00		10,000.00
	Senior Citizens Facility Improvements	14.218	20,000.00	9/1/2015	8/31/2016					
Federal Highway Administration Pass thru State of N.J.	Safe Routes to School	20.205	180,000.00			(60,041.08)		(60,041.08)		119,958.92
Department of Homeland Security Pass thru State of N.J.	FEMA Mitigation Hurricane Irene FEMA Reimbursement Sandy FEMA Hazard Mitigation Grant	97.039	293,407.50			(11,122.33)			(11,122.33)	165,080.40
		97.036	226,379.56							
		97.039	100,000.00							
U.S. Department of Justice Pass thru State of N.J.	Bulletproof Vest Partnership Program	16.607	1,239.00			319.41			319.41	919.59
						(76,374.28)	22,740.00	(37,631.38)	(16,002.92)	315,438.91

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL THE UNIFORM GUIDANCE.

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

BOROUGH OF NEW PROVIDENCE, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2015

State Funding Department	State Program	State Grant (Award) No.	Grant Award Amount	Balance Jan. 1, 2015	Receipts	Expended	Balance Dec. 31, 2015	Memo Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900	20,952.85	11,142.17		11,108.60	33.57	20,919.28
	Clean Communities Program	4900-765-042-4900	25,464.18		25,464.18		25,464.18	
	Recycling Tonnage Grant	4900-752-042-4900	19,154.64	2,150.17		2,150.17		19,154.64
	Recycling Tonnage Grant	4900-752-042-4900	20,874.91	20,874.91		18,067.38	2,807.53	18,067.38
	Recycling Tonnage Grant	4900-752-042-4900	22,084.57	22,084.57			22,084.57	
Department of Law and Public Safety	Body Armor Fund	1020-718-066-1020	3,684.89	421.97		421.97		3,684.89
	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		989.65	1,611.93	989.65
	Body Armor Fund	1020-718-066-1020	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	
	Body Armor Fund	1020-718-066-1020	2,520.66		2,520.66		2,520.66	
	Drunk Driving Enforcement Fund	6400-100-078-6400	3,809.07	3,809.07		1,250.75	2,558.32	2,410.67
	Drunk Driving Enforcement Fund	6400-100-078-6400	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		
	Drunk Driving Enforcement Fund	6400-100-078-6400	3,739.13		3,739.13		3,739.13	
Pass Through County of Union	Municipal Alliance on Alcoholism and Drug Abuse	14-ALL-103	25,105.00	2,419.87	14,948.75	17,368.62		22,953.94
	Municipal Alliance on Alcoholism and Drug Abuse	15-ALL-103	16,867.00			2,190.36	(2,190.36)	2,190.36
Department of Community Affairs	Alcohol, Education & Rehab Fund	9735-760-098-Y900	402.18	318.58		318.58		402.18
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	431.48	431.48		381.42	50.06	381.42
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	323.78	323.78			323.78	
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	211.10	211.10			211.10	
NJDEP	Trails Grant		9,000.00					6,472.13
NJEDA	HDSRF - Public Entity Grant	not know	74,015.00					
Department of Transportation	Municipal Aid Program - Livingston Avenue	6320-480-078-6320	185,000.00	5,773.71		5,773.71		185,000.00
	Central Avenue Sec.	6320-480-078-6320	282,100.00	4,959.77		4,959.77		270,042.56
	Oakwood Drive Section 2	6320-480-078-6320	205,000.00	(131,163.26)			(131,163.26)	131,163.26
	Safe Streets Program	6300-480-078-6300	50,000.00	(9,757.50)		(9,757.50)		40,242.50
	Streetscape Phase II	6320-480-078-6320	245,000.00	(27,929.56)			(27,929.56)	27,929.56
	Central Avenue Sec. 7	6320-480-078-6320	200,000.00	(197,266.96)		2,733.04	(200,000.00)	200,000.00
	Union Avenue	6320-480-078-6320	250,000.00			250,000.00	(250,000.00)	
	Central Avenue Sec. 8	6320-480-078-6320	220,000.00					
					46,672.72	310,501.50	(539,443.09)	954,549.40

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH N.J. OMB CIRCULAR 15-08.

Borough of New Providence, N.J.
Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2014	A	\$ 6,639,598.89	\$ 94,854.57
Increased by Receipts:			
Interest and Costs on Taxes	A-2	53,249.49	
Miscellaneous Revenue Not Anticipated	A-2	267,161.63	
Petty Cash	A-6	1,750.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	84,630.14	
Taxes Receivable	A-8	59,806,500.74	
Revenue Accounts Receivable	A-11	3,338,937.67	
Other Accounts Receivable	A-12	5,465.14	
Due from Free Public Library	A-13	18,288.83	
Interfunds	A-14	32.21	
Prepaid Taxes	A-17	220,633.07	
Various Cash Liabilities and Reserves	A-22	113,446.35	
Federal and State Grants Receivable	A-23		45,405.75
Unappropriated Reserves	A-25		31,723.97
Interfund - Current Fund	A-26		
Interfund - General Capital	A-27		200,000.00
		<u>63,910,095.27</u>	<u>277,129.72</u>
		70,549,694.16	371,984.29
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	38,995.76	
Current Year Budget Appropriations	A-3	15,249,252.15	
Petty Cash	A-6	1,750.00	
Interfunds	A-14	46,235.46	
Appropriation Reserves	A-15	491,414.94	
Special Improvement District Taxes	A-18	74,817.86	
Local District School Taxes	A-20	34,145,610.00	
County Taxes Payable	A-21	12,979,267.42	
Various Cash Liabilities and Reserves	A-22	972,538.32	
Federal & State Grant Appropriations	A-24		326,894.96
		<u>63,999,881.91</u>	<u>326,894.96</u>
Balance - December 31, 2015	A	\$ <u>6,549,812.25</u>	\$ <u>45,089.33</u>

Exhibit A-5**Borough of New Providence, N.J.****Schedule of Cash - Change Fund****Current Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ <u>150.00</u>
Balance - December 31, 2015	A	\$ <u>150.00</u>
<u>Analysis of Balance:</u>		
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, 2015**

	<u>Ref.</u>	
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, 2015

	<u>Ref.</u>	
Balance - December 31, 2014 - Due to	A	\$ 2,664.73
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		85,250.00
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		<u>(1,245.06)</u>
	A-8	84,004.94
Less:		
Cash Receipts - State of NJ	A-4	<u>84,630.14</u>
		<u>(625.20)</u>
Balance - December 31, 2015 - Due to	A	\$ <u><u>3,289.93</u></u>

Borough of New Providence, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund									
Year Ended December 31, 2015									
Year	Balance, Dec. 31, 2014	Levy	Added Taxes	2014	2015	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2015
2014	\$ 256,949.11				257,382.32	(433.21)			
2015		59,970,652.49	178,056.89	197,266.21	59,549,118.42	84,438.15	11,835.24	47,404.58	258,646.78
	\$ 256,949.11	59,970,652.49	178,056.89	197,266.21	59,806,500.74	84,004.94	11,835.24	47,404.58	258,646.78
	A			A-2/A-17	A-2/A-4	A-2/A-7	A-9		A
Analysis of Tax Levy									
Tax yield:									
General Purpose Tax							59,786,964.07		
Utilities							108,703.40		
Special Taxes							74,985.02		
Added Tax (R.S. 54:4-63.1 et seq.)							178,056.89		
							60,148,709.38		
Tax Levy:									
Municipal Open Space Tax				A-19	45,238.00				
Added Municipal Open Space Tax				A-19	108.97				
							45,346.97		
Special Improvement District Taxes				A-18			74,817.86		
Local District School Tax				A-20			34,145,610.00		
County Tax - General				A-21	12,569,291.96				
County Tax - Open Space				A-21	363,453.80				
Added County Taxes				A-21	38,643.82				
							12,971,389.58		
Local Tax for Municipal Purposes				A-2	12,771,368.90		47,237,164.41		
Additional Taxes					140,176.07				
							12,911,544.97		
							60,148,709.38		

Borough of New Providence, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 175,164.12
Increased by:		
Penalties	A-12	753.25
Transfers from Taxes Receivable	A-8	<u>11,835.24</u>
		<u>12,588.49</u>
Balance - December 31, 2015	A	<u>\$ 187,752.61</u>

Exhibit A-10

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ <u>11,955.00</u>
Balance - December 31, 2015	A	\$ <u>11,955.00</u>

Analysis of Balance:

<u>Block-Lot</u>	<u>Amount</u>
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, 2015

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2015</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2	\$	7,500.00	7,500.00	
Other	A-2	1,765.00	6,072.00	7,317.00	520.00
Fees and Permits	A-2	596.19	4,403.24	4,934.18	65.25
Police					
Fees and Permits	A-2		2,471.21	2,471.21	
Engineering Department					
Fees and Permits	A-2		4,000.00	4,000.00	
Registrar					
Other Licenses	A-2	3.00	186.00	129.00	60.00
Fees and Permits	A-2	465.00	2,172.00	2,625.00	12.00
Variance & Tax Search Fees	A-2		40.00	40.00	
Board of Health					
Other Licenses	A-2	1,190.00	21,263.00	22,157.00	296.00
Planning Board					
Fees and Permits	A-2		5,000.00	5,000.00	
Board of Adjustment					
Fees and Permits	A-2	1,050.00	16,560.00	17,610.00	
Municipal Court :					
Fines and Costs	A-2	8,225.50	114,081.07	110,517.52	11,789.05
Uniform Construction Code Fees					
Construction Fees	A-2	51,790.00	559,761.00	587,633.00	23,918.00
Fees and Permits	A-2		300.00	300.00	
Energy Receipts Taxes	A-2		1,292,146.00	1,292,146.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		11,673.00	11,673.00	
Fire Alarm Revenue	A-2		5,775.00	5,775.00	
Library Reimbursement	A-2		74,397.00	74,397.00	
Leaf Collection Revenue	A-2	4,950.00	61,990.00	66,940.00	
General Capital Fund Balance	A-2		35,000.00	35,000.00	
Assessment Trust Surplus	A-2		790.40	790.40	
Berkeley Heights Shared Court	A-2		67,526.95	35,500.00	32,026.95
Summit Shared Sewer Services	A-2	47,232.68	166,994.26	201,446.94	12,780.00
Multi Family Sewer Fees	A-2	100.00	71,300.00	71,300.00	100.00
Uniform Fire Safety Act	A-2		19,159.35	19,159.35	
Parking Meters	A-2	35.00	6,696.99	6,731.99	
Sewer Rentals	A-2	2,610.00	232,450.77	234,561.41	499.36
Cat Licenses	A-2	16.00	1,893.00	1,904.00	5.00
Parking Permits	A-2	5,840.00	222,783.89	224,803.89	3,820.00
Rental of Municipal Owned Property	A-2	1,800.00	72,314.17	74,114.17	
New Providence DID - Contribution for BAN P&I	A-2		33,317.86	33,317.86	
Cable TV Franchise Fee	A-2		177,142.75	177,142.75	
		<u>\$ 127,668.37</u>	<u>3,297,160.91</u>	<u>3,338,937.67</u>	<u>85,891.61</u>
		A			A
Receipts	<u>Ref.</u>				
	A-4			<u>3,338,937.67</u>	
				<u>3,338,937.67</u>	

Borough of New Providence, N.J.

Schedule of Other Accounts Receivable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A	\$	5,465.14
Increased by:			
Penalty Charges	Reserve		<u>6,578.97</u>
			12,044.11
Decreased by:			
Collections	A-2/A-4	5,465.14	
Transferred to Tax Title Liens	A-9	<u>753.25</u>	
			<u>6,218.39</u>
Balance - December 31, 2015	A	\$	<u><u>5,825.72</u></u>

Schedule of Due From Free Public Library

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A/A-1		18,288.83
Decreased by			
Cash Receipts	A-1/A-4		<u>18,288.83</u>
Balance - December 31, 2015	A	\$	<u><u> </u></u>

Borough of New Providence, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2015</u>
General Capital Fund	A	\$ 2.09	35.92	32.21	5.80
Federal and State Grant Fund	A	1,800.07	88,792.84	84,007.08	6,585.83
Assessment Trust Fund	A	(790.40)		790.40	
Open Space Trust Fund	A	(171.14)	45,346.97	45,409.14	(108.97)
		<u>\$ 840.62</u>	<u>134,175.73</u>	<u>130,238.83</u>	<u>6,482.66</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	1,802.16			6,591.63
Due From Current Fund	A	(961.54)			(108.97)
		<u>840.62</u>			<u>6,482.66</u>
Disbursed	A-4		35.92	46,199.54	
Received	A-4			32.21	
Cancellation of Appropriated Grants	A-26		88,792.84		
Cancellation of Grants Receivable	A-26			84,007.08	
Municipal Open Space Tax	A-19		45,346.97		
			<u>134,175.73</u>	<u>130,238.83</u>	

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 1 of 3

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 2,553.15	2,553.15	25.00	2,528.15
Human Resources	196.81	196.81		196.81
Clerk	3,325.42	3,325.42		3,325.42
Financial Administration	4,070.97	4,070.97	243.75	3,827.22
Collection of Taxes	2,628.45	2,628.45		2,628.45
Assessment of Taxes	259.67	259.67		259.67
Planning Board	3,315.00	3,315.00	75.00	3,240.00
Board of Adjustment	1,640.00	1,640.00	215.00	1,425.00
Municipal Court	505.87	505.87		505.87
Public Defender	99.92	99.92		99.92
Police	108,277.19	58,277.19	7,129.31	51,147.88
Police Dispatch / 911	4,790.70	4,790.70		4,790.70
Uniform Fire Safety	1,647.23	1,647.23		1,647.23
Public Works	195,747.73	45,747.73	732.90	45,014.83
Waste Water Treatment Plant	22,574.61	22,574.61	3,939.23	18,635.38
Board of Health	808.37	808.37		808.37
Health Services	8.71	8.71		8.71
Community Services	273.95	273.95		273.95
Senior Citizens' Programs	1,378.00	1,378.00	543.13	834.87
Construction Official	20,602.76	20,602.76	2,204.43	18,398.33
Total Salaries and Wages Within "CAPS"	374,704.51	174,704.51	15,107.75	159,596.76
Other Expenses Within "CAPS":				
Administrative and Executive	2,666.59	10,232.44	8,614.98	1,617.46
Human Resources	36,314.83	23,444.83	2,785.00	20,659.83
Mayor and Council	328.15	328.15		328.15
Clerk	3,010.48	3,260.44	3,060.44	200.00
Financial Administration	6,959.81	10,259.81	3,300.00	6,959.81
Audit Services	10,500.00	10,500.00	7,950.00	2,550.00
Collection of Taxes	1,878.55	1,878.55	949.52	929.03
Assessment of Taxes	30,881.32	92,378.50	71,380.57	20,997.93
Legal Services and Costs	30,181.15	33,514.48	12,047.42	21,467.06
Engineering Services and Costs	6,458.30	6,858.30	6,858.30	
Planning Board	17,858.23	20,233.23	6,390.88	13,842.35
Board of Adjustment	3,843.18	3,843.18	2,625.00	1,218.18
Insurance:				
General Liability	770.00	770.00		770.00
Group Insurance for Employees	239,393.26	188,543.26	1,566.66	186,976.60
Health Benefit Waiver	53,562.92	53,562.92		53,562.92
Police	3,364.49	13,375.54	11,262.17	2,113.37
Police Dispatch / 911	50,513.00	51,375.00	44,213.90	7,161.10

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 2 of 3

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Emergency Management Services	3,458.94	3,458.94		3,458.94
Fire	27,345.59	31,950.68	21,489.22	10,461.46
Uniform Fire Safety	1,390.18	2,010.16	636.95	1,373.21
Municipal Court	4,137.33	4,137.33	18.66	4,118.67
Road Repairs and Maintenance	10,945.54	21,111.24	12,210.50	8,900.74
Public Works	6,363.97	6,363.97	4,521.47	1,842.50
Public Building and Grounds	29,751.61	43,385.06	36,502.36	6,882.70
Traffic Light Maintenance	455.00	455.00		455.00
Fleet Maintenance	7,128.35	17,389.01	14,234.46	3,154.55
Solid Waste / Recycling Collection	112,255.40	97,076.00	32,134.80	64,941.20
Landfill / Solid Waste Disposal Costs	51,693.34	58,193.34	31,938.79	26,254.55
Waste Water Treatment Plant	3,308.32	9,239.79	8,623.30	616.49
Board of Health	3,330.08	3,330.08		3,330.08
Animal Control	18,370.00	18,370.00		18,370.00
Health Services	3,485.02	3,485.02		3,485.02
Community Services	2,082.52	7,691.02	5,819.43	1,871.59
Senior Citizens' Programs	5,442.59	11,099.11	8,484.78	2,614.33
Tuition Reimbursement Program	2,375.00	2,375.00		2,375.00
Construction Code Official	0.68	1,000.68	802.25	198.43
Electricity	66,530.28	66,530.28	38,447.15	28,083.13
Telephone & Telegraph	12,195.92	12,348.62	195.22	12,153.40
Natural Gas	21,600.55	21,600.55		21,600.55
Street Lighting	25,439.69	25,439.69	10,276.67	15,163.02
Water	5,488.72	5,488.72	1,120.89	4,367.83
Motor Supplies	27,292.32	34,792.32	5,107.75	29,684.57
Contingent	500.00	500.00		500.00
Total Other Expenses Within "CAPS"	950,851.20	1,033,180.24	415,569.49	617,610.75
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	24,685.82	685.82		685.82
Defined Contribution Retirement Plan	6,936.90	6,936.90	887.77	6,049.13
Total Deferred Charges and Statutory Expenditures Within "CAPS"	31,622.72	7,622.72	887.77	6,734.95
Total Reserves Within "CAPS"	1,357,178.43	1,215,507.47	431,565.01	783,942.46
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

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Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses Excluded From "CAPS":				
Sewer System				
Joint Meeting Expenses	17,695.00	17,695.00		17,695.00
Berkley Heights Expenses	9,247.09	9,247.09		9,247.09
Reserve for Tax Appeals		300,000.00	300,000.00	
Emergency Services Volunteer Length of Service Award Program	30,000.00	30,000.00	21,000.00	9,000.00
Contributions Summit Junior League	0.60	179.93	179.93	
Total Other Expenses Excluded from "CAPS"	<u>56,942.69</u>	<u>357,122.02</u>	<u>321,179.93</u>	<u>35,942.09</u>
Capital Improvement Fund		<u>50,000.00</u>	<u>50,000.00</u>	
Total Reserves Excluded from "CAPS"	<u>63,442.69</u>	<u>413,622.02</u>	<u>371,179.93</u>	<u>42,442.09</u>
Total Reserves	<u>\$ 1,420,621.12</u> A	<u>1,629,129.49</u>	<u>802,744.94</u>	<u>826,384.55</u> A-1
Appropriation Reserves	Ref. above	1,420,621.12		
Transfer from Reserve for Encumbrances	A-16	<u>208,508.37</u>		
		<u>1,629,129.49</u>		
Cash Disbursements	A-4		491,414.94	
Transfer to Accounts Payable	A-22		11,330.00	
Transfer to Reserve for Tax Appeals	A-22		<u>300,000.00</u>	
			<u>802,744.94</u>	

Borough of New Providence, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 208,508.37
Increased by:		
Transfer from Current Appropriations	A-3	<u>242,961.75</u>
		451,470.12
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>208,508.37</u>
Balance - December 31, 2015	A	<u><u>\$ 242,961.75</u></u>

Exhibit A-17

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 197,266.21
Increased by:		
Receipts - Prepaid 2016 Taxes	A-4	<u>220,633.07</u>
		417,899.28
Decreased by:		
Applied to 2015 Taxes	A-8	<u>197,266.21</u>
Balance - December 31, 2015	A	<u><u>\$ 220,633.07</u></u>

Borough of New Providence, N.J.

Schedule of Due to Special Improvement District

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 3,678.16
Increased by:		
Levy Calendar Year - 2015	A-1/A-8	<u>74,817.86</u>
		78,496.02
Decreased by:		
Disbursed	A-4	<u>74,817.86</u>
Balance - December 31, 2015	A	\$ <u><u>3,678.16</u></u>

Exhibit A-19

Schedule of Municipal Open Space Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year - 2015	A-8	\$ 45,238.00
Added and Omitted Taxes	A-8	<u>108.97</u>
	A-1	45,346.97
Decreased by:		
Transfer to Municipal Open Space Trust	A-14	\$ <u><u>45,346.97</u></u>

Borough of New Providence, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year - 2015	A-1/A-8	\$ <u>34,145,610.00</u>
Decreased by:		
Payments	A-4	\$ <u>34,145,610.00</u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 46,521.66
Increased by:		
Levy - General County	A-1/A-8	12,569,291.96
Levy - Open Space	A-1/A-8	363,453.80
Added and Omitted Taxes	A-1/A-8	<u>38,643.82</u>
		<u>12,971,389.58</u>
		13,017,911.24
Decreased by:		
Payments	A-4	<u>12,979,267.42</u>
Balance - December 31, 2015	A	\$ <u>38,643.82</u>

Borough of New Providence, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2014	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2015
<u>Liabilities:</u>				
Tax Overpayments	\$	113,446.35	113,446.35	
Prepaid Revenue	330,000.00			330,000.00
Accounts Payable		11,330.00		11,330.00
<u>Reserves for:</u>				
Sale of Municipal Assets	136,847.19		136,847.19	
Tax Appeals	436,955.18	550,000.00	859,091.97	127,863.21
	<u>\$ 903,802.37</u>	<u>674,776.35</u>	<u>1,109,385.51</u>	<u>469,193.21</u>
	A			A
	<u>Ref.</u>			
2015 Anticipated Revenue	A-2		136,847.19	
2015 Budget Appropriation	A-3	250,000.00		
2014 Appropriation Reserves	A-15	311,330.00		
Receipts	A-4	113,446.35		
Disbursed	A-4		972,538.32	
		<u>674,776.35</u>	<u>1,109,385.51</u>	

Borough of New Providence, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, 2014	Budget Revenue	Received	Canceled	Balance, Dec. 31, 2015
County & Local Grants:					
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	25,000.00				25,000.00
Union County Street Fair Grant - 2015		3,000.00	3,000.00		
Union County Kids Recreation Trust - 2015		40,000.00			40,000.00
Union County Infrastructure Grant - 2015		70,000.00			70,000.00
	<u>82,100.00</u>	<u>113,000.00</u>	<u>3,500.00</u>		<u>191,600.00</u>
Federal Grants:					
Community Development Block Grant:					
Senior Citizen High Risk Health - 2014	3,440.00		3,440.00		
Senior Citizen High Risk Health - 2015		5,000.00			5,000.00
Senior Exercise and Arts & Crafts - 2014	9,300.00		9,300.00		
Senior Exercise and Arts & Crafts - 2015		7,800.00			7,800.00
Senior Citizen Transportation - 2013					
Senior Citizen Windows - 2014	10,000.00		10,000.00		
Senior Citizen Restrooms - 2015		20,000.00			20,000.00
Safe Routes to Schools	60,041.08			60,041.08	
FEMA - Hazard Mitigation Grant		100,000.00			100,000.00
	<u>82,781.08</u>	<u>132,800.00</u>	<u>22,740.00</u>	<u>60,041.08</u>	<u>132,800.00</u>
State Grants					
Body Armor Replacement Fund		2,524.43	2,524.43		
NJDEP Trails Grant	2,527.87				2,527.87
Municipal Alliance on Alcoholism and Drug Abuse - 2014	17,099.81		14,948.75	2,151.06	
Municipal Alliance on Alcoholism and Drug Abuse - 2015		16,867.00			16,867.00
Municipal Alliance on Alcoholism and Drug Abuse - 2015 Donations		4,217.00	4,217.00		
Recycling Tonnage Grant		22,084.57	22,084.57		
NJEDA - 2015 HDSRF, Pubglic Entity Grant		74,015.00			74,015.00
NJ Transportation Trust - Central Ave	12,057.44			12,057.44	
NJ Transportation Trust - Streetscape	245,000.00				245,000.00
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 Transportation Trust - Central Ave. Sec. 8		220,000.00			220,000.00
NJ Safe Streets Program	9,757.50			9,757.50	
	<u>941,442.62</u>	<u>339,708.00</u>	<u>43,774.75</u>	<u>23,966.00</u>	<u>1,213,409.87</u>
	<u>\$ 1,106,323.70</u>	<u>585,508.00</u>	<u>70,014.75</u>	<u>84,007.08</u>	<u>1,537,809.87</u>
	A	A-2		A-1, A-26	A
		<u>Ref.</u>			
Cash Receipts		A-4	45,405.75		
Transferred from Unappropriated Reserves		A-25	24,609.00		
			<u>70,014.75</u>		

Borough of New Providence, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance, Dec. 31, 2014	Transfer From 2015 Budget	Expended	Canceled	Balance, Dec. 31, 2015
County & Local Grants:					
Union County Kids Recreation Trust - 2012	\$ 50,000.00				50,000.00
Union County Kids Recreation Trust - 2015		40,000.00			40,000.00
Union County Kids Tree Grant	6,600.00				6,600.00
Union County Infrastructure Grant		70,000.00	46,644.40		23,355.60
Union County Street Fair Grant - 2015		3,000.00	3,000.00		
Knights of Columbus Donation	1,077.11		878.03		199.08
Fields of Dreams - Board of Education	5,018.57			5,018.57	
Old Guard of Summit Grant	639.08		639.08		
Summit Area Foundation - Background Checks	2,630.50		2,630.50		
	<u>65,965.26</u>	<u>113,000.00</u>	<u>53,792.01</u>	<u>5,018.57</u>	<u>120,154.68</u>
Federal Grants:					
Community Development Block Grant:					
Senior Citizen High Risk Health - 2014	3,440.00		3,440.00		
Senior Citizen High Risk Health - 2015		5,000.00	1,170.00		3,830.00
Senior Exercise and Arts & Crafts - 2014	3,769.72		3,769.72		
Senior Exercise and Arts & Crafts - 2015		7,800.00	4,030.00		3,770.00
Senior Citizen Window Improvements - 2014	10,000.00		10,000.00		
Senior Citizen Restrooms Improvements - 2015		20,000.00			20,000.00
Safe Routes to Schools			(60,041.08)	60,041.08	
FEMA - Hazard Mitigation Grant		100,000.00			100,000.00
Bulletproof Vest Partnership	319.41				319.41
	<u>17,529.13</u>	<u>132,800.00</u>	<u>(37,631.36)</u>	<u>60,041.08</u>	<u>127,919.41</u>
State Grants:					
Drunk Driving Enforcement Fund	8,479.94		1,250.75		7,229.19
NJ Safe Streets			(9,757.50)	9,757.50	
Body Armor Replacement Grant	8,808.49	2,524.43	3,956.60		7,376.32
NJ Transportation Trust - Livingston Ave	5,773.71		5,773.71		
NJ Transportation Trust - Central Ave	17,017.21		4,959.77	12,057.44	(0.00)
NJ Transportation Trust - Oakwood Drive	73,836.74				73,836.74
NJ Transportation Trust - Streetscape	217,070.44				217,070.44
NJ Transportation Trust - Central Ave. Sec. 7	2,733.04		2,733.04		
NJ Transportation Trust - Union Avenue	250,000.00		250,000.00		
NJ Transportation Trust - Central Ave. Sec. 8		220,000.00			220,000.00
NJDEP Trails Grant					
State Share	2,527.87				2,527.87
Local Share	55.50				55.50
Clean Communities Grant	11,142.17		11,108.60		33.57
Recycling Tonnage Grant	23,025.08	22,084.57	20,217.55		24,892.10
NJEDA -2015 HDSRF, Public Entity Grant		74,015.00			74,015.00
Municipal Alliance on Alcoholism & Drug Abuse					
State Share - 2015		16,867.00	2,190.36		14,676.64
Local Share - 2015		4,217.00			4,217.00
Municipal Alliance on Alcoholism & Drug Abuse					
State Share - 2014	19,519.68		17,601.43	1,918.25	
Alcohol Education & Rehab Grant	1,284.94		700.00		584.94
	<u>641,274.81</u>	<u>339,708.00</u>	<u>310,734.31</u>	<u>23,733.19</u>	<u>646,515.31</u>
	<u>\$ 724,769.20</u>	<u>585,508.00</u>	<u>326,894.96</u>	<u>88,792.84</u>	<u>894,589.40</u>
	A		A-4	A-1, A-26	A
State and Federal Grants					
	Ref.				
	A-3	585,508.00			
		<u>585,508.00</u>			

Borough of New Providence, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transfer</u> <u>To 2015</u> <u>Budget</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Recycling Tonnage Grant	\$ 22,084.57	22,084.57		
Body Armor Replacement Fund	2,524.43	2,524.43	2,520.66	2,520.66
Clean Communities			25,464.18	25,464.18
Drunk Driving Enforcement Fund			3,739.13	3,739.13
	<u>\$ 24,609.00</u>	<u>24,609.00</u>	<u>31,723.97</u>	<u>31,723.97</u>
	A	A-23	A-4	A

Borough of New Providence, N.J.

Schedule of Interfund Current Fund

Federal and State Grant Fund

Year Ended December 31, 2015

Balance - December 31, 2014	- Due to	<u>Ref.</u> A	\$ 1,800.07
Increased by:			
Cancellation of Appropriated Reserves		A-14/A-24	\$ <u>88,792.84</u>
			90,592.91
Decreased by:			
Cancellation of Grants Receivable		A-14/A-23	<u>84,007.08</u>
Balance - December 31, 2015	- Due to	A	\$ <u><u>6,585.83</u></u>

Schedule of Interfund - General Capital Fund

Federal and State Grant Fund

Year Ended December 31, 2015

Balance - December 31, 2014	(due to)	<u>Ref.</u> A	450,000.00
Increased by:			
Cash Receipts		A-4	<u>200,000.00</u>
Balance - December 31, 2015	(due to)	A	<u><u>650,000.00</u></u>

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Borough of New Providence, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Animal License Fund</u>	<u>Other Trust Fund</u>	<u>Emergency Services Volunteers LOSAP</u>
Balance - December 31, 2014	B	\$ <u>10,894.97</u>	<u>2,074,181.99</u>	<u>348,561.22</u>
Increase by Receipts:				
Interfund - Current Fund	B-5		171.14	
Other Receivables	B-6		246,511.55	
Dog License Fees - Borough	B-4	10,174.60		
Other Trust Funds	B-8		925,870.37	
Construction & Other Deposits	B-10		183,226.03	
Unemployment Trust Fund	B-11		10,160.86	
Reserve for Municipal Open Space	B-12		405,787.19	
LOSAP Contributions	B-13			21,000.00
Net Assets Available for Benefits	B-14			(2,396.30)
Total Receipts		<u>10,174.60</u>	<u>1,771,727.14</u>	<u>18,603.70</u>
		<u>21,069.57</u>	<u>3,845,909.13</u>	<u>367,164.92</u>
Decreased by Disbursements:				
Reserve for Dog Expenditures	B-6	17,411.38		
Other Trust Funds	B-8		1,337,397.46	
Construction & Other Deposits	B-10		235,782.98	
Unemployment Trust Fund	B-11		11,316.77	
Reserve for Municipal Open Space	B-12		61,906.17	
Net Assets Available for Benefits	B-14			48,301.30
Total Disbursements		<u>17,411.38</u>	<u>1,646,403.38</u>	<u>48,301.30</u>
Balance - December 31, 2015	B	\$ <u><u>3,658.19</u></u>	<u><u>2,199,505.75</u></u>	<u><u>318,863.62</u></u>

Borough of New Providence , N.J.
Schedule of Cash Dog License Collector
Animal License Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		100.00
Increased by:			
Dog License Fees - Borough Share	B-6	9,264.80	
Replacement/Late Fees	B-6	885.00	
State Fees Collected	B-7	889.20	
		<u> </u>	\$ 11,039.00
			<u>11,139.00</u>
Decreased by:			
Dog License Fees Paid to Treasurer	B-2	10,174.60	
State Fees Paid to State	B-7	881.40	
		<u> </u>	11,056.00
Balance - December 31, 2015	B		\$ <u><u>83.00</u></u>

Borough of New Providence , N.J.
Schedule of Due from/(to) Current Fund
Trust Funds
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Total</u>	<u>Assessment Fund</u>	<u>Open Space Fund</u>
Balance - December 31, 2014	B	\$ 961.54	790.40	171.14
Increased by:				
Added Open Space Tax	B-12	108.97		108.97
		<u>1,070.51</u>	<u>790.40</u>	<u>280.11</u>
Decreased by:				
Receipts	B-2	<u>961.54</u>	<u>790.40</u>	<u>171.14</u>
Balance - December 31, 2015	B	<u>\$ 108.97</u>	<u></u>	<u>108.97</u>

Borough of New Providence , N.J.
Other Accounts Receivable - Outside Police Duty
Trust Funds
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 4,199.16
Increased by:		
Outside Police Duty Services	B-8	<u>248,406.47</u>
		<u>252,605.63</u>
Decreased by:		
Receipts	B-2	<u>246,511.55</u>
Balance - December 31, 2015	B	<u>\$ 6,094.08</u>

Borough of New Providence , N.J.
Reserve for Animal License Fund Expenditures
Trust Funds
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 10,988.97
Increased by:		
Dog License Fees - Borough Share	B-3	9,264.80
Replacement/Late Fees	B-3	<u>885.00</u>
		<u>10,149.80</u>
		21,138.77
Decreased by:		
Expenditures Under N.J.S. 40A:4-39	B-2	<u>17,411.38</u>
		<u>17,411.38</u>
Balance - December 31, 2015	B	\$ <u><u>3,727.39</u></u>

License Fees Collected

2014	9,142.00
2013	<u>8,442.60</u>
	\$ <u><u>17,584.60</u></u>

Due to State of New Jersey
Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 6.00
Increased by:		
State Share of Dog License Fee	B-3	<u>889.20</u>
		895.20
Decreased by:		
Disbursed	B-3	<u>881.40</u>
Balance - December 31, 2015	B	\$ <u><u>13.80</u></u>

Borough of New Providence, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2015

Purpose	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015
Affordable Housing	\$ 1,558.56	3.71	234.90	1,327.37
Employee Flex Spending	3,404.56	3,065.25	4,356.92	2,112.89
Forfeitures	9,047.98	22.97		9,070.95
Municipal Alliance	12,745.17	7,327.94	9,072.29	11,000.82
Parking Offenses Adjudication Act	3,491.18	306.00	539.28	3,257.90
Outside Employment of Police	24,037.18	248,406.47	244,155.16	28,288.49
Public Defender Fees	16,832.99	3,140.00		19,972.99
Snow Removal Reserve	441,050.73	75,600.00	242,306.69	274,344.04
Planning Brd. / Brd. Of Adj. Escrow	8,992.70	8,817.50	16,462.20	1,348.00
Unclaimed Property - Police	1,203.79	60.00	85.00	1,178.79
Recreation	133,363.33	676,902.07	718,260.09	92,005.31
Redemption of Outside Liens		34,924.93	34,924.93	
Premium on Tax Sale	17,300.00	115,000.00	67,000.00	65,300.00
Tree Replacement Program	1,390.52	700.00		2,090.52
	\$ 674,418.69	1,174,276.84	1,337,397.46	511,298.07
	B			B
Receipts	Ref.			
Disbursed	B-2	925,870.37	1,337,397.46	
Other Accounts Receivable	B-2			
	B-5	248,406.47		
		1,174,276.84	1,337,397.46	

Borough of New Providence, N.J.
Schedule of Payroll Deductions Payable
Trust Funds
Year Ended December 31, 2015

<u>Account</u>	Balance <u>Dec. 31, 2014</u>	<u>Receipts</u>	<u>Disbursed</u>	Balance <u>Dec. 31, 2015</u>
Net Salaries & Wages	\$	4,300,273.77	4,300,273.77	
Payroll Agency	<u>47,900.34</u>	<u>4,187,672.35</u>	<u>4,186,262.33</u>	<u>49,310.36</u>
	<u>\$ 47,900.34</u>	<u>8,487,946.12</u>	<u>8,486,536.10</u>	<u>49,310.36</u>
	<u>B</u>			<u>B</u>

Borough of New Providence, N.J.
Schedule of Construction and Other Deposits
Trust Funds
Year Ended December 31, 2015

	<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, 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
Increased by:								
Receipts	B-2	183,226.03	171,186.03		7,040.00		5,000.00	
		<u>1,530,769.08</u>	<u>1,457,820.98</u>	<u>1,000.00</u>	<u>28,491.00</u>	<u>10,500.00</u>	<u>30,957.10</u>	<u>2,000.00</u>
Decreased by:								
Disbursed	B-2	235,782.98	214,956.23		1,551.00		19,275.75	
Balance - December 31, 2015	B	\$ <u>1,294,986.10</u>	<u>1,242,864.75</u>	<u>1,000.00</u>	<u>26,940.00</u>	<u>10,500.00</u>	<u>11,681.35</u>	<u>2,000.00</u>

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

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 23,526.46
Increased by:		
Receipts	B-2	10,160.86
		<u>33,687.32</u>
Decreased by:		
Disbursed	B-2	11,316.77
		<u>11,316.77</u>
Balance - December 31, 2015	B	\$ <u>22,370.55</u>

Schedule of Reserve for Municipal Open Space

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 33,064.09
Increased by:		
Interest On Investments	B-2	561.54
Greenacres Grant Reimbursement	B-2	359,987.65
Tax Levy	B-2	45,238.00
Added Taxes	B-4	108.97
		<u>405,896.16</u>
		438,960.25
Decreased by:		
Disbursed	B-2	61,906.17
		<u>61,906.17</u>
Balance - December 31, 2015	B	\$ <u>377,054.08</u>

Exhibit B-13**Borough of New Providence , N.J.****LOSAP Contribution Receivable****Trust Funds****Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	B		\$ 22,000.00
Increased by:			
Borough Contributions	B-14		<u>21,000.00</u>
			43,000.00
Decreased by:			
Cancelled	B-14	1,000.00	
Received	B-2	<u>21,000.00</u>	
			<u>22,000.00</u>
Balance - December 31, 2015	B		<u><u>\$ 21,000.00</u></u>

Exhibit B-14

**Schedule of Emergency Services Volunteer Length
of Service Award Program - Net Assets Available for Benefits**

Trust Funds**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	B		\$ 370,561.22
Increased by:			
Borough Contributions	B-13	21,000.00	
Cancellation of Prior Year Receivable	B-13	(1,000.00)	
Appreciation	B-2	<u>(2,396.30)</u>	
			<u>17,603.70</u>
			388,164.92
Decreased by:			
Withdrawals		46,308.53	
Administrative Charges		<u>1,992.77</u>	
	B-2		<u>48,301.30</u>
Balance - December 31, 2015	B		<u><u>339,863.62</u></u>

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Borough of New Providence, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C	\$	2,094,588.90
Increased by Receipts:			
Deferred Charges Unfunded	C-6	550,000.00	
Interfund - Current Fund	C-7	35.92	
Serial Bonds Issued	C-9	9,980,000.00	
Capital Improvement Fund	C-12	200,000.00	
Various Reserves	C-13	881,143.78	
			<u>11,611,179.70</u>
			13,705,768.60
Decreased by Disbursements:			
Fund Balance	C-1	35,000.00	
Bond Anticipation Notes	C-10	3,250,000.00	
Interfund Current Fund	C-7	32.21	
Interfund - State & Federal Grant Fund	C-8	200,000.00	
Improvement Authorizations	C-11	4,017,480.02	
			<u>7,502,512.23</u>
Balance - December 31, 2015	C	\$	<u><u>6,203,256.37</u></u>

Borough of New Providence, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Fund Balance	C-1	\$ 118,797.62
Due from Current Fund	C-7	5.80
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	(650,000.00)
Due from Union County	C-4	(50,000.00)
Capital Improvement Fund	C-12	32,004.13
Various Reserves	C-13	1,289,537.78

Improvement Authorizations:

Ordinance

NumberImprovement Description

07-08	Various Capital Improvements	244.30
08-07	Various Capital Improvements	28,123.80
08-12	Academy Street Project	83,035.60
08-13	Downtown Streetscape Project	260.37
09-13	Various Capital Improvements	10,636.00
10-13	Various Capital Improvements	20,102.93
10-19	Lighting at Lieder Field	(11,352.24)
11-09	Acquisition of Equipment	7,391.09
11-17	Various Capital Improvements	34,818.51
12-08	Various Capital Improvements	377,364.25
12-14	Imp. To Various Fields & Parks	41,672.58
13-03	Various Capital Improvements	745,984.74
13-05	Various Capital Improvements	7.45
13-07	Renovation & Recon. Of Basketball Courts	8,016.49
13-08	Repairs/Rebuilding detention Basins	439,937.82
14-02	Improve. To the Municipal Center	155,088.68
14-04	Various Capital Improvements	1,036,096.16
14-06	Supp. To Ord. 17-08 & 13-05 Var. Cap. Imp.	38,915.39
15-03	Various Capital Improvements	2,779,974.62

\$ 6,203,256.37

Borough of New Providence, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Grants/</u> <u>Contributions</u>	<u>Decrease</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2015</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. 13-07 Renovation and Reconstruction of Basketball Courts - Community Pool	40,000.00				40,000.00
<u>County of Union</u>					
Ord. 13-07 Renovation and Reconstruction of Basketball Courts	50,000.00				50,000.00
	<u>\$ 383,407.50</u>	<u></u>	<u></u>	<u></u>	<u>383,407.50</u>
	<u>C</u>				<u>C/C-3</u>

Borough of New Providence, N.J.
Schedule of Deferred Charges to Future
Taxation - Funded
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 10,520,000.00
Increased by:		
Improvement Costs Funded by:		
Bonds Issued	C-10	<u>9,980,000.00</u> <u>9,980,000.00</u> 20,500,000.00
Decreased by:		
Paid by Current Year Budget Appropriations:		
Serial Bonds	C-10	<u>1,140,000.00</u>
Balance - December 31, 2015	C	\$ <u><u>19,360,000.00</u></u>

Borough of New Providence, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded	Balance Dec. 31, 2015	Analysis of Balance - Dec. 31, 2015		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
10-19	Lighting at Lieder Field	11,352.24			11,352.24		11,352.24	
12-08	Various Capital Improvements	1,739,425.00		1,739,425.00				
12-14	Imp. To Various Fields & Parks	190,000.00		190,000.00				
13-03	Various Capital Improvements	2,361,700.00		2,361,700.00				
13-07	Renovation & Recon. Basketball Courts	104,700.00		104,700.00				
13-08	Repairs/Rebuilding Detention Basins	481,592.50		481,592.50				
13-09	Imp. To Various Fields & Parks	71,250.00		71,250.00				
14-02	Imp. To the Municipal Center	199,500.00		199,500.00				
14-04	Various Capital Improvements	2,403,025.00		2,403,025.00	471,212.50			471,212.50
15-03	Various Capital Improvements		3,450,020.00	2,978,807.50				
		<u>\$ 7,562,544.74</u>	<u>3,450,020.00</u>	<u>10,530,000.00</u>	<u>482,564.74</u>		<u>11,352.24</u>	<u>471,212.50</u>
		C	C-12/C-16		C			
	Transferred to Deferred Charges - Funded Funded by Budget Appropriation		Ref. C-5 C-2	9,980,000.00 550,000.00 <u>10,530,000.00</u>				
						Improvement Authorizations Unfunded	C-12	471,212.50

Borough of New Providence, N.J.
Schedule of Interfund - Current Fund
General Capital Fund
Year Ended December 31, 2015

		<u>Ref.</u>		
Balance - December 31, 2014	- Due to	C	\$	2.09
Increased by:				
Interest Earned		C-2		35.92
				<u>38.01</u>
Decreased by:				
Disbursed		C-2		32.21
				<u>32.21</u>
Balance - December 31, 2015	- Due to	C, C-3	\$	<u>5.80</u>

Exhibit C-8

Schedule of Interfund - State & Federal Grant Fund
General Capital Fund
Year Ended December 31, 2015

		<u>Ref.</u>		
Balance - December 31, 2014	- Due From	C	\$	450,000.00
Increased by:				
Disbursements		C-2	\$	200,000.00
				<u>200,000.00</u>
Balance - December 31, 2015	- Due From	C, C-3	\$	<u>650,000.00</u>

Borough of New Providence, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
General Improvement Bonds	8/1/2006	4,165,000.00	8/1/2016	340,000.00	4.125%	\$ 2,340,000.00		340,000.00	2,000,000.00
			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				190,000.00		190,000.00	
General Improvement Bonds	5/15/2012	8,910,000.00	5/15/2016-21	610,000.00	2.000%	7,990,000.00		610,000.00	7,380,000.00
			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%				
General Improvement Bonds	7/10/2015	9,980,000.00	3/1/2016-19	475,000.00	4.000%	9,980,000.00			9,980,000.00
			3/1/2020	500,000.00	4.000%				
			3/1/2021	550,000.00	4.000%				
			3/1/2022	650,000.00	4.000%				
			3/1/2023-24	825,000.00	4.000%				
			3/1/2025	950,000.00	4.000%				
			3/1/2026-28	950,000.00	3.000%				
			3/1/2029	930,000.00	3.000%				
						\$ 10,520,000.00	9,980,000.00	1,140,000.00	19,360,000.00
						C			C
						Ref. C-2/C-5			
						C-5			
						Issued for Cash			
						Bonds Paid by Budget Appropriation			
						9,980,000.00			
						1,140,000.00			
						1,140,000.00			

Borough of New Providence, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
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
									3,250,000.00	
									<u>3,250,000.00</u>	

Paid by Bond Proceeds

Ref.
C-2

Borough of New Providence, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Balance Dec. 31, 2015	
				Funded	Unfunded			Funded	Unfunded
General Improvements:									
07-08	Various Capital Improvements	04-23-07	2,538,800.00 \$	5,880.26			5,635.96	244.30	
08-07	Various Capital Improvements	05-27-08	1,652,300.00	239,807.59			211,683.79	28,123.80	
08-12	Academy Street Project	07-28-08	175,000.00	84,762.60			1,727.00	83,035.60	
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			11,000.00	10,636.00	
10-13	Various Capital Improvements	08-23-10	666,000.00	30,442.93			10,340.00	20,102.93	
11-09	Acquisition of Equipment	04-25-11	55,000.00	7,991.53			600.44	7,391.09	
11-17	Various Capital Improvements	06-13-11	1,163,700.00	333,467.78			298,649.27	34,818.51	
12-08	Various Capital Improvements	05-29-12	2,441,500.00		708,731.23		331,366.98	377,364.25	
12-14	Imp. To Various Fields & Parks	10-22-12	300,000.00		47,364.73		5,692.15	41,672.58	
13-03	Various Capital Improvements	05-28-13	2,486,000.00		1,574,401.96		828,417.22	745,984.74	
13-05	Various Capital Improvements	07-22-13	350,000.00	7.45				7.45	
13-07	Renovation & Recon. Of Basketball Courts	08-26-13	200,000.00	38,174.64	104,700.00		134,858.15	8,016.49	
13-08	Repairs/Rebuilding detention Basins	08-26-13	800,000.00	266,932.81	481,592.50		308,587.49	439,937.82	
14-02	Improve. To the Municipal Center	03-31-14	210,000.00		197,479.04		42,390.36	155,088.68	
14-04	Various Capital Improvements	04-28-14	2,529,500.00		2,230,514.09		1,194,417.93	1,036,096.16	
14-06	Supp. To Ord. 17-08 & 13-05 Var. Cap. Imp.	07-28-14	350,000.00	290,615.79			251,700.40	38,915.39	
15-03	Various Capital Improvements		3,631,600.00			3,631,600.00	380,412.88	2,779,974.62	471,212.50
				\$ 1,319,979.75	5,344,783.55	3,631,600.00	4,017,480.02	5,807,670.78	471,212.50
				C	C		C-2	C	C

Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund	Ref.	3,450,020.00
	C-6/C-15	181,580.00
	C-12	<u>3,631,600.00</u>

Borough of New Providence, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C	\$	13,584.13
Increased by:			
Budget Appropriation	C-2	150,000.00	
Appropriation Reserves	C-2	<u>50,000.00</u>	
			<u>200,000.00</u>
			213,584.13
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-12	<u>181,580.00</u>	
Balance - December 31, 2015	C/C-3	\$	<u><u>32,004.13</u></u>

Borough of New Providence, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Debt Service	\$ 183,394.00	881,143.78		1,064,537.78
Redwood ERC Sewer Project	<u>225,000.00</u>			<u>225,000.00</u>
	<u>\$ 408,394.00</u>	<u>881,143.78</u>		<u>1,289,537.78</u>
	<u>C</u>	<u>C-2</u>		<u>C/C-3</u>

Borough of New Providence, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2015</u>
<u>General improvements:</u>					
10-19	Lighting Lieder Field	\$ 11,352.24			11,352.24
12-08	Various Capital Improvements	249,425.00		249,425.00	
12-14	Imp. To Various Fields & Parks				
13-03	Various Capital Improvements	1,636,700.00		1,636,700.00	
13-07	Renovation & Recon. Basketball Courts	4,700.00		4,700.00	
13-08	Repairs/Rebuilding Detention Basins	481,592.50		481,592.50	
13-09	Imp. To Various Fields & Parks	1,250.00		1,250.00	
14-02	Imp. To the Municipal Center	24,500.00		24,500.00	
14-04	Various Capital Improvements	1,903,025.00		1,903,025.00	
15-03	Various Capital Improvements		3,450,020.00	2,978,807.50	471,212.50
		<u>\$ 4,312,544.74</u>	<u>3,450,020.00</u>	<u>7,280,000.00</u>	<u>482,564.74</u>
		<u>Footnote C</u>	<u>C-12</u>		<u>Footnote C</u>
			<u>Ref.</u>		
	Funded from Bond Proceeds			6,730,000.00	
	Funded by Budget Appropriation			550,000.00	
				<u>7,280,000.00</u>	

BOROUGH OF NEW PROVIDENCE

PART II

LETTER ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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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, 2015 and the related notes to the financial statements, and have issued our report thereon dated May 31, 2016, 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*.

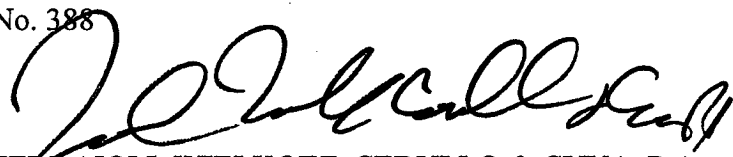
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of New Providence in the accompanying comments and recommendations section of this report.

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

May 31, 2016



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:

South Street Project	Union Ave. Roadway Resurfacing
Drainage Improvement Project	Parking Project
Curbside Collection	Sidewalk Project
Intersection Signal Improvements	Information Sign Project
Recycling Service	

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 5, 2015 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, 2015. 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 10, 2015 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>
2015	3
2014	3
2013	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, 2015, 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

NONE

RECOMMENDATIONS

NONE

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
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