

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Fitch: AAA
Standard & Poor's: AAA
Moody's: Aa1

In the opinion of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), under existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Borough (as defined herein) in the Tax Certificate (as defined herein) and assuming compliance by the Borough with its ongoing covenants in the Tax Certificate, interest on the Bonds (as defined herein) is not included in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103(a) of the Code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Interest on the Bonds held by a corporate taxpayer is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds included in "adjusted current earnings." No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, interest on the Bonds and any gain on the sale thereof is not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**BOROUGH OF NEW PROVIDENCE,
In the County of Union, New Jersey**

**\$9,980,000 GENERAL IMPROVEMENT BONDS, SERIES 2015
(Callable)/(Bank Qualified)**

Dated Date: Date of Delivery

Due: March 1, as shown on the inside front cover page

The \$9,980,000 General Improvement Bonds, Series 2015 (the "Bonds"), of the Borough of New Providence, in the County of Union, New Jersey (the "Borough"), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. See "THE BONDS - Book-Entry Only System" herein. The Bonds are being issued pursuant to the Local Bond Law of the State of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended, various bond ordinances and a resolution of the Borough. Proceeds from the sale and issuance of the Bonds will be used by the Borough to (i) currently refund \$3,250,000 of the Borough's Bond Anticipation Note, dated and issued on July 18, 2014 and maturing on July 17, 2015, (ii) provide \$6,730,000 in new money to fund various capital improvements; and (iii) provide for the costs associated with the authorization, sale and issuance of the Bonds.

Interest on the Bonds will be payable semiannually on the first day of March and September in each year until maturity, commencing March 1, 2016. The principal of and the interest due on the Bonds will be paid to DTC by the Borough as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS - Redemption".

The Bonds are valid and legally binding obligations of the Borough of and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and delivered to the purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Delivery is anticipated to be through the facilities of DTC in Jersey City, New Jersey, on or about July 10, 2015.

Roosevelt & Cross, Inc. and Associates

Dated: June 17, 2015

**BOROUGH OF NEW PROVIDENCE,
In the County of Union, New Jersey**

\$9,980,000 GENERAL IMPROVEMENT BONDS, SERIES 2015

MATURITIES, INTEREST RATES, YIELDS OR PRICES AND CUSIP NUMBERS

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>CUSIP Number*</u>
2016	\$475,000	4.00%	0.35%	648227 KG0
2017	475,000	4.00	0.70	648227 KH8
2018	475,000	4.00	1.00	648227 KJ4
2019	475,000	4.00	1.20	648227 KK1
2020	500,000	4.00	1.45	648227 KL9
2021	550,000	4.00	1.65	648227 KM7
2022	650,000	4.00	1.80	648227 KN5
2023	825,000	4.00	1.95	648227 KP0
2024	825,000	4.00	2.05	648227 KQ8
2025	950,000	4.00	2.15	648227 KR6
2026	950,000	3.00	2.23	648227 KS4
2027	950,000	3.00	2.27	648227 KT2
2028	950,000	3.00	2.30	648227 KU9
2029	930,000	3.00	2.35	648227 KV7

* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF NEW PROVIDENCE
IN THE COUNTY OF UNION
NEW JERSEY**

MAYOR

Allen Morgan

COUNCIL MEMBERS

Armand Galluccio
Michael Gennaro
Gary Kapner
Jim Madden
Robert Munoz
Robert T. Robinson

BOROUGH ADMINISTRATOR

Douglas Marvin

BOROUGH CLERK

Wendi B. Barry

CHIEF FINANCIAL OFFICER

Kenneth DeRoberts

BOROUGH ATTORNEY

DiFrancesco, Bateman, Coley, Yospin,
Kunzman, Davis, Lehrer & Flaum, P.C.
Warren, New Jersey

INDEPENDENT ACCOUNTANT

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
Pompton Lakes, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Borough.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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OFFICIAL STATEMENT
Relating to

**BOROUGH OF NEW PROVIDENCE,
In the County of Union, New Jersey**

\$9,980,000 GENERAL IMPROVEMENT BONDS, SERIES 2015

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of New Providence (the "Borough"), in the County of Union (the "County"), New Jersey (the "State"), in connection with the sale and the issuance of \$9,980,000 General Improvement Bonds, Series 2015 (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE BONDS

General Description

The Bonds shall be dated their date of issuance and will mature on March 1, in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date, payable semiannually on each March 1 and September 1 (each, an "Interest Payment Date"), commencing March 1, 2016, in each year until maturity, at the interest rates shown on the inside front cover page hereof. Interest on the Bonds shall be computed on a 30-day month/360-day year basis.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, CEDE & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest due on the Bonds will be made by the Borough directly to CEDE & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds). See "Book-Entry Only System" herein.

Redemption

The Bonds maturing on or prior to March 1, 2026 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after March 1, 2026 shall be subject to redemption prior to their respective maturity dates, on or after March 1, 2025 at the option of the Borough, either in whole or in part on any date and in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notices of redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the Borough by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of CEDE & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each year of maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges

between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, CEDE & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of CEDE & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor CEDE & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the Record Date. The Omnibus Proxy assigns CEDE & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to CEDE & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Borough or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

THE BOROUGH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuation of Book-Entry Only System

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified securities depository. If the Borough fails to find such a securities depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest due on the Bonds without limitation as to rate or amount.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the Borough Council referred to in the chart below, and by a resolution adopted by the Borough Council on April 27, 2015.

Principal Amount of Bonds	Number of Ordinance	Description of Improvement and Date of Adoption of Ordinance
\$2,069,425.00	#2012-08	Various capital improvements, finally adopted May 29, 2012.
\$190,000.00	#2012-14	Various field and park improvements, finally adopted October 22, 2012.
\$2,031,700.00	#2013-03	Various improvements, finally adopted May 28, 2013.
\$104,700.00	#2013-07	Renovations and construction of basketball courts at the Community Pool, finally adopted August 26, 2013.
\$481,592.50	#2013-08	Repairs and rebuilding of various detention basins, finally adopted August 26, 2013.
\$71,250.00	#2013-09	Field and park improvements, finally adopted September 9, 2013.
\$199,500.00	#2014-02	Improvements to Municipal Center, finally adopted March 31, 2014.
\$1,853,025.00	#2014-04	Various capital improvements, finally adopted April 28, 2014.
\$2,978,807.50	#2015-03	Various capital improvements, finally adopted April 13, 2015.

Proceeds from the sale and issuance of the Bonds will be used by the Borough to (i) currently refund \$3,250,000 of the Borough's \$3,250,000 Bond Anticipation Note, dated and issued on July 18, 2014 and maturing on July 17, 2015, (ii) provide \$6,730,000 in new money proceeds to fund certain of the projects set forth above and (iii) provide for the costs associated with the authorization, sale and issuance of the Bonds.

**MUNICIPAL FINANCE -
FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is \$2,465,219,916.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Borough has not exceeded its statutory debt limit. As of December 31, 2014, the statutory net debt as a percentage of average equalized valuation was .726%. As noted above, the statutory limit is 3½%.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when

adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the three years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was last completed in 1999.

Upon the filing of certified adopted budgets by the Borough's Local School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Borough. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2013 for the Borough is on file with the Clerk and is available for review during business hours.

TAX MATTERS

General

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") provides that interest on obligations such as the Bonds is not included in gross income for federal income tax purposes only if certain requirements are met. In its Arbitrage & Tax Certificate (the "Tax Certificate"), which will be delivered in connection with the issuance of the Bonds, the Borough will make certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds and certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Borough in the Tax Certificate and assuming compliance by the Borough with its ongoing covenants in the Tax Certificate, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes pursuant to the Section 103(a) of the Code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Interest on the Bonds held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of interest on the Bonds being included in "adjusted current earnings."

Certain Federal Tax Consequences Relating to the Bonds

Although interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Bonds. Each purchaser of the Bonds should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

Bank Qualification

The Bonds **will** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

IRS Circular 230 Disclosure

To ensure compliance with requirements imposed by the Internal Revenue Service, any purchaser of a Bond is hereby informed that (i) any U.S. federal tax advice contained in this offering material (including any attachments) is not intended or written by Bond Counsel to the Borough to be used, and that it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code; (ii) such advice is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by the written advice; and (iii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Bonds.

EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LITIGATION

To the knowledge of the Borough Attorney, Paul Rizzo, Esq., Warren, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

SECONDARY MARKET DISCLOSURE

The Borough, pursuant to the Resolution, has covenanted for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Borough will:

(a) Within 270 days of the end of each fiscal year, beginning with the fiscal year ending December 31, 2015, to the Municipal Securities Rulemaking Board through the Electronic Market Access Data Port (the "MSRB"), annual financial information with respect to the Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Borough and certain financial information and operating data consisting of (i) the Borough and overlapping indebtedness including a schedule of outstanding debt issued by the Borough, (ii) property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law and shall be filed electronically and accompanied by identifying information with the MSRB;

(b) in a timely manner not in excess of ten business days after the occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (herein "Material Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

- respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) Notice of failure of the Borough to provide required annual financial information on or before the date specified in the undertaking shall be sent in a timely manner to MSRB.

In the event that the Borough fails to comply with the Rule requirements or the written contracts or undertakings, the Borough shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

In the past five years, the Borough previously failed to timely file financial and operating data in accordance with the provisions of the Borough's prior undertakings. Specifically, the Borough did not timely file its adopted budget for the above-referenced time period. In addition, the Borough's audited financial statements for the above-referenced time period were not timely filed. Notices of Failure to Timely File Financial Information have since been filed with the MSRB with respect to such financial and operating data filings. In addition, the Borough failed to file material event notices with respect to various bond insurer downgrades for the above-referenced time period and the Moody's Investors Service, Inc. recalibration of the Borough's underlying rating in 2010. The Borough has since filed material event notices with respect to rating changes on its outstanding bonds. The Borough has engaged the services of a Dissemination Agent firm to assist the Borough in its compliance with all existing undertakings, including with respect to the Borough's undertaking in connection with the issuance of the Bonds.

There can be no assurance that there will be a secondary market for the sale or purchase of the Bonds. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Borough may affect the future liquidity of the Bonds.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Bonds are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Borough by its Counsel, Paul Rizzo, Esq., Warren, New Jersey.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by Roosevelt & Cross, Inc. and Associates, New York, New York (the "Underwriter") at a price of \$10,861,143.78 (consisting of the par amount of the Bonds plus an original issue premium of \$881,143.80). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields or prices set forth on the inside front cover of this Official Statement.

RATINGS

Fitch Ratings, Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business, and Moody's Investors Service, have assigned the Bonds the ratings of "AAA", "AAA" and "Aa1", respectively. The ratings assigned reflect only the view of the organizations assigning such ratings, and an explanation of the significance of the ratings may be obtained only from those organizations. There can be no assurance that such ratings will be retained for any given period of time or that a particular rating will not be revised downward or withdrawn by the respective rating agency if in its judgment circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse impact on the market price of the Series 2015 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by certificates signed by the Chief Financial Officer of the Borough, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Ferraioli, Wielkotz, Cerullo & Cuva, P.A., assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

All other information has been obtained from sources which Borough considers to be reliable and they make no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

McManimon, Scotland & Baumann, LLC, has not participated in the preparation of the financial or statistical information contained in this official statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Kenneth DeRoberts, the Borough's Chief Financial Officer, at 360 Elkwood Avenue, New Providence, New Jersey 07974, telephone (908) 665-1400 or by email kderoberts@newprov.org.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

BOROUGH OF NEW PROVIDENCE

By: /s/ *Kenneth DeRoberts*

Kenneth DeRoberts,
Chief Financial Officer

Dated: June 17, 2015

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE BOROUGH OF NEW PROVIDENCE

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THE BOROUGH OF NEW PROVIDENCE

General Information

The history of New Providence can be first traced back to 1664 when James, Duke of York and brother to King Charles II, purchased the land from Native Americans. Its first settlers were a Puritan colony that came to the area in 1720. The abundance of large flocks of wild turkeys led to the initial name for the area of "Turkey." By 1737, the Presbyterian Church was formed and was the center of life in the small settlement. In 1759, a crowded church balcony collapsed. It was considered a miracle that no one was seriously injured in the disaster. The miracle was soon referred to as a divine act of "providence." The small town thereafter became known as "New Providence" and included present-day Summit and Berkeley Heights.

In 1869 Summit seceded from New Providence Township over disagreement with town management, as well as its rapid increase in population and businesses due to its railroad facilities. New Providence Borough was formed in 1899 and present-day Berkeley Heights retained the name New Providence Township until 1952. The Borough covers 3.6 square miles in northwestern Union County. The Borough is nestled in the Watchung Mountains, approximately fifteen miles from downtown Newark and twenty-eight miles from New York City.

The Borough is easily accessible by all modes of transportation, with railroad passenger service provided by New Jersey Transit. There are two passenger stations in the Borough providing direct service to Newark (Broad Street), Allied Junction (Secaucus Transfer), Hoboken and midtown Manhattan. Bus service is available locally, providing interstate as well as intrastate services. The Borough also provides quick and easy access to Newark Liberty International Airport, with the interchange to 1-78 being located less than a mile away. The Garden State Parkway, Route 287, Route 24 and the New Jersey Turnpike are less than a 15 minute drive.

New Providence is a predominately residential community of owner occupied, single-family dwellings. There are also garden apartments and condominiums within walking distance of the train stations. The Murray Hill Inn provides accommodations and meeting facilities for guests.

The Borough's vibrant retail business in the downtown area has recently undergone a major streetscape renovation, funded through a Special Improvement District. A nearly absent vacancy rate underscores the strength and energy of this important business segment.

The majority of residents in the community serve in executive, managerial and professional specialty positions, with a median family income of \$145,000. The Borough is operating under an updated Master Plan adopted in 1978, reexamined in 1982, 1988, 1995 and then updated in 2003.

Municipal Government

The Borough of New Providence is governed by a Mayor and six Council members who are elected at large. The term of office for the Mayor is four years, while Council members serve three years. New Providence has been governed by a mayor and council since it was incorporated as an independent, self-governing municipality on March 14, 1899. To strengthen the executive arm of borough government, the position of borough administrator was created by local ordinance in 1962.

The local government provides services for the residents, and in turn collects taxes which pay for those services. Portions of the tax also go to the county and public schools. The schools are administered independently of the Borough government by an elected board of education.

The municipal services include planning and zoning, police protection, public health and welfare, road maintenance, garbage and recycling collection, sewage and storm drainage systems, the public library, and recreational parks and facilities.

Volunteer groups who operate under governmental direction give fire protection, ambulance service, and disaster relief. Private utilities are responsible for furnishing gas, water, electricity, and transportation.

The Municipal Center, located at 360 Elkwood Avenue, houses the Borough administrative offices, including the Borough Administrator, Borough Clerk, Tax Collector, Tax Assessor, Planning and Development Department, as well as the Borough Nurse, Recreation Department, Municipal Court, and Police Department. The Board of Education is also located within the building.

Corporate Residents

The corporate community of New Providence is comprised of companies with worldwide reputations in their respective sectors. Among them are:

Accenture: A global management consulting, technology services and outsourcing company, with more than 323,000 people serving clients in more than 200 countries.

Alcatel Lucent Technologies: An international manufacturer and supplier of communications equipment. Their Murray Hill location, partially located in New Providence, is the global headquarters for the world-renown Bell Laboratories.

C.R. Bard: Headquartered in New Providence, C.R. Bard is a leading multinational developer, manufacturer, and marketer of innovative, life-enhancing medical technologies. Annual global sales total approximately \$3.3 billion.

Lexis Nexis: One of the world's leading publishing and information companies, local subsidiaries in their New Providence campus include ***Martindale-Hubbell, R.R. Bowker*** and ***Marquis Who's Who***.

Linde: New Providence is the North American headquarters for this major supplier of industrial gases and air products. Linde products and services can be found in nearly every industry, in more than 100 countries. In 2014 it had 65,591 employees and revenues of \$18.3 billion.

NJ Sharing Network: A non-profit, federally-certified, state-approved organ procurement organization, headquartered in New Providence, responsible for the recovery of organs and tissue for the 4,700 New Jersey residents currently awaiting transplantation. It is also part of the national recovery system, which is in place for the over 110,000 people on waiting lists.

Several banking institutions serve the financial needs of the business community, as well as local residents. Banking institutions located in the Borough include branches of:

TD Bank
Bank of America
Wells Fargo Bank
Investor Savings Bank
PNC Bank
Provident Bank

The Borough also boasts numerous professional offices representing the medical, legal, veterinary, accounting and consulting sectors.

Fiber Optics

The Borough's commercial districts are equipped with fiber optic lines running through Central Avenue, Floral Avenue and South Street, providing easy connectivity for commercial tenants. The Borough also has proprietary fiber optic lines running the entire length of South and Passaic Streets.

In 2011 the Borough capitalized on this infrastructure, equipping Borough Council Chambers with a wireless internet connection so that council members could access and review documents, ordinances, and other important information during council meetings, thereby increasing efficiency of meetings and achieving considerable savings for the Borough by eliminating paper meeting packets.

Protection

The New Providence Police Department consists of 24 uniformed officers, 4 civilian dispatchers and two administrative assistants. There are ten police cars, four of which patrol the Borough on a continuous basis, and an Office of Emergency Management (OEM) 4WD vehicle.

Animal Control services are under contract with Animal Control Solutions, LLC, an organization specializing in nuisance animal removal, wildlife trapping, wildlife management, and animal control.

New Providence has a volunteer Fire Department comprised of approximately 40 members and six pieces of fire-fighting equipment. The Borough owns all the fire equipment and annually provides the necessary funds for the normal operating expenses of the department. The Borough is committed to a program to maintain modern equipment. In 2005 a new aerial ladder truck was purchased. A new pumper truck was purchased in 2012 and the other pumper truck will be replaced in 2015.

Two modern fully equipped ambulances operated by the New Providence Rescue Squad, a volunteer organization, are available at all times. In 2015 a new ambulance was purchased for the Rescue Squad with plans for the second ambulance to be refurbished or replaced during the year, as well.

In 2014 the Borough entered a shared dispatch agreement with the City of Summit and the Township of Millburn to provide emergency 911 services. Housed in the New Providence Municipal Center, the Shared Dispatch Center will handle the 911 calls for all three communities and will dispatch police, fire and emergency medical services. The cost of the construction of the new center is being shared equally among the three towns, with each paying \$350,000. A \$1.6 million federal grant will pay for the most up-to-date communication equipment installed in the center. It is expected that the combined dispatch center will provide cost savings for each of the communities. The cost of running the center will be split equally for the first year of operation. In subsequent years, each community will be billed based on how much they use the system.

Public Works

The Borough's expanded secondary waste water treatment plant became operational in 1972, with partial funding being provided by a federal demonstration grant. Under an agreement with the City of Summit, the Borough pumps residual sludge to the facilities of that city, which is a member of the Joint Meeting of Union and Essex Counties. The Joint Meeting apportions the costs for this service annually based on industrial and domestic flows. In June 1991 the Borough of New Providence entered into a Consent Order with the New Jersey Department of Environmental Protection and Energy to update its Waste Water Treatment Plant, as required to meet the more stringent mandated effluent limits being imposed on all waste water infrastructure facilities. In 2011, Summit and New Providence entered into an agreement where New Providence employees perform daily inspections and maintenance of the Summit Wastewater Pump Stations. In addition, the licensed wastewater operator from New Providence oversees the Summit wastewater collection system. Previously, Summit engaged the services of a private contractor to perform these services. This agreement provides a superior level of service for Summit at a comparable cost, while creating a source of revenue for New Providence.

The Borough has 52 miles of paved or hard surfaced streets, 54 miles of sewers, 49 miles of gas mains, and 50.5 miles of water mains. Gas, electric and water services are provided by privately owned utility corporations.

Garbage collections are made once each week under a contract between the Borough and a private contractor. The existing contract requires one clean-up week a year. Recycling collections are made every two weeks, under a contract between the Borough and a private contractor.

Recreation

The Borough conducts a year round recreation program under the supervision of a seven member commission. Members, appointed by the Mayor, are not salaried and serve five year terms. Facilities include three playgrounds, an ice skating rink, eight ball fields and eight public tennis courts. There are two swimming pools of approximate Olympic size under the supervision of the New Providence Community Pool Corporation. This corporation is a volunteer citizens' group and operates the swimming pool facility on land leased from the Borough.

Cultural-Social

The Public Library began in 1921 with a group of interested citizens who formed a Library Committee. In 1942 it became a branch of the municipal government and the Library Committee gave way to a Board of Trustees appointed by the Mayor. The original red brick structure on Elkwood Avenue was completed in 1950, and enlarged in 1958 and 1964, with a major expansion and

renovation completed in 2006. Presently, the library houses approximately 75,000 volumes and over 100 periodical titles. The library also has collections of books and music on CD and provides access to eBooks through OverDrive for a variety of devices, such as Kindles, iPads, Nooks and smart phones. In addition, there is a large and varied DVD collection. Circulation is in excess of 120,000 annually. The Library is open 7 days a week during the school year, with over 150,000 visits per year. The library's catalog was automated in 1995, and internet access was added in 1998. Currently, there are eight workstations available to the public for internet, providing over 11,000 computer sessions every year. The library is a member of MUF (Morris Union Federation), a consortium of nine area libraries sharing holdings of over 800,000 books, 50,000 media items, and 2,200 magazines and newspapers. Interlibrary Loan is available for materials not in the library. A full range of children's programming is offered year-round for various age groups.

A Senior Citizen Center, renamed the DeCorso Community Center at New Providence, has been in operation since 1979. The Senior Citizen Center is recognized as one of the finest facilities of its kind in Union County. Building a structure to house the Senior Citizen bus and developing a parking lot were accomplished through funds received from a Community Development Block Grant. A grant was also received from the State of New Jersey which provided all the furniture in the complex. C.R. Bard, one of the major corporations in New Providence, donated a new 40 passenger bus for use by the Center. This bus provides transportation for Senior Citizens to shopping malls twice weekly and to the Center for meetings and other social events. Over 350 senior citizens utilize this facility, which is manned by a professional staff. Regular cultural, recreational and health programs are conducted each day, in addition to unorganized events, such as playing cards, sewing, reading, playing pool, etc.

An attractive park, designated "Centennial Park" and funded by grants and donations, was developed at the Municipal Complex. Also, a park designated "Veterans Memorial Park," is adjacent to the Central Business District and was developed in 1976 with matching Green Acres funding. In the center of both parks is the central business district, which was recently redesigned to be more pedestrian and shopper friendly. Funding for these improvements has been made possible through several grant programs and the formation of a Special Improvement District.

The School System

New Providence enjoys a long tradition of educational excellence, with an ongoing commitment to academics, the arts, athletics, community service, and character education. The school district has earned recognition at the national, state, county, and local levels for the achievements of students and staff. A seven member Board of Education, elected to three year terms of office administers the New Providence School District, a type II school district. School budgets and referenda on bond issues are submitted to the voters for approval. Approximately 2,300 students are enrolled in the two K-6 schools, one middle school and one high school (the middle and high schools share the same building and some of the same facilities) that comprise the school district. These three buildings with adjacent grounds are well maintained and available for both school and community functions. New Providence has one parochial elementary school with a total enrollment of approximately 250 children.

The school district has earned recognition at the national, state, county, and local levels for the achievement of students and staff. In 2014 New Providence High School was ranked #6 overall of top public high schools in New Jersey by *New Jersey Monthly*. New Providence High School is also rated 9 (on a scale of 1 - 10, with 10 being the highest) from Great Schools, a non-profit organization with profiles of more than 200,000 preK-12 schools - public, public charter and private - and over one million reviews from parents, teachers and students sharing information about the schools they know best. Salt Brook Elementary School earned a 10, while New Providence Middle School and Allen W. Roberts Elementary School both earned a 9 by Great Schools. The National Association of Music Merchants, known as the NAMM Foundation, also recognized New Providence School District for its outstanding commitment to music education with Best Communities for Music Education designation.

Municipal Complex

In 1980, due to declining enrollment, the Board of Education was required to close the Lincoln Elementary School facility. With knowledge of municipal space needs, the Board deeded the entire complex to the Borough. The Mayor and Council immediately hired an architect, ultimately authorized Bond Anticipation Notes in the amount of \$1.4 million and completely renovated the existing two and one-half story school building. New construction was required to meet the needs of the Recreation Commission, provide facilities for the volunteer Rescue Squad, provide Police garages, including a "Sally Port" and storage space, as well as meeting the requirements for the handicapped. In 1997 the interior courtyard and office area was renovated to house the Board of Education Administrative Offices and Special Services office. Subsequent to those additions and renovations, a new state-of-the-art rescue squad facility was constructed on Academy Street in 2009. The space vacated in the municipal center by the rescue squad was then reconfigured to house the new Shared dispatch Center.

The Borough is considered stable, attractive and, from a real estate investment aspect, indications are that it will continue to prosper within the foreseeable future. It is considered to be a well administered town with a stable tax rate and base.

MAJOR REAL PROPERTY TAXPAYERS

The B.O.C. Group, Inc.	\$17,069,900
UB New Providence, LLC.	14,272,800
41Spring Street, LLC	13,886,100
C.R. Bard, Inc.	11,500,000
Martindale-Hubbell, Inc.	8,500,000
Murray Hill Apartments Company, LLC	8,380,800
Tower Management Financing PTSP	8,269,300
Redwood-ERC New Providence LLC	7,500,000
Lucent Technologies, Inc.	5,800,000
Mack-Cali Realty Corp.	<u>5,097,000</u>
Total 2015 Assessed Valuation	<u>\$100,275,900</u>

Percent of Borough's Total Taxable
Real Property Assessed Valuation for 2015(\$1,292,526,271) 7.75%

Source: The Borough's 2011 tax duplicate.

NET ASSESSED PROPERTY VALUATIONS

<u>Classification</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Residential	\$1,066,460,900	\$1,057,175,800	\$1,054,894,600	\$1,053,509,000	\$1,051,812,000
Commercial	120,491,592	122,738,085	126,216,485	131,942,885	132,378,685
Industrial	57,157,500	59,432,300	59,403,400	64,632,580	64,632,580
Vacant	11,011,900	11,987,300	12,628,100	13,434,100	12,654,100
Apartment	<u>35,058,600</u>	<u>35,058,600</u>	<u>35,058,600</u>	<u>35,711,600</u>	<u>35,969,200</u>
Total Real Property	<u>\$1,290,180,492</u>	<u>\$1,286,392,085</u>	<u>\$1,288,201,185</u>	<u>\$1,299,230,165</u>	<u>\$1,297,446,565</u>

Source: The Borough's tax duplicates for years shown.

Net Taxable Assessed Valuation - Real & Personal Tangible Property Comparisons

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Real Property	\$1,290,180,492	\$1,286,392,085	\$1,288,201,185	\$1,299,230,165	\$1,297,446,565
Personal Tangible Property	<u>2,345,779</u>	<u>2,238,010</u>	<u>2,611,227</u>	<u>3,175,583</u>	<u>3,072,636</u>
Total Assessed Valuation	<u>\$1,292,526,271</u>	<u>\$1,288,630,095</u>	<u>\$1,290,812,412</u>	<u>\$1,302,405,748</u>	<u>\$1,300,519,201</u>

Percent Increase/(Decrease)

Over Previous Year 0.30% (0.17)% (0.89)% 0.15% 0.48%

Source: The Borough's tax duplicates for the year's shown.

LEVY AND COLLECTION OF TAXES
As of December 31 for Years Shown

The levy and collection of taxes are based upon a calendar year. The Borough is the political entity responsible for the levying and collection of taxes on all taxable real property within its borders, including the tax levies for the County and the School District.

Property taxes are based on an assessor's valuation of real property and are levied for a calendar year. The taxes for Borough, Local School District, and County purposes are combined into one tax levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of the School District cover the current calendar year. Turnover of tax monies by the Borough to a school district are based on school needs and are generally made on a periodic basis throughout the year. The Borough remits 100% of the County taxes, payable quarterly on the 15th day of February, May, August and November.

Tax bills for the second half of the current year's tax levy, and an estimate based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of August, November, February and May. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sale as of the 11th day of the 11th month in the current year taxes are levied, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to property.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Union County Tax Board on or before the first day of April of the current tax year for review. The Union County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Union County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

Tax Rate Apportionment
(Per \$100 of Assessed Valuation)

Year	Municipal	Municipal Open Space	Municipal Library	County	County Open Space	Local School	Tax Rate
2014	0.910	0.002	0.064	0.984	0.029	2.575	4.564
2013	0.892	0.002	0.065	0.933	0.029	2.521	4.442
2012	0.872	0.002	0.065	0.867	0.029	2.471	4.306
2011	0.851	0.002	0.065	0.805	0.030	2.456	4.209
2010	0.890	0.002		0.739	0.030	2.421	4.082

Source: The Borough and audited financial statements of the Borough.

Tax Levy Apportionment

Year	Municipal	County(1)	County Open Space(1)	Local School(1)	Municipal Open Space	Municipal Library	Tax Levy
2014	\$11,712,385	\$12,673,898	\$373,962	\$33,179,087	\$32,216	\$829,188	\$58,800,736
2013	11,515,428	12,034,457	374,598	32,533,073	32,245	836,468	57,326,269
2012	11,351,858	11,282,742	380,919	32,181,206	32,560	841,938	56,071,223
2011	11,064,597	10,471,278	384,104	31,936,573	32,513	845,964	54,735,029
2010	11,520,744	9,567,095	390,257	31,325,234	32,430		52,835,760

(1) The Borough is required, under State statutes, to remit to the County and the School Districts 100% of the respective taxes levies.

Tax Collection Experience

Current Tax Levy Collected			
Year	Tax Levy(1)	Amount	Percent
2014*	\$59,073,713	\$58,772,813	99.49%
2013	57,629,127	57,194,513	99.24
2012	56,302,144	55,698,442	98.93
2011	54,946,874	54,632,372	99.43
2010	53,062,717	52,856,697	99.61

(1) Includes Added Taxes and Special Improvement District Taxes.

(*) Unaudited.

Source: Audited and unaudited financial statements of the Borough.

Tax Title Liens and Delinquent Taxes

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percent of Tax Levy
2014*	\$175,164	\$256,949	\$432,113	.73%
2013	162,766	258,564	421,330	.73
2012	150,700	316,709	467,409	.83
2011	139,003	260,939	399,942	.73
2010	127,569	157,580	285,149	.54

(*) Unaudited

Source: Audited and unaudited financial statements of the Borough.

Foreclosed Property

<u>Year</u>	<u>Balance December 31</u>
2014*	\$11,955
2013	11,955
2012	11,955
2011	11,955
2010	11,955

(*) Unaudited

Source: Audited and unaudited financial statements of the Borough.

**CURRENT FUND BALANCES
AND
AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
		<u>Amount</u>	<u>Percent</u>
2014*	3,855,725	\$2,930,000	75.99%
2013	3,203,742	2,482,500	77.49
2012	2,824,039	2,212,000	78.33
2011	2,461,742	2,000,000	81.24
2010	2,791,058	2,117,000	75.85

(*) Unaudited

Source: Audited financial statements of the Borough.

STATE AID

<u>Year</u>	<u>Energy & Supp. Energy Receipts Tax(1)</u>	<u>Consolidated</u>		
		<u>Municipal Property Tax Relief</u>	<u>Other Aid Received</u>	<u>Total</u>
2015	\$1,292,146	\$11,673		\$1,303,819
2014	1,272,151	31,068		1,303,219
2013	1,266,183	37,636		1,303,819
2012	1,240,268	63,551		1,303,819
2011	1,195,393	108,426		1,303,819

(1) Represents taxes received from public utilities in the State. The State keeps a portion of such taxes, and distributes the balance to local governmental units according to a formula. The amount of taxes distributed by the State to the local governmental unity is not governed by law. Previously called Franchise and Gross Receipts Tax.

**COMPARISON OF MUNICIPAL TAX LEVY
TO
ANNUAL DEBT SERVICE REQUIREMENT**

Year	Municipal Purpose Tax Levy	Debt Service Requirement	Percent of Debt Service To Tax Levy
2015	\$11,969,133	\$1,428,390	11.93%
2014	11,712,385	1,712,472	14.62
2013	11,515,428	1,793,598	15.58
2012	11,351,858	2,054,550	18.10
2011	11,064,597	1,872,046	16.92

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which has been refunded, and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of statutory net debt. The statutory net debt figure is the amount to determine if a local governmental unit is within the limit of its statutory borrowing power.

A municipality's debt incurring power is limited by State statute to 3.50% of the equalized valuation, determined annually by the State, of all taxable real property within a local governmental unit (see "Statutory Borrowing Power"). A local governmental unit's general purpose bonds must be issued in serial form, with the first principal payment to occur within one year of an issue's date and the final maturity not to exceed \$1,000 above or be less than the principal amount of a bond issue. Refunding bonds may be sold on a negotiated basis with the approval of the New Jersey Local Finance Board. Notes may be sold on a competitive or on a negotiated, or private sale, basis for a period of one year, and may be renewed annually but the final maturity may not exceed the first day of the fifth month immediately following the end of the tenth fiscal year following the original date of issuance.

Appropriation Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 states "No officer, board, body or commission shall, during any fiscal year, expend any money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose". 40A:2-4 states "The power and obligation of a local unit to pay any and all bonds and notes issued by it pursuant to this chapter, or any act of which this chapter is a revision, shall be unlimited...".

The following schedules set forth information on the amounts of debt authorized but unissued, debt issued and outstanding, the remaining borrowing capacity, and overlapping debt. The debt information and statistics noted on the following pages may vary from the figures shown because of either a reduction or an increase in the amounts of debt for each of the political entities noted after the respective dates shown.

STATUTORY DEBT INFORMATION
AS OF DECEMBER 31, 2014

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purpose:			
Local School District			
Bonds Issued	\$10,095,000		
Less Deductions		\$10,095,000	
Net Debt for School Purposes			\$-0-
Municipal Purpose:			
Bonds and Loans Issued	10,520,000		
Notes Issued	3,250,000		
Authorized/Unissued Debt	4,312,545		
Less Deductions		183,394	
Net Debt for Municipal Purpose			17,899,151
Total Gross Statutory Debt	<u>\$28,177,545</u>		
Total Statutory Deductions		<u>\$10,278,394</u>	
Total Net Statutory Debt			<u>\$17,899,151</u>

STATUTORY BORROWING POWER(1)
AS OF DECEMBER 31, 2014

Statutory Equalized Valuation(1)	\$2,465,219,916	
Statutory Borrowing Power(2)	\$86,282,697	
Statutory Net Debt	<u>17,899,151</u>	
Remaining Statutory Borrowing Power	<u>\$68,383,546</u>	
Net Debt to Statutory Equalized Valuation	0.726%	

(1) Average of the immediately preceding three years (2014, 2013, 2012).

(2) 3.50% of the statutory equalized valuation.

Source: The Borough and the local school districts.

TREND OF STATUTORY REMAINING BORROWING POWER

Year	Statutory Equalized Valuation(1)	Borrowing Capacity(2)	Bonds & Notes Outstanding	Less Deductions	Net Debt Outstanding(3)	Authorized Unissued Debt	Remaining Borrowing Power
2011	\$2,465,219,916	\$86,282,697	\$13,770,000	\$183,394	\$13,586,606	\$4,312,545	\$68,383,546
2013	2,504,643,750	87,662,531	11,945,000	124,394	11,820,606	5,290,020	70,551,905
2012	2,521,226,058	88,242,912	13,400,000	90,394	13,309,606	2,545,321	72,387,985
2011	2,550,757,762	89,276,522	11,673,593	78,661	11,594,932	3,639,245	74,042,345
2010	2,586,052,392	90,511,834	12,694,192	190,572	12,503,620	3,045,580	74,962,634

(1) Average of the immediately preceding three years as calculated by the State.

(2) 3 1/2% of the Statutory Equalized Valuation.

(3) Authorized Unissued Debt is not combined here; listed separately in next column.

Source: The Borough's audited and unaudited financial statements for years shown.

PERMANENT BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2014

Purpose	Interest Rate	Original Issue Date	Final Maturity Date	Amount Outstanding
General:				
General Improvement Bonds of 2006	Var. 4.125-4.250%	08-01-2006	08-01-2021	\$2,340,000
Refunding Bonds of 2012	1.50%	04-10-2012	07-15-2015	190,000
General Improvement Bonds of 2012	Var. 2.000-2.125%	05-15-2012	05-15-2027	<u>7,990,000</u>
Total Permanent Debt Issued and Outstanding				<u>\$10,520,000</u>

Source: The Borough.

ANNUAL DEBT SERVICE SCHEDULE FOR BONDED DEBT ISSUED & OUTSTANDING AS OF DECEMBER 31, 2014

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

**DIRECT AND OVERLAPPING DEBT
ISSUED AND OUTSTANDING
AS OF DECEMBER 31, 2014**

	<u>Direct Debt</u>	<u>Overlapping Debt</u>
Direct Debt:		
Bonds	\$10,520,000	
Notes (including authorized but not issued)	7,562,545	
Overlapping Debt:		
Local School District		\$10,095,000
Union County(1)		22,085,536
Total Direct Debt:		
Gross	18,082,545	
Deductions	<u>183,394</u>	
Net	<u>\$17,899,151</u>	<u> </u>
Total Overlapping Debt:		
Gross	32,180,536	
Deductions	<u>10,095,000</u>	
Net	<u>\$22,085,536</u>	

(1)The County has outstanding \$688,712,903 in short and long-term gross debt and \$570,015,152 in net debt. The Borough's share (3.8745524%) is obtained by dividing the Borough's 2014 equalized valuation (\$2,493,082,167) by the County's 2014 equalized valuation (\$64,345,035,971), both valuations as calculated by the County.

Source: The political entities noted above.

DEBT RATIOS

	<u>Direct Debt</u>		<u>Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Per Capita(1)	\$1,486	\$1,471	\$2,644	\$1,814
Equalized Valuation(2)	.734%	.726%	1.305%	.896%

(1) 12,171 population (2010 Census)

(2) \$2,465,219,916 (2014 Equalized Valuation)

APPENDIX B

SUMMARY OF 2015 ADOPTED BUDGET FOR CURRENT FUND

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**BOROUGH OF NEW PROVIDENCE
SUMMARY OF CURRENT FUND
2015 ADOPTED BUDGET**

Summary of General Revenues Anticipated:

Surplus	<u>\$2,930,000</u>
Miscellaneous Revenues:	
Local Revenues	862,418
State Aid Without Offsetting Appropriations	1,303,819
Dedicated Uniform Construction Code Fees	
Offset With Appropriations	350,000
Special Items of General Revenue Anticipated	
With Prior Consent of Director of Local Government Services:	
Public and Private Revenues	64,609
Other Special Items	<u>554,955</u>
Total Miscellaneous Revenues	<u>3,135,801</u>
Delinquent Taxes Receipts	<u>250,000</u>
Sub-total General Revenues	<u>6,315,801</u>
Amount to be Raised for Support of Municipal Budget,	
Including Reserve for Uncollected Taxes	11,969,133
Minimum Library Tax	<u>802,236</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,771,369</u>
Total General Revenues	<u>\$19,087,170</u>
Summary of General Appropriations:	
Operations:	
Salaries and Wages	5,955,600
Other Expenses	7,671,960
Deferred Charges, Statutory Expenditures and Judgments	1,981,220
Capital Improvements	150,000
Municipal Debt Service	<u>1,428,390</u>
Sub-total General Appropriations	17,187,170
Reserve for Uncollected Taxes	<u>1,900,000</u>
Total General Appropriations	<u>\$19,087,170</u>

Source: The Borough's 2015 Adopted Budget.

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APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED
DECEMBER 31, 2013

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

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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, 2013 and 2012, 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, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of New Providence as of December 31, 2013 and 2012, 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 \$345,476.52 and \$271,730.53 for 2013 and 2012, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



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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, 2013 and 2012, 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, 2013 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 June 16, 2014 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



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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
No. 388



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

June 16, 2014



Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 6,487,157.03	5,458,218.74
Change Fund	A-5	150.00	150.00
		<u>6,487,307.03</u>	<u>5,458,368.74</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	258,564.08	316,709.06
Tax Title Liens	A-9	162,766.48	150,700.04
Property Acquired for Taxes -			
Assessed Valuation	A-10	11,955.00	11,955.00
Revenue Accounts Receivable	A-11	45,160.84	208,801.60
Other Accounts Receivable	A-12	3,812.76	8,488.60
Due from:			
Free Public Library	A-13		18,316.71
Other Trust Fund - Developer Escrow	A-14	3.52	8.76
Animal Control Trust Fund	A-14	6,972.32	
Recreation Trust Fund	A-14	<u>10,000.00</u>	<u>10,000.00</u>
		<u>499,235.00</u>	<u>724,979.77</u>
		<u>6,986,542.03</u>	<u>6,183,348.51</u>
Federal and State Grant Fund:			
Cash	A-4	13,169.20	58,274.49
Grants Receivable	A-23	1,018,302.77	938,504.03
Interfund - Current Fund	A-26		800.00
		<u>1,031,471.97</u>	<u>997,578.52</u>
Total Assets		\$ 8,018,014.00	7,180,927.03

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>2013</u>	<u>2012</u>
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Liabilities, Reserves and Fund Balance

Current Fund:

Appropriation Reserves	A-3/A-15	\$ 1,310,255.27	978,134.51
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Due to:

Other Trust Fund - Public Defender	A-14	175.00	175.00
Federal and State Grant Fund	A-14		800.00
Assessment Trust Fund	A-14	790.40	790.40
Municipal Open Space Trust	A-14	78.76	49.21
General Capital Fund	A-14	249,998.14	62,174.45
Encumbrances Payable	A-16	390,777.15	279,201.72
Prepaid Taxes	A-17	542,576.34	506,464.65
Due to Special Improvement District	A-18	32,174.41	3,331.20
County Tax Payable	A-21	37,681.88	21,917.95
Tax Overpayments	A-22	1,980.66	
Prepaid Revenue	A-22		83,260.00
Accounts Payable	A-22		33,533.50

Due to State of New Jersey:

Senior Citizen and Veteran Deductions	A-7	2,051.04	2,620.90
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Reserve for:

Sale of Borough Property	A-22	84,141.92	84,141.92
Tax Appeals	A-22	<u>630,884.20</u>	<u>577,734.47</u>

	3,283,565.17	2,634,329.88
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Reserve for Receivables	Contra	499,235.00	724,979.77
Fund Balance	A-1	<u>3,203,741.86</u>	<u>2,824,038.86</u>

	<u>6,986,542.03</u>	<u>6,183,348.51</u>
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Federal and State Grant Fund:

Appropriated Reserve for Grants	A-24	1,005,536.08	972,172.45
Unappropriated Reserve for Grants	A-25	25,935.89	25,406.07

	<u>1,031,471.97</u>	<u>997,578.52</u>
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Total Liabilities, Reserves and Fund Balance	\$ <u>8,018,014.00</u>	<u>7,180,927.03</u>
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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>2013</u>	<u>2012</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 2,212,000.00	2,000,000.00
Miscellaneous Revenue Anticipated	A-2	3,705,833.26	3,637,247.91
Receipts from Delinquent Taxes	A-2	313,003.41	260,939.00
Receipts from Current Taxes	A-2	57,194,513.28	55,698,441.77
Non-Budget Revenue	A-2	266,765.88	511,764.05
Other Credits to Income:			
Interfunds Returned	A-14	10,008.76	203,467.15
Due from Free Public Library	A-13	18,316.71	
Statutory Excess Animal License Fund	A-14	6,972.32	
Unexpended Balance of Appropriation Reserves	A-15	412,332.10	376,361.87
Canceled Grant Reserves	A-24	13.75	190,055.30
<hr/>			
Total Revenues and Other Income		<u>64,139,759.47</u>	<u>62,878,277.05</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,727,105.00	5,621,305.00
Other Expenses	A-3	6,895,041.31	6,643,333.38
Capital Improvement Fund	A-3	350,000.00	520,000.00
Municipal Debt Service	A-3	1,764,765.32	1,986,233.39
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,648,037.00	1,357,780.00
Refund of Prior Year's Revenue	A-4	17,179.48	154,627.28
Due from Free Public Library			18,316.71
Interfund Advances	A-14	16,975.84	10,008.76
Special Improvement District Taxes	A-18	116,797.83	114,927.00
Municipal Open Space Tax	A-19	32,323.76	32,609.21
Local District School Tax	A-20	32,533,073.00	32,181,206.00
County Taxes including Added Taxes	A-21	12,446,744.18	11,685,578.57
Canceled Grants Receivable	A-23	13.75	190,055.30
<hr/>			
Total Expenditures		<u>61,548,056.47</u>	<u>60,515,980.60</u>

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>2013</u>	<u>2012</u>
Excess (Deficit) Revenue Over Expenditures		2,591,703.00	2,362,296.45
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		_____	_____
Statutory Excess to Fund Balance		2,591,703.00	2,362,296.45
Fund Balance, January 1,	A	<u>2,824,038.86</u>	<u>2,461,742.41</u>
		5,415,741.86	4,824,038.86
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>2,212,000.00</u>	<u>2,000,000.00</u>
Fund Balance, December 31,	A	\$ <u>3,203,741.86</u>	<u>2,824,038.86</u>

See Accompanying Notes to Financial Statements

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 2,212,000.00	2,212,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	7,000.00	7,500.00	500.00
Other	A-2	20,000.00	26,261.00	6,261.00
Fees and Permits	A-2	45,000.00	45,467.03	467.03
Fines and Costs:				
Municipal Court	A-11	130,000.00	128,771.10	(1,228.90)
Interest and Costs on Taxes	A-4	55,000.00	65,669.43	10,669.43
Parking Meters	A-11	17,000.00	20,836.50	3,836.50
Sewer Rentals	A-11	200,000.00	232,571.42	32,571.42
Cat Licenses	A-11	1,275.00	1,305.00	30.00
Parking Permits	A-11	160,000.00	174,348.57	14,348.57
Rental of Municipal Owned Property	A-11	65,000.00	68,303.87	3,303.87
Cable Television Franchise Fees	A-11	165,053.29	165,053.29	
Energy Receipts Tax	A-11	1,266,183.00	1,266,182.80	(0.20)
Consolidated Municipal Property Tax Relief Aid	A-11	37,636.00	37,636.00	
Uniform Construction Code Fees	A-11	290,000.00	373,740.00	83,740.00
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-23	2,849.85	2,849.85	
Body Armor Grant	A-23	2,601.58	2,601.58	
Clean Communities	A-23	22,341.14	22,341.14	
Alcohol Education and Rehab Grant	A-23	211.10	211.10	
Recycling Tonnage Grant	A-23	19,154.64	19,154.64	
NJ Transportation Trust	A-23	200,000.00	200,000.00	
Bulletproof Vest Partnership	A-23	800.00	800.00	
CDBG - Senior Citizen High Risk Health Services	A-23	5,000.00	5,000.00	
CDBG - Senior Exercise, Arts and Crafts	A-23	4,400.00	4,400.00	
CDBG - Senior Citizen Transportation	A-23	3,900.00	3,900.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	17,583.00	16,476.00	(1,107.00)
Union County - Streetfair Contribution	A-23	3,000.00	3,000.00	
Union County - 2012 Heart Grant	A-23	1,000.00	1,000.00	
Contribution for Senior Citizen Bus	A-23	50,000.00	50,000.00	
Contribution from NPHS Music Boosters	A-23	500.00	500.00	
Other Special Items:				
False Alarm Revenue	A-11	1,000.00	25.00	(975.00)
New Providence DID - Contribution for BAN P&I	A-22	102,780.50	83,260.00	(19,520.50)
Library Reimbursement	A-11	66,000.00	66,000.00	
Leaf Collection Revenue	A-11	50,000.00	60,000.00	10,000.00
General Capital Fund Balance	A-11	150,000.00	150,000.00	
Berkeley Heights Shared Court	A-11	24,000.00	24,000.00	
Summit Shared Sewer Services	A-11	123,000.00	280,244.89	157,244.89
Multi Family Sewer Fees	A-11	70,000.00	71,700.00	1,700.00
Uniform Fire Safety Act	A-11	17,000.00	24,723.05	7,723.05
Total Miscellaneous Revenues	A-1	3,396,269.10	3,705,833.26	309,564.16
Receipts from Delinquent Taxes	A-1/A-2	255,000.00	313,003.41	58,003.41
Subtotal General Revenues		5,863,269.10	6,230,836.67	367,567.57

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		11,515,428.12	13,029,106.51	1,513,678.39
Minimum Library Tax		836,468.00	836,468.00	
Total Amt. to be Raised by Taxes for Support of Budget	A-2	<u>12,351,896.12</u>	<u>13,865,574.51</u>	<u>1,513,678.39</u>
Budget Totals		18,215,165.22	20,096,411.18	1,881,245.96
Non-Budget Revenue	A-1/A-2		<u>266,765.88</u>	<u>266,765.88</u>
		\$ <u>18,215,165.22</u>	<u>20,363,177.06</u>	<u>2,148,011.84</u>
			A-3	
Adopted Budget	A-3	17,924,812.98		
Appropriated by (N.J.S. 40A:4-87)	A-3	<u>290,352.24</u>		
		<u>18,215,165.22</u>		

See Accompanying Notes to Financial Statements

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	57,194,513.28
Allocated to School and County Taxes	A-8	<u>45,128,938.77</u>
Balance for Support of Municipal Budget Appropriations		12,065,574.51
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,800,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>13,865,574.51</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>313,003.41</u>
	A-2	<u>313,003.41</u>
Licenses - Other:		
Clerk	A-11	4,284.00
Registrar	A-11	117.00
Board of Health	A-11	<u>21,860.00</u>
	A-2	<u>26,261.00</u>

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

Fees and Permits - Other:

Clerk	A-11	11,780.16
Building Inspector Other	A-11	650.00
Police	A-11	2,246.87
Engineering Department	A-11	6,895.00
Registrar	A-11	1,995.00
Board of Adjustment	A-11	21,680.00
Planning Board	A-11	<u>220.00</u>
	A-2	<u>45,467.03</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Other Accounts Receivable	A-12	8,488.60
Hotel Tax		73,280.76
Insurance and Workers' Compensation Refunds		6,360.00
State DMV		1,419.50
Senior Citizens & Veterans Administration Fee		1,927.89
Scrap Metal		8,778.32
Interest on Investments		4,371.37
PSE&G Monopolies		35,846.00
Miscellaneous Donations		2,000.00
FEMA Reimbursements - Sandy		113,189.78
Other Miscellaneous		5,030.43
Miscellaneous Reimbursements	A-4	<u>6,073.23</u>
		<u>258,277.28</u>
	A-2	<u>266,765.88</u>

See Accompanying Notes to Financial Statements

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

<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>
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages		\$ 348,003.00	348,003.00			348,003.00
Other Expenses		121,200.00	121,200.00			119,846.81
						1,353.19
Human Resources (Personnel/Labor Atty)						
Salaries and Wages		33,650.00	33,650.00			33,650.00
Other Expenses		60,900.00	60,900.00			19,395.08
						41,504.92
Mayor and Council						
Salaries and Wages		33,000.00	33,000.00			32,718.75
Other Expenses		6,000.00	6,000.00			3,467.05
						2,532.95
Municipal Clerk						
Salaries and Wages		107,927.00	107,927.00			107,927.00
Other Expenses		18,200.00	18,200.00			17,045.24
						1,154.76
Other Expenses						
Financial Administration		48,891.00	48,891.00			46,982.57
Salaries and Wages		52,000.00	52,000.00			29,799.69
Other Expenses						22,200.31
Audit Services		40,000.00	40,000.00			29,700.00
Other Expenses						10,300.00
Collection of Taxes		82,497.00	82,497.00			75,697.57
Salaries and Wages		2,150.00	2,150.00			1,733.50
Other Expenses						416.50
Assessment of Taxes						
Salaries and Wages		34,610.00	34,610.00			34,610.00
Other Expenses		126,300.00	126,300.00			121,812.11
						34,487.89

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations	Ref.	Budget	Budget		Paid or Charged	Reserved	Unexpended Balance Cancelled
			After	Modification			
Legal Services and Costs		40,000.00	40,000.00		40,000.00		33,294.41
Salaries and Wages		52,000.00	52,000.00		18,705.59		
Other Expenses							
Engineering Services and Costs		92,000.00	92,000.00		36,206.37		55,793.63
Other Expenses							
Planning Board		5,000.00	5,000.00		985.00		4,015.00
Salaries and Wages		37,625.00	37,625.00		32,350.97		5,274.03
Other Expenses							
Board of Adjustment		3,600.00	3,600.00		1,905.00		1,695.00
Salaries and Wages		15,750.00	15,750.00		12,238.76		3,511.24
Other Expenses							
Insurance:		200,000.00	200,000.00		190,999.00		9,001.00
General Liability		275,000.00	275,000.00		271,723.00		3,277.00
Workers' Compensation		1,059,062.00	1,059,062.00		882,371.22		176,690.78
Employee Group Health							106,873.16
Health Benefit Waiver		117,094.00	117,094.00		117,094.00		10,220.84
Municipal Court:		112,935.00	112,935.00		112,935.00		
Salaries and Wages		5,300.00	5,300.00		5,300.00		3,136.12
Other Expenses							
Public Defender		2,500.00	2,500.00		2,500.00		
Salaries and Wages							
Police		2,850,628.00	2,850,628.00		2,763,058.17		87,569.83
Salaries and Wages		148,600.00	148,600.00		129,242.58		19,357.42
Other Expenses							

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

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Current Fund

Year Ended December 31, 2013

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Unexpended</u>
					<u>After</u>	<u>Charged</u>	<u>Balance</u>
Police Dispatch/911		209,936.00	209,936.00		193,873.83		16,062.17
Salaries and Wages		53,000.00	11,068.00		2,585.18		8,482.82
Other Expenses				3,500.00		2,947.89	552.11
Emergency Management Services							
Other Expenses							
Fire		239,990.00	239,990.00		230,241.71		9,748.29
Other Expenses		35,542.00	35,542.00		35,542.00		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)		4,000.00	4,000.00		2,939.84		1,060.16
Salaries and Wages							
Other Expenses							
Road Repairs and Maintenance		253,500.00	253,500.00		249,280.54		4,219.46
Other Expenses							
Public Works		941,656.00	941,656.00		877,828.54		63,827.46
Salaries and Wages		11,000.00	11,000.00		3,894.83		7,105.17
Other Expenses							
Traffic Signal Maintenance		10,000.00	12,500.00		11,439.64		1,060.36
Other Expenses							
Public Buildings and Grounds		238,200.00	238,200.00		183,585.02		54,614.98
Other Expenses							
Fleet Maintenance							
Other Expenses							
Solid Waste/Recycling Collections		83,450.00	83,450.00		76,136.06		7,313.94
Other Expenses							
Solid Waste Disposal Costs		540,300.00	540,300.00		430,640.00		109,660.00
Other Expenses		347,000.00	347,000.00		306,756.48		40,243.52

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations	Ref.	Budget	Budget		Paid or Charged	Reserved	Unexpended Balance Cancelled
			After	Modification			
Waste Water Treatment Plant		336,474.00	336,474.00		324,597.39		11,876.61
Salaries and Wages		61,500.00	61,500.00		59,778.96		1,721.04
Other Expenses							
Board of Health		2,000.00	2,000.00		1,191.63		808.37
Salaries and Wages		55,925.00	55,925.00		53,706.64		2,218.36
Other Expenses							
Animal Control Services		24,000.00	24,000.00		19,598.80		4,401.20
Other Expenses							
Health Services		47,486.00	47,486.00		47,483.66		2.34
Salaries and Wages		3,550.00	3,550.00		186.64		3,363.36
Other Expenses							
Community Activities		103,494.00	103,494.00		102,711.45		782.55
Salaries and Wages		12,000.00	12,000.00		12,000.00		4,119.50
Other Expenses							
Senior Citizen Programs		55,065.00	55,065.00		51,086.59		3,978.41
Salaries and Wages		24,850.00	24,850.00		24,850.00		4,274.45
Other Expenses							
Tuition Reimbursement Program		2,500.00	2,500.00				2,500.00
Other Expenses							
Construction Code Official		335,711.00	285,711.00		270,120.22		15,590.78
Salaries and Wages		7,862.00	7,862.00		7,862.00		6,784.86
Other Expenses							

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Electricity		280,000.00	280,000.00	174,010.66		105,989.34
Telephone and Telegraph		50,000.00	50,000.00	33,051.64		16,948.36
Natural Gas		95,000.00	95,000.00	49,012.20		45,987.80
Street Lighting		145,000.00	145,000.00	111,174.56		33,825.44
Water		18,000.00	18,000.00	17,173.01		826.99
Motor Supplies		150,000.00	150,000.00	126,589.95		23,410.05
Contingent		500.00	500.00			500.00
Total Operations within "CAPS"		<u>10,914,413.00</u>	<u>10,854,981.00</u>	<u>9,702,556.06</u>	<u>1,152,424.94</u>	
Detail:						
Salaries and Wages	A-1	5,770,605.00	5,720,605.00	5,505,407.37		215,197.63
Other Expenses	A-1	5,143,808.00	5,134,376.00	4,197,148.69		937,227.31
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		338,238.00	341,670.00	341,669.76		0.24
Social Security System (O.A.S.I.)		470,000.00	470,000.00	418,928.73		51,071.27
Police and Firemen's Retirement System of N.J.		574,367.00	574,367.00	574,367.00		
Defined Contribution Retirement Plan		12,000.00	12,000.00	3,547.95		8,452.05
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>1,394,605.00</u>	<u>1,398,037.00</u>	<u>1,338,513.44</u>	<u>59,523.56</u>	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Total General Appropriations for Municipal Purposes within "CAPS"		<u>12,309,018.00</u>		<u>12,253,018.00</u>		<u>11,041,069.50</u>		<u>1,211,948.50</u>
Operations - Excluded from "CAPS"								
Maintenance of Free Public Library		836,468.00		836,468.00		836,468.00		
Employee Group Health Insurance		51,844.00		51,844.00		51,844.00		
Sewer System		610,000.00		666,000.00		665,016.00		984.00
Joint Meeting Expenses		15,000.00		15,000.00		6,021.23		8,978.77
Berkley Heights Expenses		30,000.00		30,000.00		30,000.00		30,000.00
Emergency Services Volunteer Length of Service Award Program		25,000.00		25,000.00		25,000.00		
Reserve for Tax Appeals								
Fair Housing Act of 1985								
Council on Affordable Housing								
Salaries and Wages		6,500.00		6,500.00		6,500.00		6,500.00
Public and Private Programs Offset by Revenues								
Drunk Driving Enforcement Fund		2,849.85		2,849.85		2,849.85		
Body Armor Grant		2,601.58		2,601.58		2,601.58		
Clean Communities		22,341.14		22,341.14		22,341.14		
Alcohol Education and Rehab Grant		211.10		211.10		211.10		
Recycling Tonnage Grant		19,154.64		19,154.64		19,154.64		
Bulletproof Vest Partnership		800.00		800.00		800.00		
CDBG - Senior Citizen High Risk Health Services		5,000.00		5,000.00		5,000.00		
CDBG - Senior Exercise, Arts and Crafts		4,400.00		4,400.00		4,400.00		
CDBG - Senior Citizen Transportation		3,900.00		3,900.00		3,900.00		
Donation for Senior Bus		50,000.00		50,000.00		50,000.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Union County - Streetfair Contribution		3,000.00		3,000.00		3,000.00		
Union County - Heart Grant		1,000.00		1,000.00		1,000.00		
Municipal Alliance on Alcoholism and Drug Abuse		17,583.00		17,583.00		16,476.00		1,107.00
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		4,396.00		4,396.00		4,119.00		277.00
NPHS Music Boosters		500.00		500.00		500.00		
Total Operations - Excluded from "CAPS"		<u>1,712,549.31</u>		<u>1,768,549.31</u>		<u>1,668,858.54</u>		<u>98,306.77</u>
Detail:								
Salaries & Wages	A-1	6,500.00		6,500.00				6,500.00
Other Expenses	A-1	<u>1,706,049.31</u>		<u>1,762,049.31</u>		<u>1,668,858.54</u>		<u>91,806.77</u>
Capital Improvements:								
Capital Improvement Fund		150,000.00		150,000.00		150,000.00		
NJ Transportation Trust Fund Authority Act		<u>200,000.00</u>		<u>200,000.00</u>		<u>200,000.00</u>		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>350,000.00</u>		<u>350,000.00</u>		<u>350,000.00</u>		
Municipal Debt Service:								
Payment of Bond Principal		1,200,000.00		1,200,000.00		1,200,000.00		
Interest on Bonds		324,315.00		324,315.00		324,315.00		
NJ Waste Water Treatment Loan								
Series 1998F Loan - Principal & Interest		<u>269,282.91</u>		<u>269,282.91</u>		<u>240,450.32</u>		<u>28,832.59</u>
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>1,793,597.91</u>		<u>1,793,597.91</u>		<u>1,764,765.32</u>		<u>28,832.59</u>

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations Ref.	Budget Budget	Budget After Modification	Paid or Charged	Reserved	Unexpected Balance Cancelled
Deferred Charges:					
Deferred Charges to Future Taxation - Unfunded Ordinance 12-08 Various Capital Improvements	<u>250,000.00</u>	<u>250,000.00</u>	<u>250,000.00</u>		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	<u>250,000.00</u>	<u>250,000.00</u>	<u>250,000.00</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>4,106,147.22</u>	<u>4,162,147.22</u>	<u>4,053,623.86</u>	<u>98,306.77</u>
Subtotal General Appropriations		16,415,165.22	16,415,165.22	15,074,693.36	1,310,255.27
Reserve for Uncollected Taxes		<u>1,800,000.00</u>	<u>1,800,000.00</u>	<u>1,800,000.00</u>	
Total General Appropriations		<u>\$ 18,215,165.22</u>	<u>18,215,165.22</u>	<u>16,874,693.36</u>	<u>1,310,255.27</u>
Adopted Budget	A-2				A
Appropriated by (N.J.S.A. 40A:4-87)	A-2				
		17,924,812.98			
		290,352.24			
		<u>18,215,165.22</u>			

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Paid or</u>	<u>Unexpended</u>
		<u>After</u>	<u>Modification</u>	<u>Charged</u>	<u>Charged</u>	<u>Balance</u>
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2				1,800,000.00	
Cash Disbursed	A-4				14,072,562.90	
Encumbrances Payable	A-16				390,777.15	
Interfund - General Capital	A-14				250,000.00	
Reserve for Tax Appeals	A-22				25,000.00	
Reserve for Federal and State Grants	A-24				332,234.31	
Matching Funds for Federal and State Grants	A-4,A-24				4,119.00	
						<u>16,874,693.36</u>

See Accompanying Notes to Financial Statements

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

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Comparative Balance Sheet - Regulatory Basis**Trust Funds****December 31, 2013 and 2012**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Assessment Fund:			
Due from Current Fund	B-5	\$ <u>790.40</u>	<u>790.40</u>
		<u>790.40</u>	<u>790.40</u>
Animal License Fund:			
Cash	B-2	21,955.32	13,871.24
Cash - License Collector	B-4	15.00	35.00
		<u>21,970.32</u>	<u>13,906.24</u>
Other Trust Funds:			
Cash	B-2	2,048,196.35	2,080,701.36
Cash - Payroll	B-11	49,037.52	48,099.00
Due from Current Fund (Open Space)	B-5	78.76	49.21
Due from Current Fund (Public Defender)	B-5	175.00	175.00
Other Accounts Receivable	B-6	3,978.81	3,628.62
		<u>2,101,466.44</u>	<u>2,132,653.19</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	320,976.52	250,730.53
Contributions Receivable	B-15	24,500.00	21,000.00
		<u>345,476.52</u>	<u>271,730.53</u>
Total Assets		\$ <u>2,469,703.68</u>	<u>2,419,080.36</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Page 2 of 2

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Fund:			
Fund Balance	B-1	\$ 790.40	790.40
		<u>790.40</u>	<u>790.40</u>
Animal License Fund:			
Interfund - Current Fund	B-5	6,972.32	
Reserve for Dog Fund Expenditures	B-7	14,996.80	13,903.84
Due to State of New Jersey	B-8	1.20	2.40
		<u>21,970.32</u>	<u>13,906.24</u>
Other Trust Fund:			
Interfund - Current Fund (Other Trust)	B-5	3.52	8.76
Interfund - Current Fund (Recreation Trust)	B-5	10,000.00	10,000.00
Interfund - General Capital (Open Space Trust)	B-9		75,000.00
Various Other Trust Funds	B-10	851,177.73	856,966.95
Payroll Deductions	B-11	49,037.52	48,099.00
Reserve for:			
Construction and Other Deposits	B-12	530,898.95	512,678.67
Unemployment Insurance Trust Fund	B-13	22,652.29	22,190.21
Municipal Open Space	B-14	637,696.43	607,709.60
		<u>2,101,466.44</u>	<u>2,132,653.19</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-16	345,476.52	271,730.53
		<u>345,476.52</u>	<u>271,730.53</u>
Total Liabilities, Reserves & Fund Balance		\$ 2,469,703.68	2,419,080.36

See Accompanying Notes to Financial Statements

Exhibit B-1

Borough of New Providence , N.J.
Statement of Fund Balance - Regulatory Basis
Assessment Trust Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	\$ <u>790.40</u>
Balance - December 31, 2013	B/B-3	\$ <u>790.40</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.**Comparative Balance Sheet - Regulatory Basis****General Capital Fund****December 31, 2013 and 2012**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Assets			
Cash	C-2/C-3	\$ 313,455.21	2,428,956.68
Various Receivables	C-4	441,900.47	92,492.97
Deferred Charges to Future Taxation:			
Funded	C-5	11,945,000.00	13,400,000.00
Unfunded	C-6	5,290,019.74	2,545,321.24
Interfund - Current Fund	C-7	249,998.14	62,174.45
Interfund - Municipal Open space Trust	C-8		75,000.00
		<u>18,240,373.56</u>	<u>18,603,945.34</u>
Liabilities, Reserves and Fund Balance			
NJEIT Trust/Loans Payable	C-9	270,000.00	525,000.00
General Serial Bonds	C-10	11,675,000.00	12,875,000.00
Improvement Authorizations:			
Funded	C-11	1,935,045.59	2,193,589.12
Unfunded	C-11	4,017,746.75	2,509,425.00
Capital Improvement Fund	C-12	559.13	8,909.13
Reserve for:			
Debt Service	C-13	124,394.00	90,394.00
Voluntary Agreements	C-14	33,492.97	67,492.97
Fund Balance	C-1	184,135.12	343,921.82
	\$	<u>18,240,373.56</u>	<u>18,613,732.04</u>

Footnote: There were \$5,290,019.74 and \$2,545,321.24 of Bonds and Notes Authorized But Not Issued per Exhibit C-15 on December 31, 2013 and 2012

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, 2013

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Balance - December 31, 2012	C	\$ 334,135.12	343,921.82
Increased by:			
Premium on Sale of Bonds			147,050.80
Premium on Sale of Bond Anticipation Notes			3,162.50
		<hr/> 334,135.12	<hr/> 494,135.12
Decreased by:			
Appropriated to Finance Improvement			10,000.00
Authorization			
Appropriated to Current Year Budget Revenue	C-7	<hr/> 150,000.00	<hr/> 150,000.00
Balance - December 31, 2013	C,C-3	\$ <hr/> 184,135.12	<hr/> 334,135.12

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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<u>General Fixed Assets:</u>		
Buildings and Construction	\$ 11,301,159.80	\$ 11,406,253.59
Machinery and Equipment	7,026,720.15	4,747,847.24
Land Improvements	266,541.45	266,541.45
Underground Equipment & Utilities	<u>1,157,802.00</u>	<u>1,163,811.00</u>
	<u>\$ 19,752,223.40</u>	<u>\$ 17,584,453.28</u>
Investment in Fixed Assets	<u>\$ 19,752,223.40</u>	<u>\$ 17,584,453.28</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 AND 2012
(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, 2013 AND 2012
(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 April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a 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, 2013 AND 2012
(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 2013, the Borough Council increased the original budget by \$290,352.24. The increase was funded by \$290,352.24 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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(CONTINUED)**

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

Basis of Accounting, (continued)

C. Basic Financial Statements

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

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

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

Investments

Investment Rate Risk

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

Credit Risk

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2013 and 2012 amounted to \$320,976.52 and \$250,730.53, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Growth	\$178,419.27	\$117,181.65
Fixed Income	74,137.00	68,096.51
Income	33,753.97	21,877.99
Growth and Income	19,356.37	13,918.43
All Others	<u>15,309.91</u>	<u>29,655.95</u>
Total	<u>\$320,976.52</u>	<u>\$250,730.53</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2013 consisted of the following:

	<u>Balance Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$12,875,000.00	\$	\$1,200,000.00	\$11,675,000.00	\$1,155,000.00
Other Liabilities:					
N.J. Environmental Infrastructure: Trust	<u>525,000.00</u>	<u> </u>	<u>255,000.00</u>	<u>270,000.00</u>	<u>270,000.00</u>
	<u>\$13,400,000.00</u>	<u>\$0.00</u>	<u>\$1,455,000.00</u>	<u>\$11,945,000.00</u>	<u>\$1,425,000.00</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$11,675,000.00	\$12,875,000.00	\$10,823,240.00
Loans	<u>270,000.00</u>	<u>525,000.00</u>	<u>850,352.54</u>
Total Issued	<u>11,945,000.00</u>	<u>13,400,000.00</u>	<u>11,673,592.54</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>5,290,019.74</u>	<u>2,545,321.24</u>	<u>3,639,245.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$17,235,019.74</u>	<u>\$15,945,321.24</u>	<u>\$15,312,837.54</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 .683%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$11,145,000.00	\$11,145,000.00	\$0.00
General Debt	<u>17,235,019.74</u>	<u>124,394.00</u>	<u>17,110,625.74</u>
	<u>\$28,380,019.74</u>	<u>\$11,269,394.00</u>	<u>\$17,110,625.74</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 3: MUNICIPAL DEBT, (continued)

Net Debt \$17,110,625.74 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,504,643,750.00 = .683%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$87,662,531.25
Net Debt	<u>17,110,625.74</u>
Remaining Borrowing Power	<u>\$70,551,905.51</u>

The Borough's bonded debt consisted of the following at December 31, 2013:

	<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%	\$2,680,000.00
Refunding Bonds - \$790,000.00 issued April 10, 2012 due through July 15, 2015 with an interest rate of 1.50%	395,000.00
General Improvement Bonds - \$8,910,000.00 issued May 15, 2012 due through May 15, 2027 with variable interest rates of 2.00% to 2.125%	<u>8,600,000.00</u>
	<u><u>\$11,675,000.00</u></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, 2013 AND 2012
(CONTINUED)**

NOTE 3: MUNICIPAL DEBT, (continued)

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

<u>General</u>			
Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$1,155,000.00	\$285,190.00	\$1,440,190.00
2015	1,140,000.00	255,890.00	1,395,890.00
2016	950,000.00	226,815.00	1,176,815.00
2017	950,000.00	200,590.00	1,150,590.00
2018	950,000.00	174,365.00	1,124,365.00
2019	950,000.00	148,140.00	1,098,140.00
2020	950,000.00	121,915.00	1,071,915.00
2021	910,000.00	95,265.00	1,005,265.00
2022	620,000.00	70,215.00	690,215.00
2023	620,000.00	57,815.00	677,815.00
2024	620,000.00	45,415.00	665,415.00
2025	620,000.00	33,015.00	653,015.00
2026	620,000.00	20,228.00	640,228.00
2027	<u>620,000.00</u>	<u>6,820.00</u>	<u>626,820.00</u>
	<u>\$11,675,000.00</u>	<u>\$1,741,678.00</u>	<u>\$13,416,678.00</u>

At December 31, 2013, the Borough had authorized but not issued debt of \$5,290,019.74.

N.J. WASTEWATER TREATMENT FINANCING PROGRAM

The Borough of New Providence entered into two loan agreements, as evidenced by Resolution Number 94-134 adopted August 8, 1994, with the New Jersey Waste Water Treatment Trust (the "Trust Loan") and the State of New Jersey, acting by and through the Department of Environmental Protection and Energy (the "Fund Loan"). The purpose of these loans is to finance the construction of a Waste Water Treatment Facility.

The Borough made drawdowns against these loans for eligible expenditures as stated in the loan agreements after the expenditures had been incurred.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 3: MUNICIPAL DEBT, (continued)

Loans payable in the amount of \$270,000.00 are detailed as follows:

Calendar Year	Series 1998F Trust Loan			
	<u>Principal</u>	<u>Interest</u>	<u>Less Credits</u>	<u>Net Payments</u>
2014	<u>\$270,000.00</u>	<u>\$8,775.00</u>	<u>(\$36,790.87)</u>	<u>\$241,984.13</u>

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, 2013, the Borough did not have any outstanding general capital bond anticipation notes.

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, 2013, 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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 7: PENSION PLANS

Description of Systems:

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

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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

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.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

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

Contribution Requirements

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 7: PENSION PLANS, (continued)

Contribution Requirements, (continued)

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>
2013	\$338,238.00	\$574,367.00
2012	346,019.00	554,467.00
2011	338,372.00	655,482.00

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, 2013 AND 2012
(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.

The Borough's contribution to the DCRP for the years ended December 31, 2013, 2012 and 2011 were \$3,547.95, \$2,222.66 and \$0.00, respectively.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Current Fund	<u>\$2,482,500.00</u>	<u>\$2,212,000.00</u>

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2013.

	<u>Balance Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2013</u>
Buildings and Improvements	<u>\$11,406,253.59</u>	\$	\$105,093.79	<u>\$11,301,159.80</u>
Machinery and Equipment	<u>4,747,847.24</u>	<u>2,278,872.91</u>		<u>7,026,720.15</u>
Land Improvements	<u>266,541.45</u>			<u>266,541.45</u>
Underground Equipment and Utilities	<u>1,163,811.00</u>		<u>6,009.00</u>	<u>1,157,802.00</u>
	<u><u>\$17,584,453.28</u></u>	<u><u>\$2,278,872.91</u></u>	<u><u>\$111,102.79</u></u>	<u><u>\$19,752,223.40</u></u>

*Changes in fixed assets is the result of Borough performing a physical inventory of fixed assets.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 10: TERMINAL LEAVE

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

It is estimated that the sum of \$169,603.11, computed internally at 2013 salary rates, would be payable to 19 officials and employees of the Borough of New Providence as of December 31, 2013 for accumulated sick days. This amount was not verified by audit.

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

NOTE 11: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2013 consist of the following:

\$175.00	Due to the Public Defender Other Trust Fund from the Current Fund for Public Defender fees deposited in the Current Fund.
790.40	Due to the Assessment Trust Fund from the Current Fund for Assessment receipts deposited in the Current Fund.
3.52	Due to the Current Fund from the Other Trust Fund for interest earnings.
78.76	Due to the Municipal Open Space Trust Fund from the Current Fund for added taxes.
6,972.32	Due to the Current Fund from the Animal Control Trust Fund for statutory excess.
10,000.00	Due to the Current Fund from the Recreation Trust Fund for anticipated revenue not turned over.
<u>249,998.14</u>	Due to the General Capital Fund from the Current Fund for anticipated revenue interest on investments not turned over and capital receipts deposited in the Current Fund.
<u>\$268,018.14</u>	

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2013 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

NOTE 13: TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2013</u>	<u>Balance</u> <u>Dec 31, 2012</u>
Prepaid Taxes	<u>\$542,576.34</u>	<u>\$506,464.45</u>
Cash Liability for Taxes Collected in Advance	<u>\$542,576.34</u>	<u>\$506,464.45</u>

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

Age Determination

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

Service Determination

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

Physical Disability Retirement

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

Length of Coverage

- (1) In the event an employee has earned one hundred points or more, lifetime hospitalization will be paid by the Borough for the employee and his/her eligible dependents, at a cost not to exceed \$15,000.00 per year. Upon death of the employee, coverage will continue for the surviving spouse until his/her 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. For the year 2013, the Borough contributed \$26,000.00 to the plan for two individuals.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution	\$19,847.00
Annual OPEB Cost (Expense)	<u>19,847.00</u>
Contributions Made	<u>(26,600.00)</u>
Increase (Decrease) in Net OPEB Obligation	(6,753.00)
Net OPEB Obligation - Beginning of Year	<u>22,745.00</u>
Net OPEB Obligation - End of Year	<u>\$15,992.00</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 2013 is as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/13	\$19,847.00	100%	\$15,992.00

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

Funding Status and Funding Progress

As of December 31, 2013, the municipality calculated that the accrued liability for benefits was \$1,230,502, all of which was unfunded.

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

Methods and Assumptions

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

The following simplifying assumptions were made:

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

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

Methods and Assumptions, (continued)

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

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections using a rate of 8%.

Health Insurance Premiums - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

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

Schedule of Funding Progress for the Retiree Health Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Simplified Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>
12/31/11	\$ -0-	\$1,528,275.00	\$1,230,502.00	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 2013 is \$.328.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

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

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

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

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

We have reviewed the plan for the year ended December 31, 2013 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, 2013 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 \$630,884.20.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Litigation

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

In addition, the Borough's attorney has advised us of the following:

New Jersey Dept. Of Environmental Protection v. Occidental Chemical Corp., et. al., Docket No. ESX-L-9868-05 (PARS). This case, filed, inter alia, under the New Jersey Spill Act, involves claims by the State of New Jersey to recover and to impose cleanup costs on several manufacturers of dioxin who discharged industrial wastes into Newark Bay and the lower Passaic River. The defendants have joined as 3rd party defendants over 300 other entities, including about 80 municipalities and sewer authorities, alleging their discharges have also contaminated the lower Passaic River and Newark Bay. New Providence has been named as a 3rd party defendant. The case is being defended with a reservation of rights by Selective Insurance for the Borough. After extensive negotiations among the various parties, a tentative settlement has been reached for the public entity defendants in the amount of \$90,000.00. The settlement is awaiting final confirmation.

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 16, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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APPENDIX C

**SELECTED FINANCIAL INFORMATION
FOR YEARS ENDED DECEMBER 31, 2011-2014**

The selected data presented on pages C-52 to C-57 under the section "Selected Financial Information" as of and for each of the years in the five year period ended December 31, 2014 are derived from the Unaudited and Audited financial statements of the Borough of New Providence. The excerpts from the financial statements as of December 31, 2013 and the Independent Auditor's Report thereon are included in the previous section.

Borough of New Providence, N.J.

Comparative Balance Sheet

Current Fund

December 31,

	<u>Unaudited</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>						
Current Fund:						
Cash	6,639,598.89	6,487,157.03	5,458,218.74	4,398,494.96	4,409,966.11	
Change Fund	150.00	150.00	150.00	150.00	150.00	150.00
Due from State of New Jersey:						
Senior Citizen and Veteran Deductions				1,718.58		
	<u>6,639,748.89</u>	<u>6,487,307.03</u>	<u>5,458,368.74</u>	<u>4,400,363.54</u>	<u>4,410,116.11</u>	
Receivables and Other Assets with Full Reserves:						
Delinquent Taxes Receivable	256,949.11	258,564.08	316,709.06	260,939.00	157,580.10	
Tax Title Liens	175,164.12	162,766.48	150,700.04	139,002.80	127,569.26	
Property Acquired for Taxes -						
Assessed Valuation	11,955.00	11,955.00	11,955.00	11,955.00	11,955.00	
Revenue Accounts Receivable	56,818.18	45,160.84	208,801.60	52,317.20	56,421.67	
Due from Free Public Library	18,288.83		18,316.71			
Other Accounts Receivable	3,812.76	3,812.76	8,488.60	6,669.00	1,909.26	
Interfund Receivables	2.09	16,975.84	10,008.76	203,467.15	152.95	
	<u>522,990.09</u>	<u>499,235.00</u>	<u>724,979.77</u>	<u>674,350.15</u>	<u>355,588.24</u>	
	<u>7,162,738.98</u>	<u>6,986,542.03</u>	<u>6,183,348.51</u>	<u>5,074,713.69</u>	<u>4,765,704.35</u>	
Federal and State Grant Fund:						
Cash	94,854.57	13,169.20	58,274.49	65,842.20	28,703.80	
Grants Receivable	1,104,898.70	1,018,302.77	938,504.03	854,461.41	924,043.69	
Interfunds Receivable			800.00		3,025.80	
	<u>1,199,753.27</u>	<u>1,031,471.97</u>	<u>997,578.52</u>	<u>920,303.61</u>	<u>955,773.29</u>	
Total Assets	<u>8,362,492.25</u>	<u>8,018,014.00</u>	<u>7,180,927.03</u>	<u>5,995,017.30</u>	<u>5,721,477.64</u>	

Borough of New Providence, N.J.

Comparative Balance Sheet

Current Fund

December 31,

	<u>Unaudited</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Current Fund:					
Appropriation Reserves	1,420,621.12	1,310,255.27	978,134.51	820,443.98	700,043.49
Encumbrances Payable	208,508.37	390,777.15	279,201.72	266,919.16	193,643.17
Prepaid Taxes	197,266.21	542,576.34	506,464.65	272,207.63	192,740.99
Due to State of New Jersey:					
Senior Citizen and Veteran Deductions	2,664.73	2,051.04	2,620.90		1,935.53
Interfunds Payable	961.54	251,042.30	63,989.06	830.07	6,145.54
Due to Special Improvement District	3,678.16	32,174.41	3,331.20	3,331.20	3,331.20
Accounts Payable			33,533.50		
Due to County Added Taxes	46,521.66	37,681.88	21,917.95	18,337.70	24,298.94
Tax Overpayments		1,980.66			57.56
Prepaid Revenue	330,000.00		83,260.00	109,675.00	104,675.00
Reserve for:					
Sale of Borough Property	136,847.19	84,141.92	84,141.92	84,141.92	84,141.92
Tax Appeals	436,955.18	630,884.20	577,734.47	362,734.47	308,045.08
Reserve for Receivables	2,784,024.16	3,283,565.17	2,634,329.88	1,938,621.13	1,619,058.42
Fund Balance	522,990.09	499,235.00	724,979.77	674,350.15	355,588.24
	<u>3,855,724.73</u>	<u>3,203,741.86</u>	<u>2,824,038.86</u>	<u>2,461,742.41</u>	<u>2,791,057.69</u>
	<u>7,162,738.98</u>	<u>6,986,542.03</u>	<u>6,183,348.51</u>	<u>5,074,713.69</u>	<u>4,765,704.35</u>
Federal and State Grant Fund:					
Interfunds Payable	450,000.00			2,963.16	
Appropriated Reserve for Grants	725,144.27	1,005,536.08	972,172.45	914,795.47	955,773.29
Unappropriated Reserve for Grants	24,609.00	25,935.89	25,406.07	2,544.98	
	<u>1,199,753.27</u>	<u>1,031,471.97</u>	<u>997,578.52</u>	<u>920,303.61</u>	<u>955,773.29</u>
Total Liabilities, Reserves and Fund Balance	<u>8,362,492.25</u>	<u>8,018,014.00</u>	<u>7,180,927.03</u>	<u>5,995,017.30</u>	<u>5,721,477.64</u>

Borough of New Providence, N.J.

Comparative Statement of Operations and Changes in Fund Balance

Current Fund

Year Ended December 31,

	Unaudited	2014	2013	2012	2011	2010
Revenues and Other Income:						
Fund Balance Utilized		2,482,500.00	2,212,000.00	2,000,000.00	2,117,000.00	1,900,000.00
Miscellaneous Revenue Anticipated		3,528,649.96	3,705,833.26	3,637,247.91	3,323,844.05	4,296,843.39
Receipts from Delinquent Taxes		256,499.66	313,003.41	260,939.00	157,580.10	264,450.64
Receipts from Current Taxes		58,772,813.11	57,194,513.28	55,698,441.77	54,632,371.81	52,716,696.58
Non-Budget Revenue		277,940.08	266,765.88	511,764.05	204,009.65	180,395.11
Other Credits to Income:						
Unexpended Balance of Appropriation Reserves		1,036,403.03	412,332.10	376,361.87	335,242.04	369,647.98
Statutory Excess Animal License Fund			6,972.32			
Due to Special Imp. District Cancelled						
Due from Free Public Library Returned			18,316.71			
Reserve for Grants Cancelled		729.90	13.75	190,055.30	2,798.87	886.69
Interfunds Returned		16,973.75	10,008.76	203,467.15	152.95	15,443.27
Total Revenues and Other Income		<u>66,372,509.49</u>	<u>64,139,759.47</u>	<u>62,878,277.05</u>	<u>60,772,999.47</u>	<u>59,744,363.66</u>
Expenditures:						
Budget and Emergency Appropriations:						
Operations :						
Salaries and Wages		5,941,081.02	5,727,105.00	5,621,305.00	5,547,038.00	5,419,662.00
Other Expenses		7,064,751.24	6,895,041.31	6,643,333.38	6,716,706.00	7,148,630.89
Deferred Charges and Statutory Expenditures -						
Municipal		1,644,900.00	1,648,037.00	1,357,780.00	1,445,878.00	1,222,086.77
Capital Improvement Fund		400,000.00	350,000.00	520,000.00	240,000.00	
Municipal Debt Service		1,679,199.94	1,764,765.32	1,986,233.39	1,872,046.03	2,137,896.81
Special Improvement District Taxes		50,547.36	116,797.83	114,927.00	114,927.00	105,587.84
Municipal Open Space Taxes		32,308.38	32,323.76	32,609.21	32,552.67	32,493.64
Local District School Tax		33,179,087.00	32,533,073.00	32,181,206.00	31,936,573.00	31,325,234.00
County Taxes including Added Taxes		13,094,382.13	12,446,744.18	11,685,578.57	10,873,719.44	9,981,921.41
Due From Free Public Library				18,316.71		
Refund of Prior Year's Revenue		132,750.82	17,179.48	154,627.28	1,586.20	2,634.17
Canceled Grants Receivable		729.90	13.75	190,055.30	821.26	1,342.74
Reserve for Other Accounts Receivable						
Interfund Advances		18,288.83	16,975.84	10,008.76	203,467.15	
Total Expenditures		<u>63,238,026.62</u>	<u>61,548,056.47</u>	<u>60,515,980.60</u>	<u>58,985,314.75</u>	<u>57,377,490.27</u>
Excess (Deficit) Revenue Over Expenditures		3,134,482.87	2,591,703.00	2,362,296.45	1,787,684.72	2,366,873.39
Adjustment to Income Before Fund Balance - Expenditures						
Included above Which are by Statute Deferred						
Charges to Budget of Succeeding Year						
Statutory Excess to Fund Balance		3,134,482.87	2,591,703.00	2,362,296.45	1,787,684.72	2,366,873.39
Fund Balance, January 1,		<u>3,203,741.86</u>	<u>2,824,038.86</u>	<u>2,461,742.41</u>	<u>2,791,057.69</u>	<u>2,324,184.30</u>
		6,338,224.73	5,415,741.86	4,824,038.86	4,578,742.41	4,691,057.69
Decreased by:						
Fund Balance Utilized as Budget Revenue		2,482,500.00	2,212,000.00	2,000,000.00	2,117,000.00	1,900,000.00
Fund Balance, December 31,		<u>3,855,724.73</u>	<u>3,203,741.86</u>	<u>2,824,038.86</u>	<u>2,461,742.41</u>	<u>2,791,057.69</u>

Borough of New Providence , N.J.

Balance Sheet

Trust Funds

December 31,

	<u>Unaudited</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>					
Assessment Fund:					
Assessments Receivable					197.60
Due from Current Fund	790.40	790.40	790.40	790.40	592.80
	<u>790.40</u>	<u>790.40</u>	<u>790.40</u>	<u>790.40</u>	<u>790.40</u>
Animal License Fund:					
Cash	10,894.97	21,970.32	13,906.24	10,198.11	5,204.70
	<u>10,894.97</u>	<u>21,970.32</u>	<u>13,906.24</u>	<u>10,198.11</u>	<u>5,204.70</u>
Other Trust Funds:					
Cash	2,074,181.49	2,048,196.35	2,080,701.36	1,628,884.66	1,237,269.77
Cash - Payroll	47,900.34	49,037.52	48,099.00	43,993.27	39,116.68
Due from Current Fund (Open Space)	171.14	78.76	49.21	39.67	
Due from Current Fund (Trust Funds)		175.00	175.00		
Other Accounts Receivable		3,978.81	3,628.62	9,210.93	20,984.35
	<u>2,122,252.97</u>	<u>2,101,466.44</u>	<u>2,132,653.19</u>	<u>1,682,128.53</u>	<u>1,297,370.80</u>
Total Assets	<u>2,133,938.34</u>	<u>2,124,227.16</u>	<u>2,147,349.83</u>	<u>1,693,117.04</u>	<u>1,303,365.90</u>
<u>Liabilities, Reserves & Fund Balance</u>					
Assessment Fund:					
Reserve for Assessments Receivable					197.60
Fund Balance	790.40	790.40	790.40	790.40	592.80
	<u>790.40</u>	<u>790.40</u>	<u>790.40</u>	<u>790.40</u>	<u>790.40</u>
Animal License Fund:					
Reserve for Dog Fund Expenditures	10,894.97	6,972.32	13,903.84	10,191.51	5,203.50
Interfund - Current Fund		14,996.80			
Due to State of New Jersey		1.20	2.40	6.60	1.20
	<u>10,894.97</u>	<u>21,970.32</u>	<u>13,906.24</u>	<u>10,198.11</u>	<u>5,204.70</u>
Other Trust Fund:					
Interfund - Current Fund (Other Trust)		3.52	8.76	2.90	152.95
Interfund - Current Fund (Recreation Trust)		10,000.00	10,000.00	10,000.00	
Interfund - General Capital (Open Space)			75,000.00		
Various Other Trust Funds	670,219.03	851,177.73	856,966.95	473,193.75	411,399.26
Payroll Deductions	47,900.34	49,037.52	48,099.00	43,993.27	39,116.68
Reserve for:					
Construction and Other Deposits	1,347,543.05	530,898.95	512,678.67	501,173.47	432,028.22
Unemployment Insurance Trust Fund	23,526.46	22,652.29	22,190.21	3,761.61	48.55
Grant Expenditures					4,755.72
Municipal Open Space	33,064.09	637,696.43	607,709.60	650,003.53	409,869.42
	<u>2,122,252.97</u>	<u>2,101,466.44</u>	<u>2,132,653.19</u>	<u>1,682,128.53</u>	<u>1,297,370.80</u>
Total Liabilities, Reserves & Fund Balance	<u>2,133,938.34</u>	<u>2,124,227.16</u>	<u>2,147,349.83</u>	<u>1,693,117.04</u>	<u>1,303,365.90</u>

Borough of New Providence, N.J.

Balance Sheet

General Capital Fund

December 31,

<u>Assets</u>	Unaudited	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash		2,094,588.90	313,455.21	2,428,956.68	239,770.90	701,936.49
Interfunds Receivable		450,000.00	249,998.14	137,174.45		2,526.94
Grants/Other Receivable		383,407.50	441,900.47	92,492.97	113,342.97	113,342.97
Deferred Charges to Future Taxation:						
Funded		10,520,000.00	11,945,000.00	13,400,000.00	5,850,352.54	7,209,952.40
Unfunded		<u>7,562,544.74</u>	<u>5,290,019.74</u>	<u>2,545,321.24</u>	<u>9,440,217.86</u>	<u>8,492,052.86</u>
Total Assets		<u>21,010,541.14</u>	<u>18,240,373.56</u>	<u>18,603,945.34</u>	<u>15,643,684.27</u>	<u>16,519,811.66</u>
<u>Liabilities, Reserves and Fund Balance</u>						
Interfunds Payable		2.09			190,501.09	
General Serial Bonds		10,520,000.00	11,675,000.00	12,875,000.00	5,000,000.00	5,970,000.00
Waste Water Treatment Loans Payable			270,000.00	525,000.00	850,352.54	1,239,952.40
Bond Anticipation Notes		3,250,000.00			5,823,240.00	5,484,240.00
Improvement Authorizations:						
Funded		1,319,979.75	1,935,045.59	2,193,589.12	24,881.53	33,341.17
Unfunded		5,344,783.55	4,017,746.75	2,509,425.00	3,246,916.19	3,110,221.30
Capital Improvement Fund		13,584.13	559.13	8,909.13	5,984.13	69,169.13
Reserve for:						
Debt Service		183,394.00	124,394.00	90,394.00	44,544.00	
Grants/Other Receivables		225,000.00	33,492.97	67,492.97	113,342.97	113,342.97
Fund Balance		<u>153,797.62</u>	<u>184,135.12</u>	<u>334,135.12</u>	<u>343,921.82</u>	<u>499,544.69</u>
Total Liabilities, Reserves & Fund Balance		<u>21,010,541.14</u>	<u>18,240,373.56</u>	<u>18,603,945.34</u>	<u>15,643,684.27</u>	<u>16,519,811.66</u>

Borough of New Providence, N.J.

Statement of Changes in Fund Balance

General Capital Fund

Year Ended December 31,

	Unaudited	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance - January 1,		184,135.12	334,135.12	343,921.82	499,544.69	182,916.95
Increased by:						
Improvement Authorizations Canceled						461,139.09
Premium on sale of Bonds				147,050.80		
Premium on Sale of Bond Anticipation Notes		19,662.50		3,162.50	19,377.13	35,488.65
		<u>19,662.50</u>		<u>150,213.30</u>	<u>19,377.13</u>	<u>496,627.74</u>
Decreased by:						
Appropriated to Finance Improvement Auth.				10,000.00		
Appropriated to Current Year Budget Revenue		50,000.00	150,000.00	150,000.00	175,000.00	180,000.00
		<u>50,000.00</u>	<u>150,000.00</u>	<u>160,000.00</u>	<u>175,000.00</u>	<u>180,000.00</u>
Balance - December 31,		<u>153,797.62</u>	<u>184,135.12</u>	<u>334,135.12</u>	<u>343,921.82</u>	<u>499,544.69</u>

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2015

Borough Council of the
Borough of New Providence, in the
County of Union, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of New Providence, in the County of Union, New Jersey (the "Borough") in connection with the issuance by the Borough of \$9,980,000 General Improvement Bonds, Series 2015 (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, resolutions of the Borough adopted April 27, 2015, pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for purposes of federal income tax and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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