

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

HODULIK & MORRISON, P.A.

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

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

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SOMERSET COUNTY, NEW JERSEY**

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

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and the governmental fixed assets of the Borough of North Plainfield, County of Somerset, New Jersey as of and for the years ended December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as more fully described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of North Plainfield, County of Somerset, New Jersey as of December 31, 2016 and 2015, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of North Plainfield, County of Somerset, New Jersey as of December 31, 2016 and 2015 and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2016 on the basis of accounting described in Note 2.

Other Matters

Required Supplementary Information

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

Other Information

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

The information included in Part III – Fund Financial Statements is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis, taken as a whole.

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

Other Reporting Required by Regulations

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 24, 2017 on our consideration of the Borough of North Plainfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Borough of North Plainfield's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

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



Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
August 24, 2017

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in United States of America, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey the financial statements – regulatory basis of the Borough of North Plainfield, County of Somerset, New Jersey, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Borough of North Plainfield's basic financial statements and have issued our report thereon dated August 24, 2017. Our report was modified due to the departures from accounting principles generally accepted in the United States of America that, as disclosed in Note 2, are embodied in the regulatory basis of accounting that is followed by the auditee, and was unmodified based upon that Other Comprehensive Basis of Accounting.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of North Plainfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Highland Park, New Jersey
August 24, 2017

FINANCIAL STATEMENTS

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

ASSETS	REF.	BALANCE	BALANCE	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE	BALANCE
		DEC. 31, 2016	DEC. 31, 2015			DEC. 31, 2016	DEC. 31, 2015
Cash and Investments - Treasurer Change Funds	A-4 A-5	\$ 4,916,676.46 700.00	\$ 4,842,151.56 700.00	Liabilities: Appropriation Reserves	A-3, A-14	\$ 1,063,190.41	\$ 845,028.32
Due from State of NJ - St. Cit. Ded.	A-18	750.00		Due to State of NJ - St. Cit. Ded.	A-18		250.00
				Reserve for Encumbrances	A-20	798,337.72	646,431.42
Receivables and Other Assets With Full Reserves:		4,918,126.46	4,842,851.56	Interfund Accounts Payable	A-11		34,000.00
Taxes Receivable	A-7	928,986.22	677,153.05	Reserve for Various Reserves	A-13	167,853.85	63,087.88
Tax Title Liens Receivable	A-8	24,610.74	21,091.97	Accounts Payable	A-15	34,964.13	34,417.88
Property Acquired for Taxes (At Assessed Valuation)	A-9	827,500.00	827,500.00	Tax Overpayments	A-16	324,089.78	124,516.68
Revenue Accounts Receivable	A-10	27,945.49	35,488.59	Prepaid Taxes	A-17	374,253.12	990,877.35
Interfund Accounts Receivable	A-11		165,691.03	Various Other Payables	A-19	8,808.32	60,364.02
		1,809,042.45	1,726,924.64			2,771,497.33	2,798,973.55
Deferred Charges:				Reserve for Receivables	Reserve	1,809,042.45	1,726,924.64
Special Emergency-Hurricane Sandy Master Plan	A-12 A-12	- -	15,000.00	Fund Balance	A-1	2,146,629.13	2,058,878.01
		-	15,000.00				
Total Current Fund		6,727,168.91	6,584,776.20	Total Current Fund		6,727,168.91	6,584,776.20
Federal and State Grant Fund:				Federal and State Grant Fund:			
Cash and Investments	A-4	15,044.13	23,256.94	Reserve for State and Federal Grants:			
Federal and State Grants Receivable	A-23	660,662.41	663,262.83	Appropriated	A-25	401,291.12	505,273.68
				Unappropriated	A-26	33,793.69	18,232.56
				Reserve for Encumbrances	A-20	15,621.73	20,513.53
				Interfund Payable	A-24	225,000.00	142,500.00
Total Grant Fund		675,706.54	686,519.77	Total Grant Fund		675,706.54	686,519.77
		\$ 7,402,875.45	\$ 7,271,295.97			\$ 7,402,875.45	\$ 7,271,295.97

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Fund Balance Appropriated	A-1, A-2	\$ 1,000,000.00	\$ 1,150,000.00
Miscellaneous Revenues Anticipated	A-2	4,053,205.29	4,220,573.14
Receipts from Delinquent Taxes	A-2	672,758.73	604,484.30
Receipts from Current Taxes	A-2	53,527,298.43	52,798,959.52
Non-Budget Revenue	A-2	164,677.01	212,163.26
Other Credits to Income:			
Storm Sandy Approp. Reserve Cancelled			2,860.00
Grant Appropriations Cancelled	A-11	39,644.19	2,348.95
Interfund Loan Returns (Net)	A-11	165,691.03	34,880.27
Accounts Payables Cancelled	A-15		418.25
Tax Overpayments Cancelled	A-16	32,598.54	
Unexpended Balances of Approp. Reserves	A-14	516,784.37	585,518.59
Total Revenues		<u>60,172,657.59</u>	<u>59,612,206.28</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	11,805,300.00	11,654,700.00
Other Expenses	A-3	5,962,160.85	5,934,504.01
Capital Improvements	A-3	177,800.00	177,800.00
Municipal Debt Service	A-3	1,747,691.57	1,129,094.80
Def. Charges and Statutory Expend.	A-3	2,665,218.00	3,050,693.28
Refunds of Prior Year Revenues	A-4		1,054.95
State Tax Appeal Judgments	A-16	392,285.65	1,624,795.62
Interfund Loan Advanced	A-11		
Prior Year Sr. Cit. and Vet. Ded.			
Disallowed by Collector (Net)	A-18	2,908.69	
Local District School Tax	A-22	30,606,557.00	30,052,879.00
County Taxes	A-21	5,720,637.97	5,711,686.81
Accounts Receivable Canceled - Federal & State Grants Canceled	A-11	4,346.74	
Total Expenditures		<u>59,084,906.47</u>	<u>59,337,208.47</u>
Excess in Revenue (Balance Forward)		1,087,751.12	274,997.81

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
 REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Excess in Revenue (Balance Brought Forward)		\$ <u>1,087,751.12</u>	\$ <u>274,997.81</u>
Statutory Excess to Fund Balance		1,087,751.12	274,997.81
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>2,058,878.01</u>	<u>2,933,880.20</u>
		3,146,629.13	3,208,878.01
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,000,000.00</u>	<u>1,150,000.00</u>
Balance - December 31	A	<u>\$ 2,146,629.13</u>	<u>\$ 2,058,878.01</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	REF.	ANTICIPATED 2016 BUDGET	APPROP. N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	\$ 1,000,000.00	\$	\$ 1,000,000.00	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	24,000.00		26,672.00	2,672.00
Other	A-10	38,000.00		54,415.10	16,415.10
Fees and Permits	A-2	190,000.00		232,192.03	42,192.03
Fines and Costs:					
Municipal Court	A-10	425,000.00		406,469.66	(18,530.34)
Interest and Costs on Taxes	A-2	225,000.00		214,040.21	(10,959.79)
Parking Meters	A-10	105,000.00		120,148.24	15,148.24
Interest on Investments and Deposits	A-10	25,000.00		28,938.26	3,938.26
Energy Receipts Tax	A-10	1,394,716.00		1,394,716.00	-
Consolidated Municipal Property Tax Relief /	A-10	143,897.00		143,897.00	-
FEMA - Reserved Sandy Aid	A-13			-	-
Uniform Construction Code	A-2	240,000.00		281,490.25	41,490.25
Cable Television Franchise Fee	A-10	200,000.00		217,222.48	17,222.48
EMS Fees	A-10	325,000.00		468,740.54	143,740.54
Uniform Fire Safety Act	A-10	19,412.00		40,619.67	21,207.67
General Capital Fund Balance	A-11	250,000.00		250,000.00	-
State & Federal Revenue Offset With Approps.:					
Body Armor Replacement Grant	A-11	4,288.74		4,288.74	-
Clean Communities	A-11		39,952.27	39,952.27	-
Drunk Driving Enforcement	A-11	9,743.82		9,743.82	-
Municipal Alliance	A-11		15,459.02	15,459.02	-
Safe and Secure Communities	A-11	90,000.00		90,000.00	-
Body Worn Camera Grant	A-11		10,000.00	10,000.00	-
Click it, Ticket it	A-11	4,200.00		4,200.00	-
Total Miscellaneous Revenues	A-1	3,713,257.56	65,411.29	4,053,205.29	274,536.44
Receipts from Delinquent Taxes	A-1, A-7	670,000.00		672,758.73	2,758.73
Subtotal General Revenues		5,383,257.56	65,411.29	5,725,964.02	277,295.17
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	A-2, A-7	18,359,501.57		18,650,103.46	290,601.89
Budget Totals		23,742,759.13	65,411.29	24,376,067.48	\$ 567,897.06
Non-Budget Revenues	A-1, A-10			164,677.01	
		\$ 23,742,759.13	\$ 65,411.29	\$ 24,540,744.49	
	REF.	A-3	A-3		

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BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>		
<u>Allocation of Current Tax Collections:</u>			
2016 Collections	A-7	\$ 52,310,311.70	
Prepaid Taxes Applied	A-7	990,877.35	
Tax Overpayments Applied		137,609.38	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	A-7	<u>88,500.00</u>	
	A-1		\$ 53,527,298.43
Allocated to:			
Local District School Tax and County Taxes	A-7		<u>36,327,194.97</u>
			17,200,103.46
Add: Reserve for Uncollected Taxes	A-3		<u>1,450,000.00</u>
Amount for Support of Municipal Budget	A-2		\$ <u>18,650,103.46</u>
<u>Fees & Permits:</u>			
Revenue Accounts Receivable	A-10	268,109.78	
Less: Refunds	A-4	<u>35,917.75</u>	
Revenue Realized			<u>304,027.53</u>
<u>Interest & Costs on Taxes</u>			
Revenue Accounts Receivable	A-10	406,669.66	
Less: Refunds	A-4	<u>200.00</u>	
Revenue Realized	A-2		\$ <u>406,869.66</u>
<u>Uniform Construction Code:</u>			
Revenue Accounts Receivable	A-10	281,857.00	
Less: Refunds	A-4	<u>366.75</u>	
Revenue Realized			<u>282,223.75</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED
				ENCUMBERED	ENCUMBERED	
OPERATIONS WITHIN "CAPS"						
MAYOR - COUNCIL - PLANE						
Department of Administration						
Salaries and Wages	\$ 206,000.00	\$ 206,000.00	\$ 197,503.01	\$ 1,422.83	\$ 8,496.99	2,026.37
Other Expenses	14,350.00	14,350.00	10,900.80			
Borough Council	4,000.00	4,000.00	2,648.67	545.00	806.33	
Other Expenses						
Borough Clerk						
Salaries and Wages	128,000.00	128,000.00	124,530.99		3,469.01	838.59
Other Expenses	20,200.00	20,200.00	19,361.41			
Annual Audit	38,000.00	38,000.00	21,148.66	16,851.34	-	
Borough Engineer						
Other Expenses	40,000.00	40,000.00	26,302.50		13,697.50	
Historical Commission						
Salaries and Wages	2,000.00	2,000.00	2,000.00		-	1,000.00
Other Expenses	1,000.00	1,000.00				
Planning Board						
Salaries and Wages	1,200.00	1,200.00	881.16		318.84	
Other Expenses	5,900.00	5,900.00	5,493.58	358.14	48.28	
Board of Adjustment						
Salaries and Wages	1,000.00	1,000.00	60.00		940.00	
Other Expenses	6,500.00	6,500.00	675.83		5,824.17	
Municipal Court						
Salaries and Wages	315,000.00	315,000.00	271,475.61		43,524.39	
Other Expenses	21,900.00	21,900.00	21,048.52	801.25	50.23	
Borough Prosecutor						
Salaries and Wages	26,000.00	26,000.00	25,900.14		99.86	
Public Defender						
Other Expenses	4,000.00	4,000.00			4,000.00	
Office of Health, Housing & Property						
Salaries and Wages	225,000.00	225,000.00	223,647.12		1,352.88	
Other Expenses	135,000.00	145,000.00	136,479.94	92.39	8,427.67	
Dog Regulation						
Other Expenses	40,000.00	40,000.00	40,000.00		-	
Office of Recreation						
Salaries and Wages	150,000.00	150,000.00	150,000.00		-	
Other Expenses	23,450.00	23,450.00	21,830.14	1,584.79	35.07	
Maintenance of Parks						
Other Expenses	6,500.00	6,500.00	5,905.08	594.92	-	

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
<u>DEPARTMENT OF FINANCE</u>					
Division of Assessments					
Salaries and Wages	\$ 90,000.00	\$ 90,000.00	\$ 87,257.24	\$ 1,017.45	\$ 2,742.76
Other Expenses	7,200.00	7,200.00	5,909.62		272.93
Reserve for Tax Appeals Pending	35,000.00	35,000.00	9,000.00		26,000.00
<u>Department of Finance</u>					
Salaries and Wages	258,000.00	258,000.00	257,611.97		388.03
Other Expenses	13,500.00	13,500.00	10,330.40	3,102.60	67.00
<u>Insurance</u>					
Group Insurance for Employees	2,100,000.00	2,038,500.00	1,436,208.20	387,636.32	214,655.48
Liability Insurance	805,000.00	805,000.00	799,158.99	3,692.00	2,149.01
<u>Division of Taxation</u>					
Other Expenses	12,000.00	12,000.00	9,560.09	395.00	2,044.91
<u>DEPARTMENT OF LAW</u>					
Other Expenses	270,000.00	310,000.00	286,614.12	23,385.88	-
<u>DEPARTMENT OF POLICE</u>					
<u>Police</u>					
Salaries and Wages	5,497,000.00	5,497,000.00	5,134,417.02	9,977.00	362,582.98
Other Expenses	62,000.00	63,500.00	53,519.95		3.05
School Crossing Guards					
Salaries and Wages	170,000.00	170,000.00	155,758.46		14,241.54
Parking Enforcement					
Salaries and Wages	75,000.00	75,000.00	70,950.37		4,049.63
<u>DEPARTMENT OF FIRE</u>					
<u>PREVENTION AND PROTECTION</u>					
<u>Fire Protection</u>					
Salaries and Wages	3,166,000.00	3,147,000.00	3,083,184.77	13,916.95	63,815.23
Other Expenses	57,000.00	57,000.00	42,626.24	16,071.25	456.81
Fire Hydrant Service	193,000.00	193,000.00	176,783.75		145.00
<u>Uniform Fire Code Safety Act</u>					
(P.L. 1983 C. 383, 1984 CD)					
Salaries and Wages	12,000.00	12,000.00	11,999.78	3,459.68	0.22
Other Expenses	7,412.00	7,412.00	3,952.32		-
<u>Emergency Medical Services</u>					
Other Expenses	35,000.00	45,000.00	36,309.79	5,483.41	3,206.80

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
<u>OPERATIONS WITHIN "CAPS" (CONT'D.)</u>					
<u>DEPARTMENT OF PUBLIC WORKS</u>					
Streets and Roads	\$ 935,000.00	\$ 935,000.00	\$ 935,000.00	\$ -	\$ -
Salaries and Wages	435,000.00	435,000.00	342,861.69	56,958.13	35,180.18
Other Expenses	90,000.00	90,000.00	72,409.52	17,551.87	38.61
Buildings and Grounds	177,800.00	186,800.00	169,100.27	13,665.80	4,033.93
Other Expenses	7,100.00	7,100.00	6,766.00		334.00
Vehicle Maintenance	10,200.00	10,200.00	8,179.00	1,846.00	175.00
Office of Emergency Management					
Salaries and Wages					
Other Expenses					
<u>UNIFORM CONSTRUCTION CODE -</u>					
<u>APPROPRIATIONS - OFFSET BY</u>					
<u>DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>					
State Uniform Construction Code					
(N.J.S.A. 52:27D-120 et seq.)					
Salaries and Wages	175,000.00	175,000.00	169,186.16		5,813.84
Other Expenses	9,000.00	9,000.00	7,437.56	314.00	1,248.44
<u>Unclassified:</u>					
Celebration of Public Events	10,000.00	10,000.00	9,181.62	200.00	618.38
Electricity	380,000.00	380,000.00	282,997.66	33,812.67	63,189.67
Telephone	73,000.00	73,000.00	71,879.82	1,118.97	1.21
Water	24,000.00	24,000.00	23,936.13		63.87
Natural Gas/Propane	62,000.00	62,000.00	21,916.21	18,073.64	22,010.15
Gasoline	195,000.00	195,000.00	115,595.42	15,235.66	64,168.92
Technology -Communications	20,000.00	25,000.00	19,999.67	4,248.31	752.02
Postage	36,000.00	36,000.00	33,190.36	2,326.96	482.68
Unemployment Insurance	25,000.00	25,000.00	25,000.00		-
Retirement Benefits	100,000.00	100,000.00	17,478.90	82,521.10	-
Total Operations Within "CAPS"	\$ 17,044,212.00	\$ 17,039,212.00	\$ 15,311,062.23	\$ 738,261.31	\$ 989,888.46
Contingent	7,000.00	12,000.00	6,477.99	2781.31	2,740.70
Total Operations Incl. Contingent Within "CA	17,051,212.00	17,051,212.00	15,317,540.22	741,042.62	992,629.16

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
DETAIL:					
Salaries and Wages	11,439,300.00	11,420,300.00	10,908,129.80		512,170.20
Other Expenses (Including Contingent)	5,611,912.00	5,630,912.00	4,409,410.42	741,042.62	480,458.96
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>					
Contribution to:					
Social Security System (O.A.S.I.)	385,000.00	385,000.00	365,546.86		19,453.14
Public Employees' Retirement System of N.J	294,969.00	294,969.00	294,969.00		-
Police and Firemen's Retirement System of NJ	1,970,249.00	1,970,249.00	1,970,249.00		-
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	2,650,218.00	2,650,218.00	2,630,764.86	-	19,453.14
Total General Appropriations for Municipal Purposes Within "CAPS"	19,701,430.00	19,701,430.00	17,948,305.08	741,042.62	1,012,082.30

OPERATIONS EXCLUDED FROM "CAPS"

Length of Service Awards Program (LOSAP)					
Other Expenses	8,000.00	8,000.00			8,000.00
"COAH" Housing Rehabilitation					-
Other Expenses	5,000.00	5,000.00	2,000.00		3,000.00
Engineering Expenses-Stormwater					
Other Expenses	20,000.00	20,000.00			20,000.00
Group Insurance for Employees					-
Interlocal Municipal Service Agreements					
Somerset County - Recycling	200,000.00	200,000.00	140,381.10	47,000.00	12,618.90
NJ DEP Permit Fees	5,250.00	5,250.00	5,250.00		-

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Drunk Driving Enforcement Fund	\$ 9,743.82	\$ 9,743.82	\$ 9,743.82	\$ -	-
Somerset County Municipal Alliance Grant					
County Share		15,459.02	15,459.02	-	-
Local Match	4,355.00	4,355.00	4,355.00	-	-
Safety & Secure Communities Program					
State Share	90,000.00	90,000.00	90,000.00	-	-
Local Match	295,000.00	295,000.00	295,000.00	-	-
Body Armor Replacement Grant	4,288.74	4,288.74	4,288.74	-	-
Clean Communities Grant		39,952.27	39,952.27	-	-
Click it, Ticket it	4,200.00	4,200.00	4,200.00	-	-
Somerset Cty. Body Worn Cameras		10,000.00	10,000.00	-	-
Matching Funds for Grants	5,000.00	5,000.00	4,355.00	-	645.00
Total Operations Excluded from "CAPS"	650,837.56	716,248.85	624,984.95	47,000.00	44,263.90
DETAIL:					
Salaries and Wages	385,000.00	385,000.00	385,000.00	-	-
Other Expenses	265,837.56	331,248.85	239,984.95	47,000.00	44,263.90
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -
Purchase of Capital Equipment	67,800.00	67,800.00	50,660.69	10,295.10	6,844.21
Purchase of Shade Tree	10,000.00	10,000.00	10,000.00	-	-
Total Capital Improvement Fund - Excl. from MUNICIPAL DEBT SERVICE	177,800.00	177,800.00	160,660.69	10,295.10	6,844.21
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,090,000.00	1,090,000.00	1,090,000.00	-	-
Interest on Bonds	657,691.57	657,691.57	657,691.57	-	-
Note Principal				-	-
Interest on Notes				-	-
Total Municipal Debt Service - Excl. from "C"	1,747,691.57	1,747,691.57	1,747,691.57	-	-

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	
				ENCUMBERED	RESERVED
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>					
Deferred Charges					
Special Emergency Appropriations-5 Year	15,000.00	15,000.00	15,000.00		
Total Deferred Charges - Municipal Excluded from "CAPS"	15,000.00	15,000.00	15,000.00		-
Total General Appropriations for Municipal Purposes Excluded from "CAPS" \$	2,591,329.13	2,656,740.42	2,548,337.21	57,295.10	\$ 51,108.11
Subtotal General Appropriations	22,292,759.13	22,358,170.42	20,496,642.29	798,337.72	1,063,190.41
Reserve for Uncollected Taxes	1,450,000.00	1,450,000.00	1,450,000.00		-
Total General Appropriations \$	23,742,759.13	23,808,170.42	21,946,642.29	798,337.72	\$ 1,063,190.41
REF.	A-2		A-1	A-1, A-21	A, A-1
Adopted Budget	A-2	\$ 23,742,759.13			
Approp. by N.J.S.A. 40A:4-87	A-2	65,411.29			
		\$ 23,808,170.42			
Disbursed	A-4		\$ 20,423,784.24		
Reserve for Uncollected Taxes	A-2		1,450,000.00		
Res. for State & Federal Grants - Appropriated	A-11		472,998.85		
Deferred Charges	A-12		15,000.00		
Employee Health Contributions	A-11		(540,140.80)		
Due To Unemployment Insurance Trust			25,000.00		
Capital Improvement Fund	A-11		100,000.00		
			\$ 21,946,642.29		

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

ASSETS	REF.	BALANCE DEC. 31, 2016	BALANCE DEC. 31, 2015	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2016	BALANCE DEC. 31, 2015
Trust Assessment Fund:							
Cash - Treasurer	B-2, B-6	\$ 130,941.38	\$ 128,739.14	Assessment Fund:	B-7	-	69,053.84
Assessments Receivable	B-3	850.40	850.40	Reserve for Assessments Receivable	B-1	130,941.38	128,739.14
Prospective Assessments Funded	B-4, B-6		68,203.44	Fund Balance			
Total Trust Assessment Fund		130,941.38	197,792.98	Total Assessment Fund		130,941.38	197,792.98
Animal Control Fund:				Animal Control Fund:			
Cash - Treasurer	B-6	1,356.61	2,297.41	Res. For Animal Control Expend.	B-6	1,356.61	2,297.41
Total Animal Control Fund		1,356.61	2,297.41	Total Animal Control Fund		1,356.61	2,297.41
General Trust Fund:				General Trust Fund:			
Cash - Treasurer	B-6	2,508,877.29	2,698,345.25	Restricted Accounts Various Reserves	B-6, B-8	2,492,153.33	2,695,609.09
Total General Trust Fund		2,508,877.29	2,698,345.25	Encumbrances Payable	B-6	16,723.96	2,736.16
LOSAP Fund:				Total General Trust Fund		2,508,877.29	2,698,345.25
Cash and Investments - Trustee	B	56,236.59	54,192.59	LOSAP Fund:			
Total LOSAP Fund		56,236.59	54,192.59	Res. for LOSAP Funds Held by Trustee	B	56,236.59	54,192.59
				Total LOSAP Fund		56,236.59	54,192.59
		\$ 2,697,411.87	\$ 2,952,628.23			\$ 2,697,411.87	\$ 2,952,628.23

Note: See Notes to Financial Statements.

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

TRUST ASSESSMENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>REF.</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
<u>Revenue</u>			
Collections of Unpledged Assessments to Reserve	B-3	\$ 850.40	\$ 4,622.64
Collections of Interest on Assessments	B-6	900.49	588.93
Interest on Investments	B-6	<u>451.35</u>	<u>446.70</u>
Total Revenues		2,202.24	5,658.27
Excess in Revenue		2,202.24	5,658.27
<u>Fund Balance</u>			
Balance - January 1	B	<u>128,739.14</u>	<u>123,080.87</u>
Balance - December 31	B	<u>\$ 130,941.38</u>	<u>\$ 128,739.14</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Cash and Investments	C-2	\$ 1,803,980.19	\$ 3,421,520.14
Interfund Receivable	C-4	225,000.00	242,500.00
Grants Receivable	C-9	625,000.00	547,500.00
Deferred Charges:			
To Future Taxation:			
Funded	C-5	13,326,000.00	14,416,000.00
Unfunded	C-6	<u>1,966,000.00</u>	<u> </u>
		<u>\$ 17,945,980.19</u>	<u>\$ 18,627,520.14</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 13,326,000.00	\$ 14,416,000.00
Bond Anticipation Notes	C-11	1,966,000.00	
Interfund Payable	C-4		14,475.35
Reserves for:			
Capital Improvement Fund	C-8	4,191.44	3,191.44
Grants Receivable	C-10	175,000.00	
Encumbrances	C-7	611,631.97	1,603,595.14
Improvement Authorizations:			
Funded	C-7	681,368.00	2,315,872.81
Unfunded	C-7	1,131,029.48	
Fund Balance	C-1	<u>50,759.30</u>	<u>274,385.40</u>
		<u>\$ 17,945,980.19</u>	<u>\$ 18,627,520.14</u>
Note:			
Bonds and Notes Authorized but not Issued	C-12	<u>\$ -</u>	<u>\$ 13,945.00</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>REF.</u>	
Balance - December 31, 2015	C	\$ 274,385.40
Increased by:		
Premium on BANS	C-4	<u>26,373.90</u>
		300,759.30
Decreased by:		
Due to Current - Fund Balance Utilized	C-2	<u>250,000.00</u>
Balance - December 31, 2016	C	<u><u>\$ 50,759.30</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

ASSETS	REF.	BALANCE DEC. 31, 2016	BALANCE DEC. 31, 2015	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2016	BALANCE DEC. 31, 2015
Operating Fund:							
Cash	D-5	\$ 429,249.82	\$ 688,852.73	Operating Fund:			
Change Fund	D-7	150.00	150.00	Liabilities:			
Interfund Receivables	D-11	-	55,322.42	Appropriation Reserves	D-4, D-15	\$ 14,772.07	\$ 2,631.18
				Reserve for Encumbrances	D-16	26,050.00	3,775.50
				Interfund Payable	D-11	-	34,039.08
				Sewer Rent Overpayments	D-17	4,701.12	3,815.40
Deferred Charges:				Accrued Interest on Bonds	D-18	28,676.37	33,831.23
Operating Deficit	D-1	111,032.50	-				
				Reserve for Receivables	Reserve	74,199.56	78,092.39
				Fund Balance	D-1	198,437.62	165,355.33
Receivables With Full Reserves:				Total Operating Fund		738,869.94	909,680.48
Consumer Accounts Receivable	D-8	198,324.10	164,921.86				
Sewer Liens	D-10	113.52	433.47	Capital Fund:			
				Bond Anticipation Notes	D-23	761,425.00	1,864,000.00
				Serial Bonds Payable	D-24	1,774,000.00	8,573.55
Total Operating Fund		198,437.62	165,355.33	Loans Payable - NJEITF	D-25	6,830.15	155,322.42
				Interfund Payables	D-12	-	58,861.48
Capital Fund:				Reserve for Encumbrances	D-16	275,486.87	24,575.04
Cash	D-5	151,481.42	72,254.11	Capital Improvement Fund	D-19	0.04	2,183,969.83
Grants Receivable	D-9	508,224.69	422,911.00	Reserve for Amortization	D-20	2,406,775.19	172,913.13
Interfund Receivables	D-12	-	34,000.00	Deferred Reserve for Amortization	D-21	66,426.17	359,442.73
Fixed Capital	D-13	4,682,619.23	3,907,057.05	Improvement Authorizations	D-22	7,564.69	151,366.65
Fixed Capital - Authorized and Uncompleted	D-14	580,109.28	569,671.46	Funded			
				Unfunded	D-22	297,057.72	300,000.00
				Reserve for Grants Receivable	Reserve	300,000.00	26,868.79
				Fund Balance	D-2	26,868.79	26,868.79
Total Capital Fund		5,922,434.62	5,005,893.62	Total Capital Fund		5,922,434.62	5,005,893.62
		\$ 6,661,304.56	\$ 5,915,574.10			\$ 6,661,304.56	\$ 5,915,574.10

At December 31, 2016 and 2015, there were Bonds and Notes Authorized but Not Issued in the amount of \$247,272. (Exhibit D-26)

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Fund Balance		\$ 200,000.00	\$
Sewer User Charges	D-3	1,832,217.92	2,059,695.82
Miscellaneous	D-3	21,463.49	27,581.97
Other Credits to Income:			
Reserves Lapsing	D-15	<u>1,779.42</u>	<u>3,478.00</u>
Total Revenues		<u>2,055,460.83</u>	<u>2,090,755.79</u>
 <u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	D-4	2,005,000.00	1,893,000.00
Debt Service	D-4	144,993.33	68,810.02
Statutory Expenditures	D-4	<u>16,500.00</u>	<u>16,500.00</u>
		2,166,493.33	1,978,310.02
Excess (Deficit) in Revenues		(111,032.50)	112,445.77
Adjustment to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year			
	D	<u>111,032.50</u>	<u> </u>
Statutory Excess to			
Fund Balance (Operating Deficit)		-	279,094.28
 <u>FUND BALANCE</u>			
Balance - January 1	D	<u>666,232.76</u>	<u>553,786.99</u>
Decreased by:			
Fund Balance Utilized	D-1	<u>200,000.00</u>	<u> </u>
Balance - December 31	D	<u>\$ 466,232.76</u>	<u>\$ 666,232.76</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE-REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>REF.</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Balance - Beginning of Year	D	<u>\$ 26,868.79</u>	<u>\$ 26,868.79</u>
Balance - End of Year	D	<u>\$ 26,868.79</u>	<u>\$ 26,868.79</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>REF.</u>	2016 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Operating Surplus Anticipated	D-1	\$ 200,000.00	\$ 200,000.00	\$
Sewer User Charges	D-3,D-8	1,948,000.00	1,832,217.92	(115,782.08)
Interest on Delinquencies	D-1	25,000.00	19,065.21	(5,934.79)
Interest on Investments	D-3	<u>923.20</u>	<u>2,398.28</u>	<u>1,475.08</u>
		<u>\$ 2,173,923.20</u>	<u>\$ 2,053,681.41</u>	<u>\$ (120,241.79)</u>
	<u>Ref.</u>	D-4	D-1, D-3	

Analysis of Realized Revenues:

Sewer User Charges:

Sewer Rent Collections	D-3,D-8	\$ \$ 1,831,784.45
Sewer Lien Collections	D-17	<u>433.47</u>
	D-3	<u>1,832,217.92</u>

Interest on Delinquent Sewer
User Charges:

Cash Receipts	D-5, D-3	\$ <u>19,065.21</u>
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Interest on Investments:

Cash Receipts	D-5, D-3	\$ <u>2,398.28</u>
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Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY
 SEWER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED BALANCE</u>
					<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Operating:							
Salaries and Wages	\$	202,000.00	\$ 202,000.00	\$ 197,291.95	\$	4,708.05	\$ -
Other Expenses		43,000.00	43,000.00	7,707.02	26,050.00	9,242.98	-
PARSA - Regional Sewer		1,760,000.00	1,760,000.00	1,759,178.96		821.04	-
Debt Service:							
Payment on Bond Principal		90,000.00	90,000.00	90,000.00		-	-
Interest on Bonds		54,614.65	54,614.65	54,200.18		-	414.47
Interest on Notes		7,808.55	7,808.55	793.15		-	7,015.40
Statutory Expenditures:							
Contribution to:							
Social Security System		15,500.00	15,500.00	15,500.00		-	-
Unemployment Compensation Insurance		1,000.00	1,000.00	1,000.00		-	-
Total Water & Sewer Utility Appropriations	\$	<u>2,173,923.20</u>	<u>2,173,923.20</u>	<u>2,125,671.26</u>	<u>26,050.00</u>	<u>14,772.07</u>	<u>7,429.87</u>
	<u>Ref.</u>	D-3		D-1	D-1, D-16	D, D-1	
Disbursed				\$ 198,291.95			
Due to Current Fund				1,872,385.98			
Accrued Interest on Bonds & Notes				<u>54,993.33</u>			
				<u>\$ 2,125,671.26</u>			

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2015 AND 2016

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31,2016</u>	<u>BALANCE</u> <u>DEC. 31,2015</u>
Cash	E-1	\$ <u>39,729.89</u>	\$ <u>144,662.17</u>
		\$ <u><u>39,729.89</u></u>	\$ <u><u>144,662.17</u></u>
 <u>LIABILITIES</u>			
Net Payroll	E-1	\$ 36,362.35	\$ 18,839.66
Payroll Deductions Payable	E-1	1,377.20	7,809.70
Reserve for Employee Benefits	E-1	1,990.34	0.00
Due to Current Fund	E-1	<u>0.00</u>	<u>118,012.81</u>
		\$ <u><u>39,729.89</u></u>	\$ <u><u>144,662.17</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Governmental Fixed Assets</u>	<u>DECEMBER</u> <u>31, 2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>DECEMBER</u> <u>31, 2016</u>
Building	\$ 19,251,000.00	\$	\$	\$ 19,251,000.00
Land	2,604,800.00			2,604,800.00
Equipment	1,077,823.99	28,274.00	106,675.00	999,422.99
Furniture & fixtures	2,886,654.35			2,886,654.35
Vehicles	<u>2,630,103.00</u>	<u>94,740.00</u>	<u></u>	<u>2,724,843.00</u>
Total Governmental Fixed Assets	\$ <u>28,450,381.34</u>	\$ <u>123,014.00</u>	\$ <u>106,675.00</u>	\$ <u>28,466,720.34</u>
Investments in Governmental Fixed Assets	<u>28,450,381.34</u>			\$ <u>28,466,720.34</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015

Note 1: FORM OF GOVERNMENT

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

The accounting policies of the Borough of North Plainfield conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of North Plainfield accounts for its financial transactions through the following separate funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

B. Description of Funds (Cont'd.)

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

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough has transferred all statutory responsibilities relating to the provision of Public Assistance to the County of Somerset.

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

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

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

C. Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

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

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

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

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires recognition of the value of inventories of supplies of the Sewer Utility.

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

C. Basis of Accounting (Cont'd.)

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

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

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

Disclosures About Fair Value of Financial Instruments

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards

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

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

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

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

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

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

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

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

GASB issued Statement No. 81, “Irrevocable Split-Interest Agreements” in March 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards

GASB issued Statement No. 82, "Pension Issues- an amendment of GASB Statements No. 67, No. 68 and No. 73" in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB issued Statement No. 83, "Certain Asset Retirement Obligations" in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB issued Statement No. 84, "Fiduciary Activities" in January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB issued Statement No. 85 "Omnibus 2017" in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

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

Comparative Data

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

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>YEAR 2016</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 15,292,000.00	\$ 14,416,000.00	\$ 10,986,860.00
Sewer Utility:			
Bonds and Notes	<u>2,542,255.15</u>	<u>1,872,573.55</u>	<u>1,624,754.34</u>
Total Debt Issued	<u>17,834,255.15</u>	<u>16,288,573.55</u>	<u>12,611,614.34</u>
Net Debt Issued	<u>17,834,255.15</u>	<u>16,288,573.55</u>	<u>12,611,614.34</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	0.00	13,945.00	2,556,145.00
Sewer Utility			
Bonds & Notes	<u>247,272.00</u>	<u>247,272.00</u>	<u>246,364.00</u>
Total Authorized but not Issued	<u>247,272.00</u>	<u>261,217.00</u>	<u>2,802,509.00</u>
Net Bonds & Notes Issued and Authorized but not Issued	<u>\$ 18,081,527.15</u>	<u>\$ 16,549,790.55</u>	<u>\$ 15,414,123.34</u>

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

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

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2016:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>Operating Debt:</u>				
<u>General Improvement Debt:</u>				
General Improvement Bonds of 2015	14,416,000.00	\$ 13,326,000.00	3.000%	2027
Bond Anticipation Notes	1,966,000.00	<u>1,966,000.00</u>	2.500%	2017
Total General. Improv. Debt		<u>15,292,000.00</u>		
<u>Utility Debt:</u>				
NJEIT Trust Loan of 2001	1,070,000.00	6,830.15	5.25%	2020
Sewer Utility Bonds - 2015	1,864,000.00	1,774,000.00	3.00-3.50%	2035
Bond Anticipation Notes	508,558.00	<u>761,425.00</u>	2.500%	2017
Total Utility Debt		<u>2,542,255.15</u>		
Total Debt Issued and Outstanding		<u>\$17,834,255.15</u>		

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

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

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

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2016

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 8,995,000.00	\$ 8,995,000.00	\$
Sewer Utility Debt	2,789,527.15	533,288.75	2,256,238.40
General Debt	15,292,000.00		15,292,000.00
	\$ 27,076,527.15	\$ 9,528,288.75	\$ 17,548,238.40

Net Debt \$ 17,548,238.40 Divided by Equalized Valuation Basis per
 N.J.S.A. 40A:2-2 as amende \$ 1,522,767,983 = 1.152%

Equalized Valuation Basis

2014 Equalized Valuation Basis of Real Property	1,495,731,460.00
2015 Equalized Valuation Basis of Real Property	1,528,959,113.00
2016 Equalized Valuation Basis of Real Property	1,543,613,376.00
Average Equalized Valuation	\$ 1,522,767,983.00

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

3 1/2% of Equalized Valuation Basis Municipal	53,296,879.41
Net Debt	17,548,238.40
Remaining Borrowing Power	\$ 35,748,641.01

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

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2015

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 10,610,000.00	\$ 10,610,000.00	\$
Sewer Utility Debt	2,789,527.15	2,789,527.15	-
General Debt	<u>15,292,000.00</u>	<u></u>	<u>15,292,000.00</u>
	<u>\$ 28,691,527.15</u>	<u>\$ 13,399,527.15</u>	<u>\$ 15,292,000.00</u>

Net Debt \$ 15,292,000.00 Divided by Equalized Valuation Basis per
 N.J.S.A. 40A:2-2 as amende \$ 1,516,363,349 = 1.008%

Equalized Valuation Basis

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

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

3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>53,072,717.20</u> <u>15,292,000.00</u>
Remaining Borrowing Power	<u>\$ 37,780,717.20</u>

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

FYE 2016

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,053,681.41
Deductions:		
Operating & Maintenance Cost	2,021,500.00	
Debt Service Per Sewer Acct.	<u>144,993.33</u>	
Total Deductions		<u>2,166,493.33</u>
Deficit in Revenues		\$ <u>(112,811.92)</u>
Deficit Capitalized at 5%		\$ <u>(2,256,238.40)</u>

FYE 2015

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

FYE 2016

Deficit in Revenues - Cash Basis (D-1)	\$ (111,032.50)
Less: Lapsed Reserves	<u>1,779.42</u>
Deficit in Revenues	<u>\$ (112,811.92)</u>

FYE 2015

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

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

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

Calendar Year	General		Sewer Utility*		Total
	Principal	Interest	Principal	Interest	
2017	1,240,000.00	381,180.00	111,208.65	54,500.57	1,786,889.22
2018	1,250,000.00	343,830.00	110,802.05	51,137.12	1,755,769.17
2019	1,270,000.00	306,030.00	115,138.31	47,720.01	1,738,888.32
2020	<u>1,285,000.00</u>	<u>267,705.00</u>	<u>114,681.13</u>	<u>44,337.75</u>	<u>1,711,723.88</u>
subtotal	<u>5,045,000.00</u>	<u>1,298,745.00</u>	<u>451,830.14</u>	<u>197,695.45</u>	<u>6,993,270.59</u>
2021	1,310,000.00	228,780.00	115,000.00	40,702.50	1,694,482.50
2022	1,330,000.00	189,180.00	120,000.00	37,177.50	1,676,357.50
2023	1,360,000.00	148,830.00	125,000.00	33,502.50	1,667,332.50
2024	1,030,000.00	112,980.00	65,000.00	30,652.50	1,238,632.50
2025	<u>1,060,000.00</u>	<u>81,630.00</u>	<u>70,000.00</u>	<u>28,627.50</u>	<u>1,240,257.50</u>
subtotal	<u>6,090,000.00</u>	<u>761,400.00</u>	<u>495,000.00</u>	<u>170,662.50</u>	<u>7,517,062.50</u>
2026	1,085,000.00	49,455.00	70,000.00	26,527.50	1,230,982.50
2027	1,106,000.00	16,590.00	75,000.00	24,352.50	1,221,942.50
2028			75,000.00	22,055.63	97,055.63
2029			80,000.00	19,633.75	99,633.75
2030			<u>80,000.00</u>	<u>17,083.75</u>	<u>97,083.75</u>
subtotal	<u>2,191,000.00</u>	<u>66,045.00</u>	<u>380,000.00</u>	<u>109,653.13</u>	<u>2,746,698.13</u>
2031			85,000.00	14,349.38	99,349.38
2032			90,000.00	11,340.00	101,340.00
2033			90,000.00	8,190.00	98,190.00
2034			95,000.00	4,952.50	99,952.50
2035			<u>94,000.00</u>	<u>1,645.00</u>	<u>95,645.00</u>
subtotal	<u>-</u>	<u>-</u>	<u>454,000.00</u>	<u>40,476.88</u>	<u>494,476.88</u>
Totals	<u>\$ 13,326,000.00</u>	<u>\$ 2,126,190.00</u>	<u>\$ 1,780,830.14</u>	<u>\$ 518,487.96</u>	<u>\$ 17,751,508.10</u>

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

Note 4: GOVERNMENTAL FIXED ASSETS

At December 31, 2015 and 2016, the Borough's governmental fixed assets consisted of:

	Balance	Additions	Deletions	Balance
	Dec. 31, 2015			Dec. 31, 2015
Buildings	19,251,000.00			19,251,000.00
Land	2,604,800.00			2,604,800.00
Equipment	1,077,823.99	28,274.00	106,675.00	999,422.99
Furniture & Fixtures	2,886,654.35			2,886,654.35
Vehicles	<u>2,630,103.00</u>	<u>94,740.00</u>		<u>2,724,843.00</u>
	<u>28,450,381.34</u>	<u>123,014.00</u>	<u>106,675.00</u>	<u>28,466,720.34</u>

NOTES TO FINANCIAL STATEMENTS

Note 5: DEFERRED COMPENSATION TRUST FUND

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

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

Note 6: FUND BALANCES APPROPRIATED

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

	<u>FUND BALANCE DEC 31,2016</u>	<u>UTILIZED IN SUCCEEDING BUDGET</u>
Current Fund	\$2,146,629.13	\$1,000,000
Sewer Utility Fund	466,232.76	200,000

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

Note 7: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS

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

	<u>BALANCE DEC. 31, 2016</u>	<u>RAISED IN 2017 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:	NONE		
General Capital Fund:	NONE		
Sewer Operating Fund:			
Operating Deficit	\$111,032.50	\$111,032.50	NONE

NOTES TO FINANCIAL STATEMENTS

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

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

Note 8: DEPOSITS AND INVESTMENTS

Deposits

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

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

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

At December 31, 2016, the Borough's recorded cash, cash equivalents and investments amounted to \$9,997,337.19, and the amount of \$12,616,652.27 was on deposit with the respective institutions.

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

NOTES TO FINANCIAL STATEMENTS

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

Deposits (Cont'd.)

An Analysis of the Borough's cash, cash equivalents and investments at December 31, 2016 and 2015, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2016 Amount</u>	<u>2015 Amount</u>
Current	\$4,916,676.46	\$4,842,851.56
Grant	15,044.13	23,256.94
General Capital	1,803,980.19	3,421,520.14
Trust	2,641,175.28	2,829,381.80
Sewer Utility Operating	429,249.82	689,002.73
Sewer Utility Capital	151,481.42	72,254.11
Payroll	<u>39,729.89</u>	<u>144,662.17</u>
Total Cash, Cash Equivalents & Investments	<u>\$9,997,337.19</u>	<u>\$12,022,929.45</u>

By Category (Type)

<u>Cash & Cash Equivalents:</u>	<u>2016 Amount</u>	<u>2015 Amount</u>
Certificate of Deposit	\$502,643.08	\$ 0.00
Demand Accounts	<u>9,494,694.11</u>	<u>12,022,229.45</u>
Total Cash & Cash Equivalents	<u>\$9,997,337.19</u>	<u>\$12,022,929.45</u>

Based upon GASB criteria, the Borough considers cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2015, the carrying amount of the Borough's deposits was \$12,022,929.45 and the bank balance was \$15,350,700.19. Of the bank balance, \$335,846.03 was covered by Federal depository insurance and \$15,014,854.16 was covered under the provisions of NJGUDPA. At December 31, 2016, the carrying amount of the Borough's deposits was \$9,997,337.19 and the bank balance was \$12,616,552.27. Of the bank balance, \$504,863.75 was covered by Federal depository insurance and \$12,111,688.52 was covered under the provisions of NJGUDPA.

Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depositor insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The government does not have a deposit policy for custodial credit risk. As of December 31, 2016 and 2015, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was exposed to custodial risk.

NOTES TO FINANCIAL STATEMENTS

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

Deposits (Cont'd.)

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

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

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

<u>Depository Account</u>	<u>Bank Balance-2016</u>	<u>Bank Balance-2015</u>
Insured FDIC	\$ 504,863.75	\$ 335,846.03
Insured – NJGUDPA (N.J.S.A. 17:941)	<u>12,111,688.52</u>	<u>15,014,854.16</u>
Total	\$12,616,552.27	\$15,350,700.19

Investments

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

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

NOTES TO FINANCIAL STATEMENTS

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

Investments (Cont'd.)

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

Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

NOTES TO FINANCIAL STATEMENTS

Note 10: INTERFUND BALANCES

At December 31, 2016, the following interfund account receivable balances are included on the balance sheets of the various funds:

General Capital Fund:	<u>\$225,000.00</u>	Due from Grant Fund
Total Interfund Receivables	<u>\$225,000.00</u>	

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

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

Note 11: LEASES

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

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

During 2016, the lease agreement expired and the Borough took title to the vehicles pursuant to a bargain purchase agreement contained within the lease.

Note 12: PENSION AND RETIREMENT PLANS

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

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

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

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

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction’s pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016:

Inactive plan members or beneficiaries currently receiving benefits	171,422
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>261,171</u>
 Total	 <u>433,296</u>

Contributing Employers – 1,713

Significant Legislation:

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

For the year ended December 31, 2016 the Borough's total payroll for all employees was \$11,672,252. Total PERS covered payroll was \$2,699,413. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan. Employee payroll deductions for PERS contributions, net of life insurance premiums and pension loan repayments, were \$192,547.54 for 2016.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015 and increased to 7.06 for State fiscal year 2016, commencing July 1, 2015. The rate increased to 7.20% on July 1, 2016. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employer contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The Borough's cash basis contributions to the Plan during the years ended December 31, 2015 and 2016 were \$288,267 and \$294,969, respectively. The Borough's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Princeton's payments to PERS for the years ending December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Normal Cost	\$49,937	\$47,990
Amortization of Accrued Liability	<u>230,042</u>	<u>221,991</u>
Total Pension	279,979	269,981
NCGI Premiums	<u>14,990</u>	<u>18,286</u>
Total PERS Payment	<u>\$294,969</u>	<u>\$288,267</u>

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

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

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

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

The following represents the membership tiers for PERS:

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

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

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

At June 30, 2015 the PERS reported a net pension liability of \$22,447,996,119 for its Local (Non-State) Employer Member Group. The Borough’s proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$7,701,777 or 0.0343094188%. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey’s the net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$11,008,022 or 0.037167751%.

Actuarial Assumptions- The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary Increases (2012-2021)	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.65%

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 3.98%.

NOTES TO FINANCIAL STATEMENTS

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

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

Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate – the following presents the collective net pension liability of PERS participating employers, as well as the Borough’s attributed share of that liability, as of June 30, 2016, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (2.98%)	At current discount rate (3.98%)	At 1% increase (4.98%)
State	\$34,422,851,197	\$29,390,685,705	\$25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
PERS Plan Total	<u>\$70,715,189,252</u>	<u>\$59,007,817,464</u>	<u>\$49,352,744,647</u>
North Plainfield	<u>\$13,489,046</u>	<u>\$11,008,022</u>	<u>\$8959,721</u>

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2016 is as follows:

	State	Local	Total
Total Pension Liability	\$36,295,189,928	\$49,474,698,146	\$85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$29,390,685,705</u>	<u>\$29,617,131,759</u>	<u>\$59,007,817,464</u>

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Borough specific amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense in the PERS financial statements as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2017	\$787,503
2018	787,503
2019	787,503
2020	787,502
2021	104,361
2022	<u>248,245</u>
Total	<u>\$3,502,617</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

NOTES TO FINANCIAL STATEMENTS

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

B. POLICE AND FIREMEN'S RETIREMENT SYSTEM

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

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016:

Inactive plan members or beneficiaries currently receiving benefits	44,423
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>42,036</u>
 Total	 <u>87,510</u>

Contributing Employers – 586

Significant Legislation :

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

For the year ended December 31, 2015 the Borough's total payroll for all employees was \$11,672,252. Total PFRS covered payroll was \$7,623,650. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan. Employee payroll deductions for PFRS contributions, net of life insurance premiums and pension loan repayments, were \$762,365.00 for 2016.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2016 and 2015 were \$1,970,249 and \$1,942,893, respectively. Borough contributions are due and payable on April 1st in the fiscal period subsequent to plan year for which the contributions requirements were calculated. Borough payments to PFRS made in the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Normal Cost	\$624,600	\$629,515
Amortization of Accrued Liability	<u>1,155,382</u>	<u>1,123,360</u>
Total Pension	1,779,982	1,752,875
NCGI Premiums	<u>83,052</u>	<u>82,320</u>
Total Regular Billing	1,863,034	1,835,195
Additional Billings: Ch. 19, P.L. 2009	<u>107,215</u>	<u>106,898</u>
Total PERS Payment	\$1,970,249	\$1,942,893

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

At June 30, 2015, the PFRS reported a net pension liability of \$16,656,514,197 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$38,176,318, or 0.2291975233%. At June 30, 2016, the PFRS reported a net pension liability of \$19,102,557,969 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$45,538,859 or 0.238391418%.

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

Inflation	3.08%
Salary Increases (2012-2021)	2.10-8.98% based on age
Thereafter	3.10-9.98% based on age
Investment rate of return	7.65%

NOTES TO FINANCIAL STATEMENTS

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

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

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate – The discount rate used to measure the pension liabilities of PFRS was 5.55%.

NOTES TO FINANCIAL STATEMENTS

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

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

Sensitivity of Net Pension Liability – The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (4.55%)	At current discount rate (5.55%)*	At 1% increase (6.55%)
State	\$ 5,612,325,178	\$ 4,710,744,193	\$ 3,977,817,225
Local	<u>26,699,770,118</u>	<u>20,706,699,056</u>	<u>15,819,710,095</u>
PFRS Plan Total	<u>\$32,312,095,296</u>	<u>\$25,417,443,249</u>	<u>\$19,797,527,320</u>
North Plainfield	<u>\$57,891,580</u>	<u>\$45,538,859</u>	<u>\$35,470,003</u>

*- Local Share includes \$1,604,141,087 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the collective net pension liability for PFRS, including the State of New Jersey, at June 30, 2016 is as follows:

	State	Local	Total
Total Pension Liability	\$ 6,255,619,682	\$43,146,550,231	\$49,402,169,913
Plan Fiduciary Net Position	<u>1,544,875,489</u>	<u>22,439,851,175</u>	<u>23,984,726,664</u>
Net Pension Liability	<u>\$ 4,710,744,193</u>	<u>\$20,706,699,056</u>	<u>\$25,417,443,249</u>

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Borough specific amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in PFRS financial statements expense as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2017	\$2,047,203
2018	2,047,203
2019	2,047,203
2020	2,047,203
2021	1,581,793
2022	<u>249,856</u>
Total	<u>\$10,020,461</u>

NOTES TO FINANCIAL STATEMENTS

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

C: DEFINED CONTRIBUTION RETIREMENT PLAN

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

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division’s database, was 46,557.

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

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

For the year ended December 31, 2016 the Borough’s total payroll for all employees was \$\$11,672,252. Total DCRP covered payroll was \$153,495. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. Borough and employee contributions to the DCRP for the year ended December 31, 2016 were \$4,612.02 and \$8,442.23, respectively.

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

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

D. Combined Pension Information for PERS and PFRS Pension Systems:

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Total Pension Expense</u>
PERS	\$ 11,008,022	\$3,585,001	\$892,384	\$1,193,081
PFRS	<u>45,538,859</u>	<u>11,151,399</u>	<u>1,130,938</u>	<u>5,055,462</u>
Total	\$ <u>56,546,881</u>	<u>\$14,736,400</u>	<u>\$2,023,322</u>	<u>\$6,248,543</u>

NOTES TO FINANCIAL STATEMENTS

Note 13: POST RETIREMENT HEALTH BENEFITS

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge.

The Borough of North Plainfield PERS employees do not receive any post-retirement medical benefits.

Note 14: ACCRUED SICK AND VACATION BENEFITS

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

The Borough maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. It is estimated that the cost at December 31, 2016 and 2015 of such unpaid sick, compensatory and vacation pay would approximate \$3,658,810.88 and \$3,616,673.80. These amounts represent the current value of all accumulations, as limited by the Borough Code for sick pay, and is not intended to portray amounts that would be recorded under GAAP. The Borough has not discounted the total based upon a study of utilization by employees separating from service. Neither has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

Note 15: RISK MANAGEMENT

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

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

Note 15: RISK MANAGEMENT (CONT'D.)

Summary of Risk Management Program

The GSMJIF provides the following coverages to its participants:

1. Workers Compensation

Statutory. The minimum Fund retention is \$500,000.

2. General Liability

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

Excess Coverage as follows:

General Liability -\$15,000,000.00*

Public Officials -\$15,000,000.00*

*-subject to annual aggregate limits

3. Automobile Liability

The Fund retains \$250,000.00 (CSL) for bodily injury, property damage and PIP. Excess covers \$15,000.00/person and \$30,000.00/occurrence for uninsured/underinsured motorist liability, and \$5,000/person \$50,000/occurrence automobile medical payments.

4. Property

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

Excess Coverage provides:

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

Flood – 25,000,000/5,000,000/-0- based upon Zone locations

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

*Subject to per occurrence and annual aggregate limits

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

Note 16: LONG TERM TAX EXEMPTIONS

The Borough may provide for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. During 2016 and 2015, the Borough had not provided tax abatements to any taxpayer for any property.

Note 17: COMMITMENTS AND CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS

Note 18: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

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

Note 19: SUBSEQUENT EVENTS

On April 24, 2017, Borough Council adopted the 2017 Municipal and Utility Budgets, with current fund and sewer utility operating fund revenues and appropriations totaling \$24,497,754.03 and \$2,383,002.85 respectively.

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



PART II
REQUIRED SUPPLEMENTARY INFORMATION

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

Last 10 Fiscal Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
North Plainfield's Proportion of the Net Pension Liability	0.000328668	0.000349675	0.000343094	0.000371678
North Plainfield's Proportionate Share of the Net Pension Liability	\$6,281,508	\$6,546,872	\$ 7,701,777	\$ 11,008,022
North Plainfield's Covered-Employee Payroll	\$2,473,398	\$2,663,004	\$ 2,543,065	\$ 2,699,413
North Plainfield's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	253.96%	245.85%	302.85%	407.79%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	55.99%	40.14%

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

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

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

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 247,645	\$ 288,267	\$ 294,969
Contribution in Relation to Contractually Required Contribution	<u>\$ (247,645)</u>	<u>\$ (288,267)</u>	<u>\$ (294,969)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
North Plainfield's Covered Employee Payroll	\$ 2,663,004	\$ 2,543,065	\$ 2,699,413
Contributions as a percentage of Covered Employee Payroll	9.30%	11.34%	10.93%

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

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

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

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

Last 10 Fiscal Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.00230218	0.00238936	0.00229198	0.00238391
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$30,605,382	\$30,055,957	\$38,176,318	\$45,538,859
Borough's Covered-Employee Payroll	\$7,415,336	\$7,551,259	\$7,744,881	\$7,623,650
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	412.73%	398.03%	492.92%	597.34%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	55.71%	58.86%	58.09%	52.01%

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

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

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

	<u>Last 10 Fiscal Years*</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 1,784,427	\$ 1,942,893	\$ 1,970,249
Contribution in Relation to Contractually Required Contribution	<u>\$ (1,784,427)</u>	<u>\$ (1,942,893)</u>	<u>\$ (1,970,249)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Borough's Covered Employee Payroll	\$ 7,551,259	\$ 7,744,881	\$ 7,623,650
Contributions as a percentage of Covered Employee Payroll	23.63%	25.09%	25.84%

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

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

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

BOROUGH OF NORTH PLAINFIELD
COUNTY OF SOMERSET, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DECEMBER 31, 2016

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2016, dated March 14, 2017. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms: None

Changes in assumptions:

For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually, For 2014, the discount rate was 5.39%.

PFRS

Changes in benefit terms: None

Changes in assumptions:

For 2016, the discount rate change to 5.55%, the long-term expected rate of return changed to 7.65% and the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

There were none.

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY



PART III
FUND FINANCIAL STATEMENTS

Current Fund

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS -
COLLECTOR - TREASURER

	REF.	CURRENT FUND	STATE AND FEDERAL GRANT FUND
Balance - December 31, 2014	A	\$ 4,842,151.56	\$ 23,256.94
Increased by Receipts:			
Petty Cash Returned	A-6	400.00	
Taxes Receivable	A-7	52,982,767.05	
Tax Title Liens	A-8	303.38	
Revenue Accounts Receivable	A-10	3,830,722.95	
Interfund Accounts	A-11, A-24	11,987,449.30	225,656.70
Various Reserves	A-13	913,041.77	
Tax Overpayments	A-16	265,843.95	
Prepaid Taxes	A-17	374,253.12	
State of NJ Sr. Citizen's & Vet. Deductions	A-18	84,591.31	
Various Other Payables	A-19	1,002,794.99	
State and Federal Grants Receivable	A-23		153,664.97
State and Federal Grants Unappropriated	A-26		33,793.69
		<u>71,442,167.82</u>	<u>413,115.36</u>
Balance Carried Forward		76,284,319.38	436,372.30
Decreased by Disbursements:			
Current Year Revenue Refunds	A-2	36,484.50	
Budget Appropriations	A-3	20,423,784.24	
Petty Cash Advanced	A-6	400.00	
Interfund Accounts Advanced	A-11, A-24	11,504,675.02	421,328.17
Various Reserves	A-13	758,275.80	
Appropriation Reserves	A-14	974,129.12	
Tax Overpayments	A-16	288,348.58	
Various Other Payables	A-19	1,054,350.69	
County Taxes	A-21	5,720,637.97	
Local District School Tax	A-22	30,606,557.00	
		<u>71,367,642.92</u>	<u>421,328.17</u>
Balance - December 31, 2015	A	\$ 4,916,676.46	\$ 15,044.13

SCHEDULE OF CHANGE FUNDS
CURRENT FUND

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Tax Collector	\$ 150.00	\$ 150.00
Clerk	50.00	50.00
Municipal Court	300.00	300.00
Health Officer	50.00	50.00
Public Works Department	50.00	50.00
Police Department	50.00	50.00
Construction Office	<u>50.00</u>	<u>50.00</u>
	<u>\$ 700.00</u>	<u>\$ 700.00</u>

<u>Ref.</u>	A	A
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SCHEDULE OF PETTY CASH FUNDS
CURRENT FUND

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

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

YEAR	BALANCE DEC. 31, 2015	TAX LEVY 2016	ADDED BY COLLECTOR	COLLECTIONS BY CASH 2015	2016	STATE SHARE OF SR. CIT & VET. DEDUCTIONS	TAX OVER - PAYMENTS APPLIED	TRANSFER TO TAX TITLE LIENS	REMITTED OR CANCELLED	BALANCE DEC. 31, 2016
2015	\$ 677,153.05	\$ -	\$ 16,694.99	\$ -	\$ 672,455.35	\$ -	\$ -	\$ 1,869.74	\$ -	19,522.95
	677,153.05	-	16,694.99	-	672,455.35	-	-	1,869.74	-	19,522.95
2016		54,740,782.80	-	990,877.35	52,310,311.70	88,500.00	137,609.38	1,952.41	302,068.69	909,463.27
Total	\$ 677,153.05	\$ 54,740,782.80	\$ 16,694.99	\$ 990,877.35	\$ 52,982,767.05	\$ 88,500.00	\$ 137,609.38	\$ 3,822.15	\$ 302,068.69	928,986.22
	Ref. A	Reserve		A-2, A-17	A-2, A-4	A-1, A-2, A-18	A-16	A-8	Reserve	A

Analysis of 2015 Property Tax Levy:

<u>Tax Yield:</u>			
General Purpose	\$ 54,684,899.12		
Added Taxes (54-4-63.1 et seq.)	55,883.68		
		\$ 54,740,782.80	
<u>Tax Levy:</u>			
Local District School Tax (Abstract A-2, A-22)	\$ 30,606,557.00		
County Tax (Abstract A-2, A-21)	4,604,875.26		
County Library Tax (Abstract A-2, A-21)	679,043.51		
County Open Space Tax (Abstract A-2, A-21)	430,848.84		
Added County Tax A-2, A-21	5,870.36		
		36,327,194.97	
Local Tax for Mun. Purposes (Abs A-2)	18,359,501.57		
Add: Additional Tax Levied	54,086.26		
		18,413,587.83	
		\$ 54,740,782.80	

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2015	A	\$ 21,091.97
Increased by:		
Transfers from Taxes Receivable	A-7	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> 3,822.15 3,822.15 </div>
		24,914.12
Decreased by:		
Redeemed	A-4	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> 303.38 </div>
Balance - December 31, 2016	A	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> \$ 24,610.74 </div>

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

	<u>REF.</u>	
Balance - December 31, 2015	A	\$ 827,500.00
Balance - December 31, 2016	A	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> \$ 827,500.00 </div>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE - CURRENT FUND

	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>ACCRUED</u> <u>IN 2016</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	\$ 26,672.00	\$ 26,672.00	\$ -
Other	A-2	-	54,415.10	54,415.10	-
Fees and Permits	A-2	-	268,109.78	268,109.78	-
Municipal Court - Fines and Costs	A-2	35,488.59	399,126.56	406,669.66	27,945.49
Interest and Costs on Taxes	A-2	-	214,040.21	214,040.21	-
Interest on Investments and Deposits	A-2	-	28,938.26	28,938.26	-
Uniform Construction Code	A-2	-	281,857.00	281,857.00	-
Cable Television Franchise Fees	A-2	-	217,222.48	217,222.48	-
Parking Meters	A-2	-	120,148.24	120,148.24	-
EMS Fees	A-2	-	468,740.54	468,740.54	-
State and Federal Grants and Aid:					
Consolidated Municipal Property Tax Relief A	A-2	-	143,897.00	143,897.00	-
Energy Receipts Tax	A-2	-	1,394,716.00	1,394,716.00	-
Supplemental Energy Tax	A-2	-	-	-	-
Uniform Fire Safety Act	A-2	-	40,619.67	40,619.67	-
Total Anticipated Miscellaneous Revenues		35,488.59	3,658,502.84	3,666,045.94	27,945.49
Miscellaneous Revenues Not Anticipated	A-2	-	164,677.01	164,677.01	-
		\$ 35,488.59	\$ 3,823,179.85	\$ 3,830,722.95	\$ 27,945.49
<u>REF.</u>	A		Reserve	A-4	A

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)
CURRENT FUND

		<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Federal and State Grant Fund		\$ -	\$ 755,517.06	\$ 755,517.06	\$ -
Animal Control Fund		-	12,835.28	12,835.28	-
Other Trust Fund		-	1,583,321.44	1,583,321.44	-
Assessment Trust Fund		-	2,510.78	2,510.78	-
General Capital Fund		14,475.35	6,357,030.48	6,371,505.83	-
Sewer Operating Fund		34,039.08	2,440,008.42	2,474,047.50	-
Sewer Capital Fund		(34,000.00)	816,739.60	782,739.60	-
Payroll Fund		<u>117,176.60</u>	<u>540,140.80</u>	<u>657,317.40</u>	<u>-</u>
		<u>\$ 131,691.03</u>	<u>\$ 12,508,103.86</u>	<u>\$ 12,639,794.89</u>	<u>\$ -</u>
	<u>Ref.</u>				
Receivables	A	165,691.03			-
Payables	A	<u>(34,000.00)</u>			<u>-</u>
		<u>\$ 131,691.03</u>			<u>\$ -</u>
Cash Receipts	A-4			11,987,449.30	
Cash Disbursements	A-4		11,504,675.02		
Charge to Misc. Reserves	A-13			50,000.00	
Budget Revenues	A-2		423,643.85		
Charges to 2016 Approp.	A-3			597,998.85	
Cancelled Grant Reserves	A-1		39,644.19		
Cancelled Grant Receivables	A-1			4,346.74	
Employee Health Ded.	A-3		<u>540,140.80</u>		
			<u>\$ 12,508,103.86</u>	<u>\$ 12,639,794.89</u>	

SCHEDULE OF DEFERRED CHARGES
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>INCREASES</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Master Plan	\$ 15,000.00	\$ -	\$ 15,000.00	\$ -
	<u>\$ 15,000.00</u>	<u>\$ -</u>	<u>\$ 15,000.00</u>	<u>\$ -</u>
<u>Ref.</u>	A		A-3	A

SCHEDULE OF VARIOUS RESERVES
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
<u>SPENDING RESERVES</u>				
Maintenance of Free Public Library with State Aid	\$ 31,794.29	\$ 545.00	\$ 13,320.50	\$ 19,018.79
Hurricane Sandy Costs	-	127,154.43	50,000.00	77,154.43
Police Special Duty	18,014.62	781,769.85	741,382.81	58,401.66
Fire Special Duty	-	3,572.49	3,572.49	-
Master Plan	<u>13,278.97</u>			<u>13,278.97</u>
	<u>\$ 63,087.88</u>	<u>\$ 913,041.77</u>	<u>\$ 808,275.80</u>	<u>\$ 167,853.85</u>
<u>REF.</u>	A	A-4		A
Cash Disbursed		A-4	\$ 758,275.80	
Due to Trust-Other Fund		A-11	<u>50,000.00</u>	
			<u>\$ 808,275.80</u>	

SCHEDULE OF 2015 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2015</u>		<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>			
	<u>APPROPRIATIONS WITHIN "CAPS"</u>				
Department of Administration					
Salaries and Wages	\$	\$ 3,452.17	\$ 3,452.17	\$ 3,452.17	-
Other Expenses	715.29	305.41	1,020.70	760.29	260.41
Borough Council					
Other Expenses	70.00	-	70.00	70.00	-
Borough Clerk					
Salaries and Wages		1,254.77	1,254.77	1,254.77	-
Other Expenses	965.19	5,398.05	6,363.24	965.19	5,398.05
Annual Audit	23,293.34	-	23,293.34	23,293.34	-
Planning Board					
Salaries and Wages		60.00	60.00	-	60.00
Other Expenses	45.00	102.04	147.04	-	147.04
Historical Commission					
Salaries and Wages		252.50	252.50	252.50	-
Other Expenses		1,000.00	1,000.00	-	1,000.00
Board of Adjustment					
Salaries and Wages		960.00	960.00	-	960.00
Other Expenses	2,341.01	1,249.79	3,590.80	2,349.76	1,241.04
Borough Prosecutor					
Salaries and Wages		49.94	49.94	49.94	-
Office of Health, Housing & Property					
Salaries and Wages		1,504.81	1,504.81	1,504.81	-
Other Expenses	651.82	4,730.57	5,382.39	5,351.82	30.57
Office of Recreation					
Other Expenses	242.00	92.54	334.54	96.80	237.74
Maintenance of Parks					
Other Expenses	1,845.20	0.17	1,845.37	1,845.20	0.17
Division of Assessments					
Salaries and Wages		3,120.69	3,120.69	3,120.69	
Other Expenses	1,337.58	996.43	2,334.01	321.08	2,012.93
Reserve for Tax Appeals pending	9,978.13	2,000.00	11,978.13	10,421.41	1,556.72
Department of Finance					
Salaries and Wages	-	3,444.10	3,444.10	3,444.10	-
Other Expenses	2,565.52	7.71	2,573.23	2,565.52	7.71
Insurance					
Group Insurance for Employees	359,884.13	322,262.76	682,146.89	359,884.13	322,262.76
Liability Insurance	5,968.00	44.15	6,012.15	5,968.00	44.15
Municipal Court					
Salaries and Wages		25,956.05	25,956.05	9,683.49	16,272.56
Other Expenses	1,110.00	10.00	1,120.00	1,110.00	10.00
Division of Taxation					
Other Expenses	3,010.80	14.98	3,025.78	2,933.40	92.38
Department of Law					
Other Expenses	10,305.00	0.24	10,305.24	10,305.00	0.24
Police					
Salaries and Wages		132,886.29	132,886.29	100,708.81	32,177.48
Other Expenses	23,015.26	530.58	23,545.84	23,443.44	102.40
School Crossing Guards					
Salaries and Wages		19,310.38	19,310.38	3,572.91	15,737.47
Parking Enforcement					
Salaries and Wages		512.11	512.11	512.11	-
Fire Protection					
Salaries and Wages		45,109.05	45,109.05	45,109.05	-
Other Expenses	6,089.59	901.43	6,991.02	6,191.53	799.49

SCHEDULE OF 2015 APPROPRIATION RESERVES

	<u>BALANCE - DEC. 31, 2015</u>		AMOUNT	<u>PAID OR</u>	<u>BALANCE</u>
	<u>ENCUMBERED</u>	<u>RESERVED</u>	AFTER <u>MODIFICATION</u>		
Fire Hydrant Service	16,071.25	145.00	16,216.25	16,071.25	145.00
Uniform Fire Code Safety Act					
Salaries and Wages		0.22	0.22	-	0.22
Other Expenses	2,556.30	47.19	2,603.49	2,523.19	80.30
Emergency Medical Services					
Other Expenses	3,117.40	462.07	3,579.47	3,117.40	462.07
Streets and Roads					
Other Expenses	16,893.41	10,722.85	27,616.26	27,479.21	137.05
Buildings and Grounds					
Other Expenses	21,241.85	9,311.15	30,553.00	23,184.75	7,368.25
Vehicle Maintenance					
Other Expenses	15,740.18	2,590.81	18,330.99	15,606.42	2,724.57
Engineering Services					
Other Expenses		4,158.21	4,158.21	4,125.00	33.21
Office of Emergency Management					
Salaries and Wages		7,100.00	7,100.00	-	7,100.00
Other Expenses	2,090.87	-	2,090.87	2,090.87	-
State Uniform Construction Code					
Salaries and Wages		17,644.51	17,644.51	6,215.50	11,429.01
Other Expenses	3,541.03	3,835.33	7,376.36	3,357.19	4,019.17
Electricity	29,500.00	32.94	29,532.94	29,401.49	131.45
Telephone	5,762.58	9,893.27	15,655.85	5,762.58	9,893.27
Water		989.45	989.45	390.10	599.35
Natural Gas/Propane	20,000.00	7,437.19	27,437.19	10,591.03	16,846.16
Gasoline	25,010.11	29,513.95	54,524.06	25,010.11	29,513.95
Technology -Communications	5,390.33	-	5,390.33	5,390.33	-
Postage	5,050.00	151.76	5,201.76	5,050.00	151.76
Retirement Benefits		126,563.93	126,563.93	125,428.28	1,135.65
Contingent	2,926.76	75.64	3,002.40	3,001.76	0.64
Contribution to:					
Social Security System (O.A.S.I.)		10,171.59	10,171.59	10,171.59	-
Total Reserves Within "CAPS"	628,324.93	818,366.77	1,446,691.70	954,509.31	492,182.39
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>					
Length of Service Awards Program (LOSAP)					
Other Expenses	2,800.00	1,000.00	3,800.00	2,400.00	1,400.00
"COAH" Housing Rehabilitation					
Other Expenses	-	5,000.00	5,000.00	-	5,000.00
Engineering Expenses-Stormwater					
Other Expenses	-	405.39	405.39	400.00	5.39
Interlocal Municipal Service Agreements					
Somerset County - Recycling	-	12,849.04	12,849.04	-	12,849.04
NJ DEP Permit Fees	-	-	-	-	-
Matching Funds Grant	-	5,000.00	5,000.00	-	5,000.00
Purchase of Capital Equipment	15,306.49	2,402.12	17,708.61	17,366.06	342.55
Purchase of Shade Tree	-	5.00	5.00	-	5.00
Total Reserves Excluded from "CAPS"	18,106.49	26,661.55	44,768.04	20,166.06	24,601.98
Total Appropriation Reserves	\$ 646,431.42	\$ 845,028.32	\$ 1,491,459.74	\$ 974,675.37	\$ 516,784.37
	<u>REF.</u>	A	A		A-1
Cash Disbursed	A-4			\$ 974,129.12	
Accounts Payable	A-15			<u>546.25</u>	
				\$ 974,675.37	

SCHEDULE OF ACCOUNTS PAYABLE
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2015	A	\$ 34,417.88
Increased by:		
Charges to Appropriation Reserves	A-13	<u>546.25</u>
Balance - December 31, 2016	A	<u>\$ 34,964.13</u>

SCHEDULE OF TAX OVERPAYMENTS -
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2015	A		\$ 124,516.68
Increased by:			
Tax Overpayments Collected	A-4	265,843.95	
State Tax Appeals Settlement	A-1	<u>392,285.65</u>	
			<u>658,129.60</u>
			782,646.28
Decreased by:			
Refunds	A-4	\$ 288,348.58	
Applied to 2016 Taxes	A-77	137,609.38	
Cancelled	A-1	<u>32,598.54</u>	
			<u>458,556.50</u>
Balance - December 31, 2016	A		<u>\$ 324,089.78</u>

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance - December 31, 2015	A	\$ 990,877.35
Increased by:		
Collections	A-4	<u>374,253.12</u>
		1,365,130.47
Decreased by:		
Applied to 2016 Taxes Receivable	A-7	<u>990,877.35</u>
Balance - December 31, 2016	A	<u><u>\$ 374,253.12</u></u>

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

	<u>REF.</u>	
Balance - December 31, 2015		
Due from State	A	\$ (250.00)
Increased by:		
Deductions per 2016 Tax Duplicate:		
Senior Citizens	A-7	\$ 17,750.00
Veterans	A-7	70,000.00
Deductions Allowed by Tax Collector:		
2016 Tax (Net)	A-7	750.00
Prior Year Deductions Allowed by Collector		
2015 Tax (Net)	A-7, A-1	<u>1,250.00</u>
		<u>89,750.00</u>
		89,500.00
Decreased by:		
Collections	A-4	84,591.31
Deductions Disallowed by Tax Collector:		
2015 Tax	A-7, A-1	<u>4,158.69</u>
		<u>88,750.00</u>
Balance - December 31, 2016		
Due from (To) State	A	<u><u>\$ 750.00</u></u>

SCHEDULE OF VARIOUS OTHER PAYABLES
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
State of NJ-Various Fees	\$ 5,803.00	\$ 24,077.00	\$ 25,727.00	\$ 4,153.00
Outside Lien Holders	54,561.02	978,717.99	1,028,623.69	4,655.32
	<u>\$ 60,364.02</u>	<u>\$ 1,002,794.99</u>	<u>\$ 1,054,350.69</u>	<u>\$ 8,808.32</u>
<u>REF.</u>	A	A-4	A-4	A

SCHEDULE OF RESERVE FOR ENCUMBRANCES
CURRENT FUND

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2015	A	\$ 646,431.42	\$ 20,513.53
Increased by:			
Charges to:			
Grant Appropriation Reserves	A-25		15,621.73
2016 Budget Appropriations	A-3	<u>798,337.72</u>	<u> </u>
Subtotal		1,444,769.14	36,135.26
Decreased by:			
Transferred to Approp. Reserves	A-14	646,431.42	
Transferred to Grant Approp. Reserves	A-25	<u> </u>	<u>20,513.53</u>
Balance - December 31, 2016	A	<u>\$ 798,337.72</u>	<u>\$ 15,621.73</u>

SCHEDULE OF COUNTY TAXES PAYABLE
CURRENT FUND

REF.

Increased by:		
2016 Levy:		
County Tax	A-1, A-2, A-7	\$ 4,604,875.26
County Library Tax	A-1, A-2, A-7	679,043.51
County Open Space Preservation	A-1, A-2, A-7	430,848.84
Added Taxes (R.R. 54:4-63.1 et seq.)	A-1, A-2, A-7	<u>5,870.36</u>
		<u>\$5,720,637.97</u>
Decreased by:		
Payments	A-4	<u>\$5,720,637.97</u>

Exhibit - A-22

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES
CURRENT FUND

REF.

Increased by:		
2016 Levy:	A-1, A-2, A-7	\$ 30,606,557.00
Decreased by:		
Payments	A-4	<u>\$ 30,606,557.00</u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND

Exhibit - A-23

<u>GRANT</u>	BALANCE DEC. 31, 2015	2016 BUDGET REVENUE REALIZED	COLLECTED 2016	TRANS. FROM STATE & FED. GRANTS UNAPPROP.	CANCELLED	BALANCE DEC. 31, 2016
Body Armor Fund	\$ -	\$ 4,288.74	\$ -	\$ 4,288.74	\$ -	\$ -
Body Worn Camera Grant	-	10,000.00	10,000.00			
Clean Communities Program	-	39,952.27	39,952.27			
Click it, Ticket it	-	4,200.00		4,200.00		
Drunk Driving Enforcement Fund	-	9,743.82		9,743.82		
Forestry Program	23,163.00					23,163.00
Historic Preservation	75,070.00					75,070.00
JAG Grant	36,050.00					36,050.00
NJDOT-Malcolm & Manning	144,057.50					144,057.50
DOT - Livable Communities Program	37,500.00					37,500.00
New Jersey SHARE Grant-Fireman	7,506.42					7,506.42
Safe & Secure Communities Program	17,400.00	90,000.00	90,000.00			17,400.00
Somerset County Drug Alliance Program	14,465.91	15,459.02	13,712.70		296.74	15,915.49
Somerset County Greenways Partnership	267,400.00					267,400.00
Somerset County Historic Preservation	36,600.00					36,600.00
Trust - Vermuele Mansion - 2003	4,050.00				4,050.00	
Somerset County Planning Partnership						
	<u>\$ 663,262.83</u>	<u>\$ 173,643.85</u>	<u>\$ 153,664.97</u>	<u>\$ 18,232.56</u>	<u>\$ 4,346.74</u>	<u>\$ 660,662.41</u>

Ref.

A A-24 A-4 A-26 A-24,A-25 A

Adopted Budget
NJSA 40A:4-87

\$ 108,232.56
65,411.29
173,643.85

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE
GRANT FUND

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Due to Current Fund	\$ -	\$ 755,877.02	\$ 755,877.02	\$ -
Due to General Capital Fund	<u>142,500.00</u>	<u>225,000.00</u>	<u>142,500.00</u>	<u>225,000.00</u>
	<u>\$ 142,500.00</u>	<u>\$ 980,877.02</u>	<u>\$ 898,377.02</u>	<u>\$ 225,000.00</u>
	<u>Ref.</u>			<u>A</u>
Disbursed	A-4		421,328.17	
Cash Receipts	A-4	225,656.70		
Transfers from 2015 Budget	A-25		472,998.85	
Grant Receivables Cancelled	A-25	39,347.45		
2016 Grant Revenues	A-23	173,643.85		
Grant Expend. Paid by Current	A-25	542,229.02		
Appropriated Grant Cancelled	A-26		<u>4,050.00</u>	
		<u>\$ 980,877.02</u>	<u>\$ 898,377.02</u>	

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

	<u>RESERVE FOR</u>		<u>TRANSFERRED</u>		<u>PAID OR</u>		<u>RESERVE FOR</u>		<u>BALANCE</u>
	<u>DEC. 31, 2015</u>	<u>ENCUMB.</u>	<u>FROM 2016</u>	<u>BUDGET</u>	<u>CHARGED</u>	<u>ENCUMB.</u>	<u>DEC. 31, 2016</u>	<u>DEC. 31, 2016</u>	
<u>GRANT/AID PROGRAM</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alcohol Education and Rehabilitation Fund	6,778.50	-	-	-	2,670.00	-	-	4,108.50	
ANJEC-Environmental Resources	7,000.00	-	-	-	-	-	-	7,000.00	
Body Armor Fund	8,619.58	-	4,288.74	-	6,277.51	697.50	-	5,933.31	
Body Worn Camera Grant	-	-	10,000.00	-	-	9,800.00	-	200.00	
Clean Communities Act	13,523.86	13,205.00	39,952.27	-	52,672.82	4,500.00	-	9,508.31	
Community Stewardship	23,000.00	-	-	-	-	-	23,000.00	-	
Community Development Block Grant Program	3,073.68	-	4,200.00	-	3,000.00	-	-	73.68	
Click it Ticket it	5,000.00	-	-	-	9,200.00	-	-	-	
Dept. of Justice - Police Grant	4,719.47	-	-	-	-	-	-	4,719.47	
Drunk Driving Enforcement Fund	600.00	-	9,743.82	-	9,343.82	506.00	-	494.00	
Division of Highway Safety	5,000.00	-	-	-	5,000.00	-	-	-	
Fire Fighters Grant-2007	30,881.44	-	-	-	-	-	-	30,881.44	
FEMA Fire Fighters Grant	4.65	-	-	-	-	-	-	4.65	
Forestry Grant	25,000.00	-	-	-	-	-	-	25,000.00	
JAG Grant	6,330.53	-	-	-	-	-	-	6,330.53	
Local Law Enforcement Block Grant	31,516.67	-	-	-	-	-	-	31,516.67	
Municipal Court Adjudication Act	22,029.09	-	-	-	-	-	-	22,029.09	
Municipal Waterways Reclamation Program	2,147.45	-	-	-	-	-	2,147.45	-	
New Jersey Signage Program	1,654.62	-	-	-	1,654.62	-	-	-	
NJ SHARE Grant-Schools	6,400.00	-	-	-	-	-	-	6,400.00	
NJDEP Recycling Tonnage Grant	17,085.75	4,500.00	-	-	21,585.00	-	-	-	
NJDOT - Grove Ave	5,797.50	-	-	-	5,797.50	-	-	0.75	
NJDOT - Livable Communities Program	2,607.59	-	-	-	-	-	-	2,607.59	
NJDOT - Crab Brooke	5,000.00	-	-	-	5,000.00	-	-	-	
NJDOT - Somerset Street	(6,785.00)	-	-	-	(6,785.00)	-	-	-	
NJDOT - Belmont Avenue	(4,012.50)	-	-	-	(4,012.50)	-	-	-	
Parking Adjudication	6,882.00	-	-	-	6,882.00	-	-	-	
Safe & Secure Communities	-	90,000.00	-	-	90,000.00	-	-	-	
Safe & Secure Matching Funds	-	295,000.00	-	-	295,000.00	-	-	-	
Smart Future Downtown Redevelopment	12,800.00	-	-	-	-	-	-	12,800.00	
Somerset County Drug Alliance Program	4,043.12	1,308.53	19,814.02	-	22,522.25	118.23	296.74	2,228.45	

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

<u>GRANT/AID PROGRAM</u>	RESERVE FOR		TRANSFERRED		PAID OR		RESERVE FOR		BALANCE	
	BALANCE DEC. 31, 2015	ENCUMB. DEC. 31, 2015	FROM 2016 BUDGET	CHARGED	CHARGED	ENCUMB. DEC. 31, 2016	CANCELLED	DEC. 31, 2016	DEC. 31, 2016	
Somerset County EDIP	24,407.96								24,407.96	
Somerset County Greenways Partnership	191,687.77								191,687.77	
Somerset County Historic Preservation	12,375.90								12,375.90	
Somerset County Planning Partnership	7,800.00						7,800.00		-	
Somerset Cty. Youth Athletic & Recreation Facility Grants	4,105.00			11,177.00					4,105.00	
Stormwater Management	11,177.00			5,244.00					-	
Youth Services Commission	7,022.05	1,500.00							3,278.05	
	<u>\$ 505,273.68</u>	<u>\$ 20,513.53</u>	<u>\$ 472,998.85</u>	<u>\$ 542,229.02</u>	<u>\$ 15,621.73</u>	<u>\$ 39,644.19</u>	<u>\$ 401,291.12</u>			

Ref.

A A-21 A-24 A-24 A-24 A-21 A-23,A-24 A

Adopted budget
 NJSA 40A:4-87
 \$ 407,587.56
65,411.29
 \$ 472,998.85

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS
 UNAPPROPRIATED
GRANT FUND

Exhibit - A-26

<u>GRANTS</u>	BALANCE <u>DEC. 31, 2015</u>	COLLECTED <u>2016</u>	APPROPRIATED <u>2016</u>	BALANCE <u>DEC. 31, 2016</u>
Body Armor Fund	\$ 4,288.74	4,108.94	4,288.74	4,108.94
Recycling Tonnage Grant	-	15,010.30		15,010.30
Drunk Driving Enforcement Fund	9,743.82	7,174.45	9,743.82	7,174.45
Click It Or Ticket	4,200.00		4,200.00	-
Youth Services Commission	-	7,500.00		7,500.00
	<u>\$ 18,232.56</u>	<u>\$ 33,793.69</u>	<u>\$ 18,232.56</u>	<u>\$ 33,793.69</u>
<u>Ref.</u>	A	A-4	A-23	A

Trust Fund

ANALYSIS OF ASSESSMENT CASH
ASSESSMENT FUND

	<u>BALANCE</u> DEC. 31, 2015	<u>Receipts</u>	<u>TRANSFERS</u>		<u>BALANCE</u> DEC. 31, 2016
			<u>To</u>	<u>From</u>	
Fund Balance	\$128,739.14	\$1,351.84	\$850.40		130,941.38
Assessment Receivable	(850.40)	850.40			-
Prospective Assessments Funded	(68,203.44)		68,203.44		-
Reserve for Assessments	69,053.84			69,053.84	-
Due to Current Fund	-				-
	<u>\$128,739.14</u>	<u>\$2,202.24</u>	<u>\$69,053.84</u>	<u>\$69,053.84</u>	<u>\$130,941.38</u>

Ref. B

B

SCHEDULE OF ASSESSMENTS RECEIVABLE
TRUST FUND

Exhibit - B-3

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>RECEIPTS</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
91-08	Construction of Curbs - Brook to North Jackson Avenue	\$249.73	\$249.73	
93-10	Granite Block Curbing - Brook Avenue	<u>600.67</u>	<u>600.67</u>	
		<u>\$850.40</u>	<u>\$850.40</u>	
	<u>Ref.</u>	B	B-1	B

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED
TRUST FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2015	CANCELLED BY RESOLUTION	BALANCE DEC. 31, 2016	BALANCE PLEDGED TO	
					BONDS	ASSESSMENT RESERVE
757	Improvement of Various Streets	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	\$ -
83-15	Construction of Concrete Curbs	17,000.00	\$17,000.00	-	-	-
84-17	Reconstruction of Interhaven Avenue	15,000.00	\$15,000.00	-	-	-
91-08	Construction of Curbs - Brook to North Jackson Avenue	2,749.79	\$2,749.79	-	-	-
93-10	Granite Block Curbing - Brook Avenue	6,373.65	\$6,373.65	-	-	-
06-08	Granite Block-Rockview Avenue	2,080.00	\$2,080.00	-	-	-
		<u>\$ 68,203.44</u>	<u>\$ 68,203.44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Ref. B B-3 B

SCHEDULE OF SPECIAL ACCOUNT BALANCE CALCULATION
ANIMAL CONTROL FUND

Footnote: R.S. 4:19-15.11

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

<u>SFY Year</u>	<u>Amount</u>
2014	12,928.12
2015	<u>11,303.00</u>
	<u>\$ 24,231.12</u>
Animal Control Balance - December 31, 2016	<u>\$ 1,356.61</u>

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance December 31, 2015Cash..... Receipts	Disbursements	Adjustments	Balance December 31, 2016
Assessment Trust:					
Due from/to Current Fund	\$ -				\$ -
Assessments Receivable	(850.40)	850.40			-
Prospective Assessments Funded	(68,203.44)			68,203.44	-
Reserve for Assessments	69,053.84			(69,053.84)	-
Assessment Fund Balance	128,739.14	1,351.84		850.40	130,941.38
Total	123,080.87	2,202.24	-	-	130,941.38
Animal Control:					
Due NJ - State License Fees	-	987.60		(987.60)	-
Animal Control Reserves	2,297.41	10,906.88	(12,835.28)	987.60	1,356.61
Total	1,876.15	11,894.48	(12,835.28)	-	1,356.61
Trust - Other Funds:					
Escrow Funds and Reserves	2,695,608.79	1,383,289.55	(1,588,374.50)		2,490,523.84
Total	2,802,574.73	1,383,289.55	(1,588,374.50)	-	2,490,523.84
Total	\$ 2,927,531.75	\$ 1,397,386.27	\$ (1,601,209.78)	\$ -	\$ 2,622,821.83

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS
TRUST FUND

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DEC. 31, 2015	COLLECTIONS	CANCELLED	BALANCE DEC. 31, 2016
	<u>Assessment Receivable</u>				
91-08	Construction of Curbs - Brook to North Jackson	\$ 249.73	\$ 249.73	-	-
93-10	Granite Block Curbing - Brook Avenue	600.67	600.67		-
	<u>Prospective Assessments Funded</u>				
757	Improvement - Various Streets	25,000.00		25,000.00	-
83-15	Construction of Concrete Curbs	17,000.00		17,000.00	-
84-17	Reconstruction of Interhaven Avenue	15,000.00		15,000.00	-
91-08	Construction of Curbs - Brook to North Jackson	2,749.79		2,749.79	-
93-10	Granite Block Curbing - Brook Avenue	6,373.65		6,373.65	-
06-08	Granite Block Curbing - Rockview Avenue	2,080.00		2,080.00	-
		<u>\$69,053.84</u>	<u>\$850.40</u>	<u>\$68,203.44</u>	<u>\$ -</u>
	<u>REF.</u>	B	B-6	B-1	B

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES
TRUST - OTHER FUND

	BALANCE DECEMBER 31, 2015	INCREASE	DECREASE	BALANCE DECEMBER 31, 2016
Trust - Other Fund:				
Unemployment Compensation Insurance	\$ 145,014.04	\$ 1,498.28	\$ 47,599.01	\$ 98,913.31
Small Cities Repayment Fund	64,215.35	9,078.77		73,294.12
Federal and County Forfeiture Funds	38,938.31	7,370.11		46,308.42
Special Events Deposits	28,528.37	18,505.86	14,660.56	32,373.97
Performance Bonds and Escrow Deposits	81,294.46	278,810.72	80,574.47	279,530.71
Redemption and Premiun Received at Tax Sale	1,868,009.34	807,729.70	1,065,129.12	1,610,609.92
Accumulated Absences	169,853.94		140,000.00	29,853.94
Uniform Fire Safety Act Penalties	4.15			4.15
Parking Offenses Adjudication Act	18,114.71	4,558.24	2,085.64	20,587.31
Public Defender Fees	14,790.86	7,313.74	11,000.00	11,104.60
3rd Party Contracts-Uniform Construction				
Code Fire and Subcode	14,324.99			14,324.99
Recreation Activities	84,894.25	155,746.46	137,731.42	102,909.29
Uniform Fire Code Enforcement				
And Dedicated Penalties (P.L 1991, Ch. 489)	3,690.58	15,202.00	6,497.07	12,395.51
Police Recovered Funds	19,232.04	3,797.67	3,687.00	19,342.71
Gifts for Library/Vermuele	1,610.00		414.37	1,195.63
Snow Removal	63,796.35	70,000.00	63,793.84	70,002.51
Police Off-Duty	50,850.05			50,850.05
Credit Card Fees		1,629.19		1,629.19
Fire Penalty	28,447.00	3,678.00	15,202.00	16,923.00
Total Trust - Other Fund	<u>\$ 2,695,608.79</u>	<u>\$ 1,384,918.74</u>	<u>\$ 1,588,374.50</u>	<u>\$ 2,492,153.33</u>
Ref.	B, B-6			B, B-6

General Capital Fund

SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS-TREASURER

	<u>REF.</u>	
Balance - December 31, 2015	C	\$ 3,421,520.14
Increased by Receipts:		
Interfund Accounts Receipts	C-4	<u>2,788,780.98</u>
		6,210,301.12
Decreased by Disbursements:		
Interfund Accounts Disbursements	C-4	<u>4,406,320.93</u>
Balance - December 31, 2016	C	<u>\$ 1,803,980.19</u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Fund Balance	\$ 274,385.40	\$ 50,759.30
Interfund Receivable/Payable (Net)	(228,024.65)	(225,000.00)
Grant Receivable	(547,500.00)	(450,000.00)
Excess BAN's	-	-
Reserve for Encumbrances	1,603,595.14	611,631.97
Capital Improvement Fund	3,191.44	4,191.44

ORD.

NO. IMPROVEMENT AUTHORIZATIONS

<u>General Improvements</u>		
98-04	Various Improvements:	
	(f) Land Acquisition - Recreational Purposes	\$ 151,154.36 \$ 151,154.36
05-17	Equip. & Various Capital Improv.	
	i) Municipal Bldg. Renovations	747.21 747.21
06-12	Various Capital Improvements:	
	iv) Municipal Parking Lot - Lincoln Pl	77,500.00 77,500.00
07-09	Various Capital Improvements:	
	iv) Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	150,000.00 150,000.00
09-05	Equip. & Various Capital Improv.:	
	iii) Mun. Complex/Library/Parking Lot	24,873.01 24,565.01
	v) Fire Dept. Trailer/Fire Bay Door	9,100.00 6,109.00
	vii) COAH Housing Rehabilitation	407.50 407.50
12-03	Various Capital Improvements:	
	i) Police Dept Vehilces/Shotguns	2.35 2.35
	iii) Fire Dept New Pumper and Ambulance	- 64.20
	vi) Public Works - Various Equipment	14.19 14.19
	vii) Stormwater maintenance	46,442.06 41,307.81
	viii) Demolition	4,975.39 -
	ix) COAH Housing Rehab	30,000.00 12,375.00
14-07	Various Capital Improvements:	
	i) Police Dept Equipment	45,054.28 10,459.28
	iii) Fire Dept Equipment	600.00 600.00
	iv) Improv. To Bldgs. & Grounds	184,943.19 -
	v) Roads & Safety Improvements	449,644.51 6,587.66
	vi) Public Works - Various Equipment	6,398.22 6,398.22
	vii) Stormwater maintenance	43,395.50 43,395.50
	viii) Demolition	7,991.61 -
	ix) COAH Housing Rehab	25,000.00 25,000.00
15-06	Various Capital Improvements:	
	i) Police Dept Equipment	- -
	ii) Fire Dept Equipment	232.71 232.71
	iii) Municipal Bldg. & Property Improvements	578,860.06 -

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
iv) Roads & Safety Improvements	348,436.66	-
ORD. NO. <u>IMPROVEMENT AUTHORIZATIONS (Cont'd.)</u>		
v) Public Works - Various Equipment	98,100.00	81,448.00
vi) Stormwater maintenance	32,000.00	32,000.00
16-10 Various Capital Improvements:		
i) Police Dept Equipment	-	75,954.82
ii) Fire Dept Equipment	-	2,931.00
iii) Municipal Bldg. & Property Improvements	-	268,955.63
iv) Roads & Safety Improvements	-	564,188.03
v) Public Works - Various Equipment	-	230,000.00
	<u>\$ 3,421,520.14</u>	<u>\$ 1,803,980.19</u>

Ref.

C

C

() Denotes Deficit or Deduction

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE

		<u>BALANCE DEC. 31, 2015</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2016</u>
Due from Grant Fund		\$ 142,500.00	\$ 225,000.00	\$ 142,500.00	\$ 225,000.00
Due to Current Fund		(14,475.35)	6,356,719.78	6,371,195.13	-
Due from Sewer Capital Fund		<u>100,000.00</u>		<u>100,000.00</u>	<u>-</u>
		<u>\$ 228,024.65</u>	<u>\$ 6,581,719.78</u>	<u>\$ 6,613,695.13</u>	<u>\$ 225,000.00</u>
	<u>REF.</u>				
	C				C
Interfund Receivable	C	242,500.00			225,000.00
Interfund Payable	C	<u>(14,475.35)</u>			<u>-</u>
		<u>228,024.65</u>			<u>225,000.00</u>
Fund Balance Utilized	C-1		250,000.00		
B.A.N. Proceeds Deposited to Current	C-11			\$ 1,966,000.00	
B.A.N. Premium Deposited to Current	C-11			26,374.20	
Capital Grant Deposited to Grant Fund	C-9		97,500.00		
Cash Receipts	C-2		2,546,280.98	242,500.00	
Cash Disbursements	C-2		127,500.00	4,278,820.93	
Improvement Authorizations	C-11		3,560,438.80		
Capital Improvement Fund	C-8			<u>100,000.00</u>	
			<u>\$ 6,581,719.78</u>	<u>\$ 6,613,695.13</u>	

() Denotes Payable

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance - December 31, 2015	C	\$ 14,416,000.00
Decreased by:		
Serial Bonds Payments	C-10	<u>1,090,000.00</u>
Balance - December 31, 2016	C	<u>\$ 13,326,000.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	2016 <u>AUTHORIZED</u>	BALANCE <u>DEC. 31, 2016</u>	ANALYSIS OF
				<u>BALANCE</u> BOND ANTIC. <u>NOTES</u>
16-10	Various Capital Improvements:	\$	\$	\$
	i) Police Dept Equipment	134,000.00	134,000.00	134,000.00
	ii) Fire Dept Equipment	18,000.00	18,000.00	18,000.00
	iii) Municipal Bldg. & Property Improvements	604,600.00	604,600.00	604,600.00
	iv) Roads & Safety Improvements	990,400.00	990,400.00	990,400.00
	v) Public Works - Various Equipment	219,000.00	219,000.00	219,000.00
		<u>\$ 1,966,000.00</u>	<u>\$ 1,966,000.00</u>	<u>\$ 1,966,000.00</u>
	<u>Ref.</u>	C-7	C	

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	ORDINANCE DATE	AMOUNT	BALANCE		2015 ENCUMB.	2016 AUTHORIZED	2016 ENCUMB.	PAID OR CHARGED	BALANCE-DEC. 31, 2016	
			DEC. 31, 2015 FUNDED	DEC. 31, 2015 \$					FUNDED	UNFUNDED
98-04	Various Improvements: (f) Land Acquisition - Recreational Pur	4/27/98	300,000.00	\$ 151,154.36	\$	\$	\$	\$	151,154.36	\$
05-17	Equip. & Various Capital Improv. ii) Aff. Action Training Fund			747.21					747.21	
06-12	Various Capital Improvements: iv) Municipal Parking Lot - Lincoln Pl	8/14/06	500,000.00	77,500.00					77,500.00	
07-09	Various Capital Improvements: iv) Acquis. Of Block 93, Lots 7 & 8 and construction of Parking Lot	7/23/07	150,000.00	150,000.00					150,000.00	
09-05	Equip. & Various Capital Improv. iii) Mun. Complex/Library/Parking Lot	7/13/09	900,000.00	24,873.01				308.00	24,565.01	
	v) Fire Dept. Trailer/Fire Bay Door	7/13/09	51,000.00	9,100.00				2,991.00	6,109.00	
	vii) COAH Housing Rehabilitation	7/13/09	50,000.00	407.50					407.50	
12-03	Various Capital Improvements: i) Police Dept Vehiles/Shotguns	4/23/12	78,000.00	2.35					2.35	
	iii) Fire Dept New Pumper and Ambulk	4/23/12	570,000.00		5,735.55			5,671.65	63.90	
	v) Roads & Safety Improvements	4/23/12	1,240,000.00		21,386.50				21,386.50	
	vi) Public Works - Various Equipment	4/23/12	150,000.00	14.19				5,134.25	14.19	
	vii) Stormwater maintenance	4/23/12	50,000.00	46,442.06				4,975.39	41,307.81	
	viii) Demolition	4/23/12	50,000.00	4,975.39				12,443.75	12,375.00	
	ix) COAH Housing Rehab	4/23/12	50,000.00	30,000.00	3,950.00					
14-07	Various Capital Improvements: i) Police Dept Equipment	9/8/14	114,000.00	45,054.28				34,595.00	10,459.28	
	iii) Fire Dept Equipment	9/8/14	15,000.00	600.00					600.00	
	iv) Improv. To Bldgs. & Grounds	9/8/14	710,000.00	184,943.19	35,615.00			157,511.45	63,046.74	
	v) Roads & Safety Improvements	9/8/14	2,132,000.00	449,644.51	631,565.80			855,138.59	219,484.06	
	vi) Public Works - Various Equipment	9/8/14	230,000.00	6,398.22						
	vii) Stormwater maintenance	9/8/14	50,000.00	43,395.50						
	viii) Demolition	9/8/14	25,000.00	7,991.61				7,991.61		
	ix) COAH Housing Rehab	9/8/14	25,000.00	25,000.00					25,000.00	
15-06	Various Capital Improvements: i) Police Dept Equipment	4/27/15	362,000.00		362,000.00			362,000.00		
	ii) Fire Dept Equipment	4/27/15	190,000.00	232.71	189,767.29			189,767.29	232.71	
	iii) Municipal Bldg. & Property Improvements	4/27/15	600,000.00	578,860.06	1,675.00			556,105.97	24,429.09	
	iv) Roads & Safety Improvements	4/27/15	378,000.00	348,436.66				345,792.93	2,643.73	
	v) Public Works - Various Equipment	4/27/15	450,000.00	98,100.00	351,900.00			368,552.00	81,448.00	
	vi) Stormwater maintenance	4/27/15	32,000.00	32,000.00					32,000.00	

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	DATE	ORDINANCE AMOUNT	BALANCE DEC. 31, 2015		2015 ENCUMB.	2016 AUTHORIZED	2016 ENCUMB.	PAID OR CHARGED	BALANCE-DEC. 31, 2016	
			FUNDED	UNFUNDED					FUNDED	UNFUNDED
16-10										
Various Capital Improvements:										
i) Police Dept Equipment	6/13/16	141,000.00		141,000.00		141,000.00	15,319.00	65,045.18		75,954.82
ii) Fire Dept Equipment	6/13/16	19,000.00		19,000.00		19,000.00		750.00		2,931.00
iii) Municipal Bldg. & Property Improvements	6/13/16	635,000.00		635,000.00		635,000.00	98,387.20	267,657.17		268,955.63
iv) Roads & Safety Improvements	6/13/16	1,040,000.00		1,040,000.00		1,040,000.00	157,804.40	318,007.57		564,188.03
v) Public Works - Various Equipment	6/13/16	230,000.00		230,000.00		230,000.00			11,000.00	219,000.00
			\$ 2,315,872.81	\$ 2,065,000.00	\$ 1,603,595.14	\$ 2,065,000.00	\$ 611,631.97	\$ 3,560,438.80	\$ 681,367.70	\$ 1,131,029.48
			C	C	C	C	C	C-4	C	C
Capital Improvement Fund										
Deferred Charges to Future Taxation - Unfunded										
				\$ 99,000.00						
				1,966,000.00						
				\$ 2,065,000.00						

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2015	C	\$ 3,191.44
Increased by:		
2015 Budget Appropriation	C-4	<u>100,000.00</u>
		103,191.44
Decreased by:		
Appropriated to Finance Improvement Authorization	C-7	<u>99,000.00</u>
Balance - December 31, 2016	C	<u><u>\$ 4,191.44</u></u>

Exhibit - C-9

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance - December 31, 2015	C	\$ 547,500.00
Increased by:		
2016 Grants Awarded:		
NJDOT - (Ord. 16-10)	Reserve	<u>175,000.00</u>
		722,500.00
Decreased by:		
Grants Received	C-4	<u>97,500.00</u>
Balance - December 31, 2016	C	<u><u>\$ 625,000.00</u></u>

Analysis of Balance:

Federal Transportation Grant (Ord. 14-07)	\$ 150,000.00
NJDOT (Ord. 14-07)	300,000.00
NJDOT (Ord. 16-10)	<u>175,000.00</u>
	<u><u>\$ 625,000.00</u></u>

SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURETIES OF BONDS OUTSTANDING - DEC. 31, 2016	INTEREST RATE	BALANCE	BALANCE
					DEC. 31, 2015	DEC. 31, 2016
			AMOUNT		DECREASE	
General Improvement Bonds	6/5/15	14,416,000.00	1,240,000.00	3.000%		
	6/1/18		1,250,000.00	3.000%		
	6/1/19		1,270,000.00	3.000%		
	6/1/20		1,285,000.00	3.000%		
	6/1/21		1,310,000.00	3.000%		
	6/1/22		1,330,000.00	3.000%		
	6/1/23		1,360,000.00	3.000%		
	6/1/24		1,030,000.00	3.000%		
	6/1/25		1,060,000.00	3.000%		
	6/1/26		1,085,000.00	3.000%		
	6/1/27		1,106,000.00	3.000%		
					14,416,000.00	13,326,000.00
					<u>\$ 14,416,000.00</u>	<u>\$ 13,326,000.00</u>

Ref. C C-5 C

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORD.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>INCREASE</u>	<u>BALANCE DEC. 31, 2016</u>
16-10	Various Capital Improvements	12/16/16	1,966,000.00	12/16/16	12/15/17	2.500%	\$ 1,966,000.00	\$ 1,966,000.00
							<u>\$ 1,966,000.00</u>	<u>\$ 1,966,000.00</u>

Ref. C-4 C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2015	2016 AUTHOR.	BOND ANTICIPATION		BALANCE DEC. 31, 2016
				NOTES ISSUED	CANCELLED	
99-12	Various Improvements:					
	a) HVAC & Roof Renovations	750.00			750.00	-
	b) Resurfacing of Roadways	2,000.00			2,000.00	-
	c) Acquis. of Fire/Rescue Ambulance	250.00			250.00	-
	d) Acquis. of Aerial Truck & Stump Cutter	400.00			400.00	-
	e) Acquis. of Diesel Exhaust System	500.00			500.00	-
	f) Acquis. of Playground Equip. & Renovations	470.00			470.00	-
	g) PD Security System/Trans. Vehicle Renov.	850.00			850.00	-
00-08	Various Improvements:					
	iii) Replacement of Emerg. Generator	250.00			250.00	-
	vi) Acquis. of Fire Equip.	275.00			275.00	-
03-14	Equip. & Various Capital Improv.					
	i) Police Communications Equipment	100.00			100.00	-
	ii) Fire Protective Gear, Apparatus Bay Door and Ambulance	450.00			450.00	-
	iii) DPW Equipment	100.00			100.00	-
12-03	Various Capital Improvements:					
	ix) COAH Housing Rehab	7,550.00			7,550.00	-
16-10	Various Capital Improvements:					
	i) Police Dept Equipment	-	134,000.00	134,000.00		-
	ii) Fire Dept Equipment	-	18,000.00	18,000.00		-
	iii) Municipal Bldg. & Property Improvements	-	604,600.00	604,600.00		-
	iv) Roads & Safety Improvements	-	219,000.00	219,000.00		-
	v) Public Works - Various Equipment	-	30,400.00	30,400.00		-
		\$ 13,945.00	\$ 1,996,400.00	\$ 1,996,400.00	13,945.00	-

Ref.

Footnote C

Sewer Utility Fund

SCHEDULE OF SEWER UTILITY CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2015	D	\$ 688,852.73	\$ 72,254.11
Increased by Receipts:			
Interest on Delinquencies	D-3	19,065.21	
Interest Earned on Deposits	D-3	2,398.28	
Sewer Rent Overpayments	D-17	1,368.81	
Consumer Accounts Receivable	D-8	1,831,784.45	
Sewer Liens Receivable	D-10	433.47	
Interfund Loans	D-11, D-12	<u>558,322.42</u>	<u>255,864.33</u>
		<u>2,413,372.64</u>	<u>255,864.33</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	198,291.95	
Appropriation Reserves	D-15	851.76	
Interfund Loans	D-11, D-12	<u>2,473,831.84</u>	<u>176,637.02</u>
		<u>3,102,225.37</u>	<u>328,118.44</u>
		<u>2,672,975.55</u>	<u>176,637.02</u>
Balance - December 31, 2016	D	<u>\$ 429,249.82</u>	<u>\$ 151,481.42</u>

() - Denotes Deficit

ANALYSIS OF SEWER UTILITY CAPITAL CASH

	BALANCE DEC. 31, <u>2015</u>	BALANCE DEC. 31, <u>2016</u>
Due to General Capital Fund	\$ 100,000.00	\$ -
Due to Sewer Operating Fund	55,322.42	-
Due from Current Fund	(34,000.00)	-
Grant Receivable Ord. #13-06	(100,000.00)	-
Grant Receivable Ord. #14-08	(322,911.00)	(208,224.69)
Capital Improvement Fund	24,575.04	0.04
Reserve for Encumbrances	58,861.48	275,486.87
Fund balance	26,868.79	26,868.79
<u>ORD. NO.</u>	<u>IMPROVEMENT AUTHORIZATIONS</u>	
93-13c/	Construction of Sanitary Sewer -	
96-22	Farragut Place	7,491.41
99-13	Purchase of Sewer Truck	73.28
00-12	Various Improvements	(532.00)
06-14	Sanitary Repair Program	(174.00)
07-08	Sanitary Repair Program	(200.00)
09-06	Reconstruct Manholes/Pipe Replacement	0.31
13-06	Sanitary Sewer Reconstruction	(94,999.66)
14-08	Sanitary Sewer Reconstruction	113,978.37
15-05	Sanitary Sewer Repairs	237,899.67
16-11	Various Sewer Improvements	297,054.98
	<u>\$ 35,458.14</u>	<u>\$ 151,481.42</u>
	D	D

() Denotes Deficit or Deduction

SCHEDULE OF CHANGE FUND
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 150.00
Balance - December 31, 2016	D	<u>\$ 150.00</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 164,921.86
Increased by:		
2016 Billings for Sewer Rents	Reserve	<u>1,866,555.50</u>
		2,031,477.36
Decreased by:		
Collections	D-3, D-5	\$ 1,831,784.45
Transfers to Sewer Liens	D-12	22.50
Cancelled	Reserve	1,346.31
		<u>1,833,153.26</u>
Balance - December 31, 2016	D	<u>\$ 198,324.10</u>

SCHEDULE OF GRANTS RECEIVABLE
SEWER UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance -December 31, 2015	D	\$ 422,911.00
Increased by:		
CDBG Grants to Fund		
Ord. 16-11	Reserve	300,000.00
		722,911.00
Decreased by:		
Grant Receipts Deposited		
to Current Fund		214,686.31
		214,686.31
Balance -December 31, 2016	D	\$ 508,224.69

Analysis of Balance - December 31, 2016:

CDBG - Ord. #14-08		\$ 208,224.69
CDBG - Ord. #16-11		300,000.00
		300,000.00
		\$ 508,224.69

SCHEDULE OF SEWER LIENS RECEIVABLE
SEWER UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2015	D	\$	433.47
Increased by:			
Transfers form Consumer Accounts			
Receivable	D-11	22.50	
Interest & Costs	Reserve	<u>91.02</u>	
			<u>113.52</u>
			546.99
Decreased by:			
Liens Redeemed	D-5	<u>433.47</u>	
Balance - December 31, 2016	D	<u>\$</u>	<u>113.52</u>

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

		BALANCE DEC. 31, 2015	INCREASE	DECREASE	BALANCE DEC. 31, 2016
Current Fund		\$ (34,039.08)	\$ 2,439,792.76	\$ 2,473,831.84	\$ -
Sewer Capital Fund		55,322.42		55,322.42	-
		<u>\$ 21,283.34</u>	<u>\$ 2,439,792.76</u>	<u>\$ 2,529,154.26</u>	<u>\$ -</u>
	<u>Ref.</u>				
Receivables	D	55,322.42			-
Payables	D	<u>(34,039.08)</u>			<u>-</u>
		<u>\$ 21,283.34</u>			<u>\$ -</u>
Cash Receipts	D-5		503,000.00	55,322.42	
Cash Disbursed	D-5			2,473,831.84	
Budget Approp. Paid by Current			1,872,385.98		
Accrued Interest Paid by Current	D-18		60,148.19		
2015 Reserves Paid by Current	D-15		3,775.50		
Sewer Overpays Ref. by Current	D-17		483.09		
			<u>\$ 2,439,792.76</u>	<u>\$ 2,529,154.26</u>	

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

		BALANCE DEC. 31, 2015	INCREASE	DECREASE	BALANCE DEC. 31, 2016
General Capital Fund		\$ (100,000.00)		\$ 100,000.00	\$ -
Current Fund		34,000.00	782,739.60	816,739.60	-
Sewer Operating Fund		<u>(55,322.42)</u>		<u>55,322.42</u>	<u>-</u>
		<u>\$ (121,322.42)</u>	<u>\$ 782,739.60</u>	<u>\$ 972,062.02</u>	<u>\$ -</u>
	<u>Ref.</u>				
Receivables	D				-
Payables	D	<u>(100,000.00)</u>			<u>-</u>
		<u>\$ (100,000.00)</u>			<u>\$ -</u>
Cash Received	D-5			41,178.02	
Cash Disbursed	D-5		21,314.60	155,322.42	
B.A.N. Proceeds Deposited to Current	D-12		761,425.00		
Improvement Authoriz. Expend. Paid by Current Fund	D-22			<u>775,561.58</u>	
			<u>\$ 782,739.60</u>	<u>\$ 972,062.02</u>	

SCHEDULE OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 3,907,057.05
Increased by:		
Transferred from Fixed Capital Authorized and Uncompleted	D-14	<u>775,562.18</u>
Balance - December 31, 2016	D	<u><u>\$ 4,682,619.23</u></u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DEC. 31, 2015	2016 AUTHOR.	2016 COMPLETED	BALANCE DEC. 31, 2016
93-13b/96-22	Construction of Sanitary Sewer - Farragut Place	9/27/93	\$ 38,500.00	\$ 7,491.41			7,491.41
99-13	Purchase of Sewer Truck		125,000.00	73.28			73.28
00-12	Various Sewer Improvements	8/2/00	2,500,000.00	58,862.48			58,862.48
06-14	Sanitary Repair Program	8/14/06	100,000.00	1.00			1.00
09-06	Reconstruct Manhole/Pipe Replacement	7/13/09	100,000.00	0.31			0.31
13-06	Sanitary Sewer Replacement	12/9/13	200,000.00	0.34			0.34
14-08	Sanitary Sewer Replacement	9/8/14	474,275.00	265,343.17		229,228.08	36,115.09
15-05	Sanitary Sewer Repairs	4/27/15	295,000.00	237,899.67		220,725.65	17,174.02
16-10	Various Sewer Improvements	6/13/16	786,000.00		786,000.00	325,608.65	460,391.35
				<u>\$ 569,671.66</u>	<u>\$ 786,000.00</u>	<u>\$ 775,562.38</u>	<u>\$ 580,109.28</u>
		Ref.		D	D-22	D-13	D

SCHEDULE OF 2015 APPROPRIATION RESERVES
SEWER UTILITY FUND

	BALANCE DEC. 31, 2015	ENCUMBERED DEC. 31, 2015	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 2,250.66		\$ 851.76	\$ 1,398.90
Other Expenses	<u>380.52</u>	<u>3,775.50</u>	<u>3,775.50</u>	<u>380.52</u>
	<u>\$ 2,631.18</u>	<u>\$ 3,775.50</u>	<u>\$ 4,627.26</u>	<u>\$ 1,779.42</u>
	D	D-16	D-11	D-1
Cash Disbursed Due to Current Fund			\$ 851.76	
			<u>3,775.50</u>	
			<u>\$ 4,627.26</u>	

SCHEDULE OF RESERVE FOR ENCUMBRANCES
SEWER UTILITY FUND

	<u>REF.</u>	OPERATING <u>FUND</u>	CAPITAL <u>FUND</u>
Balance - December 31, 2015	D	\$ 3,775.50	58,861.48
Increased by:			
Charges to Improvement Author.	D-22		275,486.87
Charges to 2016 Budget	D-4	<u>26,050.00</u>	<u> </u>
		29,825.50	334,348.35
Decreased by:			
Trans. to Improvement Author.	D-22		58,861.48
Trans. to 2015 Approp. Reserves	D-15	<u>3,775.50</u>	<u> </u>
Balance - December 31, 2016	D	<u>\$ 26,050.00</u>	<u>\$ 275,486.87</u>

SCHEDULE OF SEWER RENT OVERPAYMENTS

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 3,815.40
Increased by:		
Cash Collections	D-5	<u>1,368.81</u>
		5,184.21
Decreased by:		
Refunded by Current Fund	D-12	<u>483.09</u>
Balance - December 31, 2016	D	<u><u>\$ 4,701.12</u></u>

SCHEDULE OF ACCRUED INTEREST ON OUTSTANDING DEBT
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 33,831.23
Increased by:		
2016 Budget Charges	D-4	<u>54,993.33</u>
		88,824.56
Decreased by:		
Interest Paid by Current	D-11	<u>60,148.19</u>
Balance - December 31, 2016	D	<u><u>\$ 28,676.37</u></u>

Analysis of Balance

Principal Balance <u>Dec. 31, 2016</u>	Interest Rate <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Bond Anticipation Notes</u>					
761,425.00	2.500%	12/16/16	12/31/16	15 days	\$ <u>793.15</u>
					\$ <u>793.15</u>
<u>NJEIT Trust</u>					
6,830.14	5.250%	07/01/16	#REF!	5 mos.	\$ <u>149.41</u>
					\$ <u>149.41</u>
<u>2015 Sewer Bonds</u>					
1,085,000.00	3.000%	06/01/16	12/31/16	179 days	\$ 16,184.58
155,000.00	3.125%	06/01/16	12/31/16	179 days	2,408.42
80,000.00	3.250%	06/01/16	12/31/16	179 days	1,292.78
85,000.00	3.375%	06/01/16	12/31/16	179 days	1,426.41
369,000.00	3.500%	06/01/16	12/31/16	179 days	<u>6,421.63</u>
					\$ <u>27,733.81</u>
					<u><u>\$ 28,676.37</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 24,575.04
Decreased by:		
Down Payments on Improvement Authorizations	D-20	24,575.00
Balance - December 31, 2016	D	\$ 0.04

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance - December 31, 2015	D	\$ 2,183,969.83
Increased by:		
Transfer from Deferred Reserve for Amortization	D-21	106,486.96
Bonds Paid by Operating Budget	D-24	90,000.00
NJEITF Loan Paid by Operating Budget	D-25	1,743.40
Down Payments on Ordinances	D-19	24,575.00
		222,805.36
Balance - December 31, 2016	D	\$ 2,406,775.19

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY FUND

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	BALANCE <u>DEC. 31, 2015</u>	<u>DECREASES</u>	BALANCE <u>DEC. 31, 2016</u>
96-22	Sewers-Farragut Place	9/27/93	\$ 7,491.41	\$ (7,491.41)	\$ 7,491.41
99-13	Purchase of Sewer Truck	08/14/99	73.28		73.28
00-12	Sewer Improvements	07/10/00	58,861.48	-	58,861.48
14-08	Sewer Improvements	09/08/14	<u>113,978.37</u>	<u>113,978.37</u>	<u>-</u>
			<u>\$ 172,913.13</u>	<u>\$ 106,486.96</u>	<u>\$ 66,426.17</u>

Ref. D D-20 D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE - DEC. 31, 2015		2016 AUTHOR.	2016 EXPENDED	DEC. 31, 2016 ENCUMB.	BALANCE - DEC. 31, 2016	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
93-13c/96-22	Construction of Sanitary Sewer - Farragut Place	9/27/93	\$ 38,500.00	\$ 7,491.41	\$ -	\$ -	\$ -	\$ 7,491.41	\$ -	\$ -
99-13	Purchase of Sewer Truck		125,000.00	73.28					73.28	
00-12	Sewer Improvements	7/10/00	2,500,000.00	1.00	58,861.48			58,861.48		1.00
06-14	Sanitary Repair Program	8/14/06	100,000.00	1.00						1.00
09-06	Reconstr. Manholes/Pipe Replacement	7/13/09	100,000.00	0.31						0.31
13-06	Sanitary Sewer Replacement	12/9/13	200,000.00	-	0.34					0.34
14-08	Sanitary Sewer Replacement	9/8/14	474,275.00	113,978.37	151,364.00		229,227.28	36,115.00		0.09
15-05	Sanitary Sewer Repairs	4/27/15	295,000.00	237,899.67			220,725.65	17,174.02		
16-11	Various Sewer Improvements	6/13/16	786,000.00			786,000.00	325,608.65	163,336.37		297,054.98
				\$ 359,442.73	\$ 151,366.65	\$ 786,000.00	\$ 775,561.58	\$ 275,486.87	\$ 7,564.69	\$ 297,057.72
				Ref	D	D	D-12	D-16	D	D

SCHEDULE OF BOND ANTICIPATION NOTES
SEWER UTILITY FUND

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE			BALANCE DEC. 31, 2015
							INCREASED	DECREASED	
16-11	Sewer Utility Improvements	12/16/16	761,425.00	12/16/16	12/15/17	2.500%	\$ 761,425.00	-	\$ 761,425.00
							<u>\$ 761,425.00</u>	<u>\$ -</u>	<u>\$ 761,425.00</u>

Ref. D

SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURETIES OF BONDS OUTSTANDING	DATE	DEC. 31, 2016	AMOUNT	INTEREST RATE			BALANCE DEC. 31, 2016
								BALANCE DEC. 31, 2015	DECREASE	
Sewer Utility Bonds	6/5/15	1,864,000.00		6/1/17	110,000		3.000%	\$ 1,864,000.00	\$ 90,000.00	\$ 1,774,000.00
				6/1/18	110,000		3.000%			
				6/1/19	115,000		3.000%			
				6/1/20	110,000		3.000%			
				6/1/21	115,000		3.000%			
				6/1/22	120,000		3.000%			
				6/1/23	125,000		3.000%			
				6/1/24	65,000		3.000%			
				6/1/25-26	70,000		3.000%			
				6/1/27	75,000		3.000%			
				6/1/28	75,000		3.125%			
				6/1/29	80,000		3.125%			
				6/1/30	80,000		3.250%			
				6/1/31	85,000		3.375%			
				6/1/32-33	90,000		3.500%			
			6/1/34	95,000		3.500%				
			6/1/35	94,000		3.500%				
							<u>\$ 1,864,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 1,774,000.00</u>	

Ref. D-12 C

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

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2015</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2016</u>
			<u>OUTSTANDING - DEC. 31, 2016</u>	<u>DATE</u>				
NJEIT 2001 Trust Loan	11/1/00	\$ 1,070,000	1,208.65	2017	5.250%	<u>\$ 8,573.55</u>	<u>\$ 1,743.40</u>	<u>\$ 6,830.15</u>
			802.05	2018	5.250%			
			138.31	2019	5.250%			
			4,681.13	2020	5.250%			
						<u>\$8,573.55</u>	<u>\$ 1,743.40</u>	<u>\$ 6,830.15</u>
					<u>Ref.</u>	D	D-20	D

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

Exhibit - D-26

ORD.	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DEC. 31, 2015	2015 AUTHORIZED	B.A.N.s ISSUED	BALANCE DEC. 31, 2016
00-12	Sewer Improvements	\$ 533.00	\$ -	\$ -	\$ 533.00
06-14	Sanitary Repair Program	175.00			175.00
07-08	Sanitary Repair Program	200.00			200.00
13-06	Sanitary Sewer Replacement	95,000.00			95,000.00
14-08	Sanitary Sewers	151,364.00			151,364.00
16-11	Sewer Utility Improvements		<u>761,425.00</u>	<u>\$ 761,425.00</u>	<u>-</u>
		<u>\$ 247,272.00</u>	<u>\$ 761,425.00</u>	<u>\$ 761,425.00</u>	<u>\$ 247,272.00</u>

Ref.

Footnote D

Payroll Fund

ANALYSIS OF PAYROLL FUND CASH

	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Net Salaries	<u>\$18,839.66</u>	<u>\$36,362.35</u>
Payroll Deductions:		
Equitable Life Assurance:		
Deferred Compensation Plan	-	175.00
Public Employees' Retirement System:		
Pension	-	21.24
Contributory Insurance	-	(71.32)
Police & Firemen's Retirement System:		
Pension	-	(294.49)
Loans & Arrears	-	(612.33)
Teamsters Union Dues	-	13.50
Flexible Spending	-	-
DCRP Retirement System:	-	(0.08)
Insurance:		
Colonial	-	281.63
New York Life	-	0.20
AFLAC	-	17.39
Garnishment	-	(59.65)
Miscellaneous Account	-	(2,942.03)
Interest	<u>7,809.70</u>	<u>4,848.14</u>
Net Payroll Deductions	7,809.70	1,377.20
Other Accounts:		
Flexible Spending Reserve	836.21	1,990.34
Due to Current Fund	<u>117,176.60</u>	<u>-</u>
Net Interfunds	<u>118,012.81</u>	<u>1,990.34</u>
	<u>\$144,662.17</u>	<u>\$39,729.89</u>

Ref.

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



PART IV
SUPPLEMENTARY DATA

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

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
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MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statement of assets, liabilities and net assets of the Borough of North Plainfield Length of Service Award Program (LOSAP) as of December 31, 2016 and 2015, and the related statement of revenues, expenses and other changes in net assets for the years then ended. A review consists primarily of inquiries of the administration of the Borough and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

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

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

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
August 24, 2017

BOROUGH OF NORTH PLAINFIELD
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
DECEMBER 31, 2016 AND 2015

	<u>DECEMBER 31, 2016</u>	<u>DECEMBER 31, 2015</u>
Assets		
Investments, at fair value	\$ <u>56,236.59</u>	\$ <u>54,192.59</u>
Total Assets	\$ <u><u>56,236.59</u></u>	\$ <u><u>54,192.59</u></u>
 Net Assets		
Restricted	\$ <u>56,236.59</u>	\$ <u>54,192.59</u>
Total Net Assets	\$ <u><u>56,236.59</u></u>	\$ <u><u>54,192.59</u></u>

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

BOROUGH OF NORTH PLAINFIELD
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED
 STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>DECEMBER 31, 2016</u>	<u>DECEMBER 31, 2015</u>
Restricted Net Assets		
Contributions	\$ 2,400.00	\$ 7,200.00
Earnings (Losses)	3,458.78	(320.73)
Withdrawals	(3,263.84)	(1,477.65)
Service Charges	<u>(550.94)</u>	<u>(475.00)</u>
Increase (Decrease) in Net Assets	2,044.00	4,926.62
Net Assets - Beginning of Year	<u>54,192.59</u>	<u>49,265.97</u>
Net Assets - End of Year	<u>\$ 56,236.59</u>	<u>\$ 54,192.59</u>

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

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

B. Basis of Presentation

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

C. Description of Program

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

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

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

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

C. Description of Program (Cont'd.)

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

D. Amount of Contribution

The Borough will contribute to the plan for an active volunteer the annual contribution amount of \$600 per volunteer for an estimated maximum annual cost of \$12,800. The maximum contribution provided by the Borough shall not exceed \$800 per volunteer.

NOTE 2: QUALIFICATIONS

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

Fire Calls

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

Ambulance Calls

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

OTHER SUPPLEMENTARY DATA

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM ONLY TOTALS	
							DEC. 31, 2016	MEMORANDUM ONLY TOTALS DEC. 31, 2015
Cash and Investments	\$ 4,932,420.59	2,641,175.28	1,803,980.19	580,881.24		39,729.89	\$ 9,998,187.19	\$ 12,022,929.45
Cash and Investments - Trustee		56,236.59					56,236.59	54,192.59
Accounts Receivable:								
State & Federal Grants Receivable	660,662.41		625,000.00	508,224.69			1,793,887.10	1,633,673.83
Due from State of New Jersey	750.00						750.00	
Taxes, Assessments, Liens & Utility Charges	953,596.96			198,437.62			1,152,034.58	864,450.75
Interfund Loans			225,000.00				225,000.00	497,513.45
Other Accounts Receivable	27,945.49						27,945.49	35,488.59
Property Acquired for Taxes at Assessed Valuation	827,500.00						827,500.00	827,500.00
Prospective Assessments Funded								68,203.44
Fixed Assets - General					28,466,720.34		28,466,720.34	28,450,381.34
Fixed Capital - Utility				4,682,619.23			4,682,619.23	3,907,057.05
Fixed Capital - Authorized and Uncompleted - Utility								
Deferred Charges to Revenue of Succeeding Years				580,109.28			580,109.28	569,671.46
Deferred Charges to Future Taxation:				111,032.50			111,032.50	15,000.00
General Capital Fund			15,292,000.00				15,292,000.00	14,416,000.00
	\$ 7,402,875.45	\$ 2,697,411.87	\$ 17,945,980.19	\$ 6,661,304.56	\$ 28,466,720.34	\$ 39,729.89	\$ 63,214,022.30	\$ 63,362,061.95

BOROUGH OF NORTH PLAINFIELD
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM ONLY	
							TOTALS DEC. 31, 2016	TOTALS DEC. 31, 2015
LIABILITIES, RESERVES AND FUND BALANCE								
Bonds, Notes and Loans Payable	\$ 374,253.12		15,292,000.00	2,542,255.15			\$ 17,834,255.15	\$ 16,288,573.55
Prepaid Taxes, Assessments, Utility Charges and Licenses							374,253.12	990,877.35
Tax, Assessment, Lien, License and Utility Charge Overpayments	324,089.78			4,701.12			328,790.90	128,332.08
Appropriation Reserves	1,063,190.41			14,772.07			1,077,962.48	847,659.50
Reserve for Encumbrances/Accounts Payable	848,923.58	16,723.96	611,631.97	301,536.87			1,778,816.38	2,430,695.13
Other Liabilities	8,808.32		4,191.44	28,676.37		39,729.89	77,214.58	61,566.80
Amts. Pledged to Specific Purposes	602,938.66	2,549,746.53	1,812,397.48	0.04			3,156,876.67	3,366,459.69
Improvement Authorizations				304,622.41			2,117,019.89	2,826,682.19
Interfund Loans	225,000.00				28,466,720.34		225,000.00	497,513.45
Investments in General Fixed Assets							28,466,720.34	28,450,381.34
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				2,473,201.36			2,473,201.36	2,356,882.96
Reserve for Certain Assets Acquired or Receivables & Inventories	1,809,042.45		175,000.00	498,437.62			2,482,480.07	1,961,333.81
Fund Balance	2,146,629.13	130,941.38	50,759.30	493,101.55			2,821,431.36	3,155,104.10
	\$ 7,402,875.45	\$ 2,697,411.87	\$ 17,945,980.19	\$ 6,661,304.56	\$ 28,466,720.34	\$ 39,729.89	\$ 63,214,022.30	\$ 63,362,061.95

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

Revenue and Other Income Realized	Year 2016		Year 2015	
	Amount	%	Amount	%
Fund Balance Utilized	\$1,000,000.00	1.66	\$1,150,000.00	1.93
Miscellaneous - From Other Than Local Property Tax Levies	4,972,600.43	8.26	5,058,762.46	8.49
Collection of Delinquent Taxes and Tax Title Liens	672,758.73	1.12	604,484.30	1.01
Collection of Current Tax Levy	53,527,298.43	88.96	52,798,959.52	88.57
Total Income	60,172,657.59	100.00	59,612,206.28	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	22,358,170.42	37.84	21,946,792.09	36.99
County Taxes	5,720,637.97	9.68	5,711,686.81	9.63
Local School Taxes	30,606,557.00	51.80	30,052,879.00	50.65
Other Expenditures	399,541.08	0.68	1,625,850.57	2.74
Total Expenditures	59,084,906.47	100.00	59,337,208.47	100.00
Excess in Revenue	1,087,751.12		274,997.81	
Fund Balance January 1	2,058,878.01		2,933,880.20	
	3,146,629.13		3,208,878.01	
Less:				
Utilization as Anticipated Revenue	1,000,000.00		1,150,000.00	
Fund Balance December 31	\$2,146,629.13		\$2,058,878.01	

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

Revenue and Other Income Realized	Year 2016		Year 2015	
	Amount	%	Amount	%
Fund Balance Utilized	\$200,000.00	9.73		
Collection of Sewer Rents	1,832,217.92	89.14	2,059,695.82	98.51
Miscellaneous - From Other Than Water and Sewer Rents	23,242.91	1.13	31,059.97	1.49
Total Income	<u>2,055,460.83</u>	<u>100.00</u>	<u>2,090,755.79</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	2,005,000.00	92.55	1,893,000.00	95.69
Debt Service	144,993.33	6.69	68,810.02	3.48
Deferred Charges and Statutory Expenditures	16,500.00	0.76	16,500.00	0.83
Total Expenditures	<u>2,166,493.33</u>	<u>100.00</u>	<u>1,978,310.02</u>	<u>100.00</u>
Excess in Revenue	(111,032.50)		112,445.77	
Adjustment to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>111,032.50</u>			
Statutory Excess to Fund Balance	(0.00)		112,445.77	
Fund Balance January 1	<u>666,232.76</u>		<u>553,786.99</u>	
	666,232.76		666,232.76	
Less:				
Fund Balance Utilized	<u>200,000.00</u>			
Fund Balance December 31	<u>\$466,232.76</u>		<u>\$666,232.76</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate:</u>	<u>\$3.59</u>	<u>\$3.44</u>	<u>\$3.28</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$1.20	\$1.15	\$1.07
County (Inc. Library & Open Space Taxes)	0.38	0.37	0.36
Local School	2.01	1.92	1.85

Assessed Valuation:

2016	<u>\$ 1,523,680,632</u>	
2015		<u>\$ 1,562,729,348</u>
2014		<u>\$ 1,600,850,735</u>

Note: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1), the Somerset County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$87,750 for the year 2016.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 54,740,782.80	\$ 53,527,298.43	97.78%
2015	53,715,810.63	52,798,959.52	98.29%
2014	53,020,572.15	51,887,154.24	97.86%
2013	52,417,476.41	51,166,076.97	97.61%
2012	51,059,790.82	49,052,613.65	96.07%
2011	51,399,286.86	49,440,571.01	96.19%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 24,610.74	\$ 928,986.22	\$ 953,596.96	1.74%
2015	21,091.97	677,153.05	698,245.02	1.30%
2014	21,091.97	923,819.09	944,911.06	1.78%
2013	16,392.06	937,467.52	953,859.58	1.82%
2012	12,894.62	898,908.45	911,803.07	1.79%
2011	12,894.62	956,307.20	969,201.82	1.89%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2016	\$827,500.00
2015	827,500.00
2014	827,500.00
2013	827,500.00
2012	827,500.00
2011	827,500.00

COMPARISON OF SEWER UTILITY BILLINGS AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2016	\$1,866,555.50	\$1,831,784.45
2015	1,990,991.18	2,046,828.75
2014	1,908,984.52	1,999,269.01
2013	1,943,774.56	1,960,141.10
2012	1,898,669.65	1,797,246.32
2011	1,861,672.29	1,856,032.84

*Includes collections of prior unpaid balances.

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2016	\$ 2,146,629.13	\$ 1,000,000.00
	2015	2,058,878.01	1,000,000.00
	2014	2,933,880.20	1,150,000.00
	2013	2,327,032.86	1,300,000.00
	2012	1,227,023.37	650,000.00
	2011	1,524,636.26	800,000.00
Sewer Utility Operating Fund	2016	\$ 466,232.76	\$ 200,000.00
	2015	666,232.76	200,000.00
	2014	553,786.99	-
	2013	424,692.71	150,000.00
	2012	202,711.66	150,000.00
	2008	61,859.47	13,364.28

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2016:

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

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

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

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



PART V

GENERAL COMMENTS AND RECOMMENDATIONS

BOROUGH OF NORTH PLAINFIELD
COUNTY OF SOMERSET, NEW JERSEY
FOR YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of North Plainfield, County of Somerset, New Jersey, for the year ended December 31, 2016, has been completed. The General Comments are herewith set forth:

Scope of Audit

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

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

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of the Borough of North Plainfield, County of Somerset, New Jersey as of and for the fiscal year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

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

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

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated August 24, 2017 on the financial statements of the Borough of North Plainfield. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We identified certain deficiencies in internal control, as follows:

Internal Control Deficiencies:

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

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

Segregation of Duties - Other Offices and Officials Collecting Fees

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

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

Internal Control Documentation

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

GENERAL COMMENTS

OTHER MATTERS

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

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

On September 28, 2015, the Local Public Contracts Law was amended, effective for periods beginning on July 1, 2015. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount to \$36,000.00 to \$40,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent ("QPA"). The maximum bid threshold remains at \$17,500.00 for those municipalities that do not have a Qualified Purchasing Agent. During the year ended December 31, 2016, North Plainfield had an appointed QPA.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Cypress Gardens Sanitary Sewer Rehabilitation; Grove Street Pump Station and Sanitary Sewer Improvements; 2016 Road Improvements Program; Salt Storage Building for DPW; Snow Removal and Bulk Leaf Pick-up; Parking Lot Improvements, and Municipal Building Conference Room and Hallway Renovations..

Our Tests of the Borough's minute records during the current audit period indicated that evidence of the approval of the governing body was sought in 2016 when the Borough planned to utilize state contracts for procurement. This was done via the passage of a resolution at the Annual Reorganization meeting. The resolution cited specific state contracts and the vendors and goods/services being authorized. During the year, the Borough utilized these contracts on an as-needed basis. However, additional specific approvals were not sought when the amount of goods and services purchased exceeded the applicable bid threshold. The Borough should seek a written opinion of its Attorney indicating that the current practice is in conformity with the governing statute and regulations.

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

GENERAL COMMENTS

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

The examination of expenditures disclosed no exceptions, indicating the success of corrective actions taken during the current audit period in response to comments noted in prior reports.

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

Audit Services; Legal Services; Engineering Services; Animal Control Services; Affordable Housing Planning Advisory Services; Architecture and Planning Services

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

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

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

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

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

Business Registration Act

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

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes sewer user fees and assessments:

BE IT RESOLVED by the Council of the Borough of North Plainfield that
The Tax Collector is hereby authorized and directed to charge interest on delinquent tax, assessment and sewer user accounts for calendar year 2016, as follows:

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

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

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

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

Delinquent Taxes and Tax Title Liens

The Borough held a tax sale on November 28, 2016 and all delinquent items from 2015 that were subject to sale were cleared at or prior to the holding of the sale. The remaining balance of unpaid 2015 taxes represent properties that were in dispute at the time of the tax sale. These items were removed from the sale with the advice of Counsel. These taxes were subsequently paid in 2017.

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

<u>Year</u>	<u>Total Liens</u>	<u>Tax Liens</u>	<u>Sewer Liens</u>
2016	10	9	1
2015	21	9	13
2014	21	9	13

GENERAL COMMENTS

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2016 Taxes	25
Delinquent Taxes	6
Payments of Sewer Utility Charges	25
Delinquent Sewer Utility Charges	19
Payments of Special Assessments	10
Payments of Tax Title Liens	7

The result of the test, which was made as of August 3, 2017, revealed no irregularities for all responses.

Impact of Declining Tax Base on Tax Rates

During the seven-year period ending December 31, 2016, the Borough experienced a significant decline in the taxable value of the land and improvements that comprise its tax ratable base. From 2009 to 2015, the Borough has seen an overall decline of 13.41% in its ratables, with the largest declines in the taxable values of commercial property, industrial property, and apartment complexes. This places additional upward pressure on the property tax rates, and the municipal tax rate has been increasing at almost twice the rate of growth in municipal spending.

During 2016, this trend continued with ratables decreasing \$39 million, or 2.5%. It is anticipated that the improving economy will help stabilize commercial and industrial property values and that economic development along the Route 22 corridor will reverse this trend in the coming years.

Interfund Balances

The Borough significantly reduced the value of interfund loans that were carried on its December 31, 2016 balance sheets from those reported in the prior period. The remaining interfund balance represent capital grant proceeds deposited to the grant fund. The interfund balance does not represent any matters requiring additional scrutiny. However, interfund loans should be cleared by cash transfers during the current fiscal year.

Investment of Idle Funds

The Chief Financial Office had the idle funds of the Borough in interest-bearing checking accounts pursuant to its Cash Management Plan. During 2015, interest was earned and recorded as revenues in the Current Fund and Sewer Utility Operating Fund in the amounts of \$28,938 and \$2,398, respectively.

A resolution approving all authorized depositories was approved at reorganization. Pursuant to N.J.S.A. 40A:5-14, a formal cash management plan is approved annually by the governing body. All bank balances and investments held by the Borough were directly confirmed as of December 31, 2016.

GENERAL COMMENTS

Payment of Claims

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

Purchase Order and Encumbrance System

The Borough is utilizing a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Prior years' outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control. Tests of the system indicated a significant decrease in the number of confirming purchase orders issued during 2016. A "confirming purchase order" occurs when the purchasing approval process, the encumbrance of available budgetary finds, and the reviews for compliance with the Local Public Contracts Law (the "LPCL") is documented after the time that Borough moneys have been committed by departmental personnel. Generally, confirming purchase orders result from the failure of departmental personnel to follow established protocols for requisition preparation and submission for approvals and determinations as to availability of funds. The decrease in the use of confirming orders reduces the risks of overexpenditure of appropriations, unauthorized purchases, and noncompliance with the LPCL, pay-to-play laws and business registration requirements.

Other Officials Collecting Fees

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

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2016. The bond coverages for the Tax/Utility Collector and the Municipal Court Personnel meet the minimum required by N.J.A.C. 5:30-8.3.

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

Municipal Court

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

GENERAL COMMENTS

Municipal Court (Cont'd.)

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

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

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

Developer Escrow Accounting Law Amendments

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

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

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

Other Trust Funds

During 2016, the Borough continued utilizing the new accounting system and general ledgers for the various general trust funds for which individual bank accounts are maintained. The Borough records provided accountability to insure the funds are available for specified uses. Management should periodically review the financial activities of the trust funds against approved "Dedication by Rider" resolutions on file with the Division of Local Government Services to assure that all trust fund financial activity has been properly authorized.

Condition of Records - Finance Department

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

GENERAL COMMENTS

Condition of Records – Payroll

During 2016, the periodic performance of balance identification and transactional proof procedures were continued. However, additional unidentified balances relating to 2016 payrolls and deductions resulted from the processing of 2016 payrolls and deductions.

The unidentified balance in the payroll account should be reviewed to determine causation, so that any necessary procedures to eliminate their reoccurrence can be established. Any balance in the payroll account that cannot be identified as due to an employee, taxing authority or other payroll agency should be returned to the Current Fund.

Audit testing of salaries and wages paid by the Borough revealed no exceptions to the amounts or rates of pay for the items tested to approved salaries by resolution or negotiated contract. During 2016, the evidence of supervisory reviews and approvals of timesheets prior to submission to the payroll office revealed no exceptions.

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

Prospective Assessments Funded

During 2016, the remaining balance of prospective assessments-funded was cancelled by resolution of the governing body. This action had no financial impact on the Borough, and eliminated a burdensome review process for the affected property owners in the event that the properties were offered for sale.

Condition of Records – Tax/Sewer Office

The condition of the records maintained by the Tax Collector was found to be in good condition. Computerized real estate tax billings and billing adjustments were found to be in good order. The 2016 tax levy was proved to the billing records, and collection activity was proved to cash receipts records on a monthly basis.

Sewer Utility Fund

The results of operation for the Sewer Utility Operating Fund are set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$2,055,460.83 and expenditures amounted to \$2,166,493.33 resulting in an operating deficit of \$111,032.50. Of concern is the 11% decline in revenue from sewer user fees the was experienced in 2016. The Borough should consider a forensic evaluation of this decline to determine if it correlates to reduced water consumption or if there were other causative factors.

The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in a deficit in revenues for debt statement purposes of \$187,649.23, which limited the deduction of Sewer Utility Debt in the calculation of statutory net debt of the Borough at December 31, 2016. A reconciliation of excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in the "Notes to Financial Statements".

GENERAL COMMENTS

Administration and Accounting for State & Federal Grants

The Borough operated various programs during 2016, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process, matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Borough had expended grant funds during 2016 for the purposes authorized and monitoring procedures appeared adequate to assure that grant objectives were met. A full review of the status of each grant program for infrastructure improvements should be performed to annually determine that all grant expenditures were charged appropriately (either to grant accounts or capital project accounts based upon the underlying authorizations), that project financial reports of expenditures are in agreement with the Borough's official financial records, that all reimbursements due to the Borough have been received or have been requisitioned, and that unexpended balances relating to completed programs and expired grants have been cancelled in a timely manner. The Borough has performed such a review during each of the last three fiscal years, and has made appropriate adjustments to the Grant receivable and reserves balances.

The audit procedures, which were applied in the tests of grant programs, disclosed no material instances of noncompliance with the terms and conditions of the grant agreements and assurances made in the acceptance of these grant funds. Based upon expenditure levels, the provisions of the federal Single Audit Act and New Jersey Single Audit mandate were not applicable in 2016.

Compliance with New Jersey Administration Code 5:30:

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

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

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

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

Compliance with Local Finance Notices

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

GENERAL COMMENTS

Compliance with Local Finance Notices (Cont'd.):

The minutes indicated that a corrective action plan for the Year 2015, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, had been prepared and filed within the statutory deadline.

Status of Prior Year Recommendations

Corrective actions were taken prior to the filing of the 2016 Report of Audit to correct any matters that were the subject of recommendations included in the 2015 Report of Audit.

RECOMMENDATIONS

None

* * * * *

ACKNOWLEDGMENT

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

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

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

Respectfully submitted,

HODULIK & MORRISON, P.A.

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

Robert S. Morrison
Registered Municipal Accountant
No. 412