

**BOROUGH OF PAULSBORO  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2014**

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY DATA**  
**YEAR ENDED DECEMBER 31, 2014**

# PETRONI & ASSOCIATES LLC

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Paulsboro  
1211 Delaware Street  
Paulsboro, New Jersey 08066

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Paulsboro, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough of Paulsboro's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

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

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

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

As described in Note 17 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$134,759.28 and \$103,481.85 for 2014 and 2013, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

***Opinion on Regulatory Basis of Accounting***

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

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Paulsboro's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2015, on our consideration of the Borough of Paulsboro'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 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 Paulsboro's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

May 26, 2015

## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>ASSETS</b>			
Regular Fund			
Cash - Treasurer	A-4	\$ 2,919,914.09	\$ 2,794,359.38
Cash - Payroll	A-4	18,344.20	17,728.96
Change Fund		500.00	500.00
		<u>2,938,758.29</u>	<u>2,812,588.34</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	418,460.98	548,313.60
Tax Title Liens Receivable	A-8	261,527.36	186,707.81
Property Acquired for Taxes - Assessed Valuation	A-9	1,009,700.00	1,009,700.00
Revenue Accounts Receivable	A-10	5,878.42	6,744.23
Clean-up Charges Receivable		7,738.74	7,738.74
Due from County of Gloucester		3,863.00	
Due from Federal and State Grant Fund	A	105,007.27	
Due from Animal Control Trust Fund	B	198.05	
Due from Developer's Escrow Trust Fund			14.38
Due from Park and Recreation Trust Fund	B	1,853.00	1,853.00
Due from Payroll Agency Trust Fund	B	121,664.00	15,820.69
Due from Accumulated Absence Trust Fund	B	11,597.00	
Due from General Capital Fund			14,015.31
Due from Water and Sewer Operating Fund	D	124,663.92	42,580.55
		<u>2,072,151.74</u>	<u>1,833,488.31</u>
		<u>5,010,910.03</u>	<u>4,646,076.65</u>
Deferred Charges:			
Special Emergency Authorization	A-6	19,200.00	28,800.00
Overexpenditure of Appropriation	A-3	8,428.54	1,237.69
		<u>27,628.54</u>	<u>30,037.69</u>
		<u>5,038,538.57</u>	<u>4,676,114.34</u>
Federal and State Grant Fund			
Cash			115,560.26
Grants Receivable	A-5	504,234.95	450,095.50
		<u>504,234.95</u>	<u>565,655.76</u>
		<u>\$ 5,542,773.52</u>	<u>\$ 5,241,770.10</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 907,488.06	\$ 621,561.97
Encumbrances Payable	A-12	157,052.03	108,418.89
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-13	4,917.78	4,728.74
Prepaid Taxes	A-4	50,342.58	80,196.83
Tax Overpayments		7,984.40	1,070.07
Reserve for Tax Appeals Pending	A-2	42,325.65	
Due Outside Lien Holders		29,832.17	
Due Election Workers			162.00
Due State of New Jersey - DCA Fees			608.00
Due County for Added & Omitted Taxes	A-7	191.44	542.08
Reserve for Unappropriated Revenue - Conrail			35,592.00
Due Paulsboro Free Public Library		18,294.75	14,423.56
Due Developer's Escrow Trust Fund	B	49.49	
Due Recycling Trust Fund	B	0.60	0.60
Due Off-Duty Police Trust Fund	B	4,818.21	4,818.21
Due Uniform Fire Safety Penalty Trust Fund	B	800.00	800.00
Due General Capital Fund	C	44,413.04	
Local School District Tax Payable	A-14	2,583.18	
Reserve for Local Grants	A-16	41,664.66	27,621.92
		<u>1,312,758.04</u>	<u>900,544.87</u>
Reserve for Receivables		2,072,151.74	1,833,488.31
Fund Balance	A-1	1,653,628.79	1,942,081.16
		<u>5,038,538.57</u>	<u>4,676,114.34</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	366,895.07	541,959.67
Reserve for Grants - Unappropriated	A-15	9,877.82	2,040.84
Encumbrances Payable	A-12	22,454.79	21,655.25
Due Current Fund	A	105,007.27	
		<u>504,234.95</u>	<u>565,655.76</u>
		<u>\$ 5,542,773.52</u>	<u>\$ 5,241,770.10</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

	Ref.	Year 2014	Year 2013
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	A-2	\$ 685,471.93	\$ 514,930.26
Miscellaneous Revenue Anticipated	A-2	1,742,693.25	1,818,916.59
Receipts from Delinquent Taxes	A-2	524,939.82	653,961.91
Receipts from Current Taxes	A-2	12,818,053.22	12,567,495.06
Non-Budget Revenue	A-2	68,232.18	208,022.77
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	502,777.85	370,664.73
Encumbrances Payable - Canceled	A-12	748.27	5,000.00
Grant Reserves - Canceled			413.80
Interfunds Returned		14,058.02	47,874.85
<b>Total Income</b>		<b>16,356,974.54</b>	<b>16,187,279.97</b>
<b>Expenditures</b>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,771,178.62	2,764,575.00
Other Expenses	A-3	3,373,655.92	3,052,384.69
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	509,341.69	580,142.16
Budget Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	266,732.76	389,039.42
Capital Improvements	A-3	220,000.00	215,000.00
Debt Service	A-3	428,896.39	410,638.64
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	9,600.00	10,427.00
County Taxes	A-7	2,352,563.47	2,513,037.78
County Open Space Taxes	A-7	163,849.18	182,620.67
Due County for Added Taxes	A-7	191.44	542.08
Local District School Tax	A-14	5,561,211.00	5,246,100.00
Prior Year Deductions Disallowed	A-13	2,089.04	2,902.05
Grants Receivable - Canceled			372.80
Interfunds Advanced		309,074.01	72,825.87
<b>Total Expenditures</b>		<b>15,968,383.52</b>	<b>15,440,608.16</b>

The accompanying notes to the financial statements are an integral part of this statement.



## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 685,471.93		\$ 685,471.93	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	7,000.00		7,950.24	\$ 950.24
Other	A-10	11,000.00		13,040.00	2,040.00
Fees and Permits	A-10	7,500.00		18,599.52	11,099.52
Fines and Costs:					
Municipal Court	A-10	90,000.00		89,885.13	(114.87)
Interest and Costs on Taxes	A-10	125,000.00		123,603.74	(1,396.26)
Interest on Investments & Deposits	A-10	650.00		1,258.22	608.22
Landlord Licensing	A-10	100,000.00		106,911.00	6,911.00
Consolidated Municipal Property Tax	A-10	123,398.00		123,398.00	
Energy Receipts Tax	A-10	438,414.00		438,414.00	
Uniform Construction Code Official	A-10	30,000.00		18,810.00	(11,190.00)
Cable TV Franchise Fee	A-10	16,144.77		16,144.77	
Payments in Lieu - SJ Port	A-10	500,000.00		500,000.00	
Conrail Reimbursement - Unappropriated	A	35,592.00		35,592.00	
JIF Safety Incentive	A-10	5,694.00		5,091.12	(602.88)
Exxon-Mobil Summer Work Program	A-10	30,000.00		30,000.00	
Municipal Court Alcohol Education	A-5	263.87		263.87	
NJ DOT - Beacon Avenue	A-5		\$ 180,000.00	180,000.00	
Clean Communities Program	A-5	1,776.97	11,239.70	13,016.67	
Police Body Armor	A-5		1,933.97	1,933.97	
Municipal Alliance	A-5	18,781.00		18,781.00	
Total Miscellaneous Revenues		1,541,214.61	193,173.67	1,742,693.25	8,304.97
Receipts from Delinquent Taxes	A-2	530,000.00		524,939.82	(5,060.18)
Amount to be Raised by Taxation	A-2	5,130,931.00		5,249,954.89	119,023.89
Minimum Library Tax	A-2:A-7	136,469.00		136,469.00	
Budget Totals		8,024,086.54	193,173.67	8,339,528.89	122,268.68
Non-Budget Revenue	A-2			68,232.18	
		\$ 8,024,086.54	\$ 193,173.67	\$ 8,407,761.07	
	Ref.	A-3	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Allocation of Current Tax Collections:	Ref.	
Revenue from Collections	A-7	12,860,378.87
Less: Tax Appeals Pending	A	42,325.65
		<u>12,818,053.22</u>
Allocated to: School and County Taxes		8,077,815.09
Balance for Support of Municipal Budget Appropriation		<u>4,740,238.13</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	646,185.76
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 5,386,423.89</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	\$ 520,854.71
Tax Title Liens Receivable	A-8	4,085.11
		<u>524,939.82</u>
	A-2	<u>\$ 524,939.82</u>

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Senior Citizen Administration Fee	A-10	\$ 1,318.42
Sale of Assets	A-10	4,100.00
Miscellaneous	A-10	6,530.69
Vacant/Abandoned Property	A-10	14,148.30
Prior Year Voided Check	A-10	666.05
Other Miscellaneous	A-10	1,342.69
Uniform Fire Safety Act	A-10	10,126.03
Rental Income	A-10	30,000.00
		<u>68,232.18</u>
	A-2	<u>\$ 68,232.18</u>

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
<b>GENERAL GOVERNMENT FUNCTIONS</b>							
General Administration							
Salary & Wages	\$ 45,200.00	\$ 45,200.00	\$ 14,041.62		\$ 31,158.38		
Other Expenses	76,500.00	66,500.00	46,622.25	\$ 3,212.81	16,664.94		
Grants Consultant							
Other Expenses	15,000.00	15,000.00	7,842.50	1,616.25	5,541.25		
Redevelopment Consultant							
Other Expenses	8,000.00	8,000.00	2,004.18	1,368.00	4,627.82		
Mayor and Borough Council							
Salary & Wages	43,942.00	43,942.00	43,941.82		0.18		
Other Expenses	8,000.00	8,000.00	4,780.14	50.00	3,169.86		
Municipal Clerk							
Salary & Wages	59,507.00	59,507.00	59,505.24		1.76		
Other Expenses:							
Printing & Legal Advertising	8,000.00	9,635.00	9,802.60				\$ 167.60
Codification and Revision of Ordinances	5,000.00	3,365.00	3,180.75		184.25		
Miscellaneous Other Expenses	3,000.00	3,000.00	971.46		2,028.54		
Elections							
Other Expenses	4,000.00	3,580.00	3,789.32				209.32
Financial Administration							
Salary & Wages	96,366.00	86,366.00	66,907.79		19,458.21		
Other Expenses:							
Compilation of Fixed Assets	1,000.00	1,000.00			1,000.00		
Miscellaneous Other Expenses	30,000.00	30,000.00	16,540.79	1,275.00	12,184.21		
Audit Services							
Other Expenses	41,000.00	41,000.00	34,082.25		6,917.75		
Revenue Administration (Tax Collection)							
Salaries and Wages	48,999.00	58,999.00	50,285.69		8,713.31		
Other Expenses:							
Tax Sale Costs	4,500.00	5,846.00	5,845.62		0.38		
Miscellaneous Other Expenses	5,000.00	5,000.00	3,341.00		1,659.00		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications		Encumbered	Reserved		
Liquidation of Tax Title Liens & Foreclosed Property							
Other Expenses	1,000.00	74.00	74.00				
Legal Services & Costs							
Other Expenses:							
Fees	150,000.00	130,000.00	70,489.79	8,588.50	50,921.71		
Engineering Services & Costs							
Other Expenses:							
Fees	55,000.00	75,000.00	45,103.28	12,330.75	17,565.97		
Economic Development							
Other Expenses	1,000.00	1,000.00			1,000.00		
<b>LAND USE ADMINISTRATION (NJSA 40:55D-1)</b>							
Planning Board							
Salaries and Wages	1,690.00	1,690.00	1,688.40		1.60		
Other Expenses:							
Legal Fees	5,000.00	4,000.00	1,750.00		2,250.00		
Miscellaneous Other Expenses	1,000.00	2,000.00	1,519.00		481.00		
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>							
Housing Inspector							
Salaries and Wages	45,900.00	45,900.00	35,524.30		10,375.70		
Other Expenses	5,500.00	5,500.00	2,828.83	681.30	1,989.87		
Inspection of Rental Property							
Salaries and Wages	14,178.00	16,178.00	16,069.49		108.51		
Other Expenses	1,000.00	1,000.00	614.00	321.84	64.16		
Civil Rights Commission							
Other Expenses	100.00	100.00			100.00		
<b>INSURANCE</b>							
Group Insurance Plan for Employees	1,168,951.00	1,168,951.00	807,855.95		361,095.05		
Liability Insurance	116,445.00	113,445.00	108,243.25		5,201.75		
Worker Compensation Insurance	195,000.00	195,000.00	189,781.00		5,219.00		
Health Benefit Waiver	39,000.00	39,000.00	35,093.00		3,907.00		
Insurance Safety Program							
Other Expenses	5,694.00	5,694.00	5,539.00		155.00		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications		Encumbered	Reserved		
<b>PUBLIC SAFETY FUNCTIONS</b>							
Police							
Salaries and Wages	1,709,198.00	1,709,198.00	1,686,347.11		22,850.89		
Other Expenses:							
New Cars	23,762.00	23,762.00	23,761.16		0.84		
Miscellaneous Other Expenses	80,000.00	80,000.00	56,090.05	17,770.37	6,139.58		
Police Reserves							
Other Expenses	1,000.00	1,000.00			1,000.00		
Crossing Guards							
Salaries and Wages	68,000.00	68,000.00	72,728.82				4,728.82
Other Expenses	2,000.00	2,000.00	784.00		1,216.00		
Emergency Management Services							
Other Expenses	3,000.00	3,000.00	2,410.00	209.00	381.00		
Fire							
Other Expenses							
Miscellaneous Other Expenses	54,000.00	54,000.00	34,698.85	17,167.27	2,133.88		
Purchase of a Vehicle	35,592.00	35,592.00	33,723.84		1,868.16		
Uniform Fire Safety Act (PL 1983, C. 383)							
Salaries and Wages	6,212.00	6,212.00	6,212.03				0.03
Other Expenses	4,500.00	4,500.00	3,732.34	160.92	606.74		
Prosecutor							
Salaries and Wages	16,927.00	16,927.00	16,926.94		0.06		
<b>PUBLIC WORKS FUNCTION</b>							
Road Repairs & Maintenance							
Salaries & Wages	425,000.00	425,000.00	399,443.32		25,556.68		
Other Expenses	90,000.00	100,000.00	77,834.27	8,307.59	13,858.14		
Repair to Stormwater Collection System							
JIF Safety Coordinator							
Salaries & Wages	4,548.00	4,548.00	4,506.13		41.87		
Solid Waste Collection							
Other Expenses	246,570.00	246,570.00	226,835.00		19,735.00		
Public Buildings & Grounds							
Other Expenses:							
Demolition	10,000.00	10,000.00			10,000.00		
Miscellaneous Other Expenses	50,850.00	50,850.00	29,005.08	7,006.00	14,838.92		
Vehicle Maintenance							
Salaries & Wages							
Other Expenses	60,000.00	60,000.00	45,796.58	3,515.46	10,687.96		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Charged	Expended		Unexpended Canceled	Overexpended
	Budget	Modifications		Encumbered	Reserved		
<b>HEALTH &amp; HUMAN SERVICES</b>							
Registrar of Vital Statistics							
Other Expenses	1,000.00	1,000.00	312.50		687.50		
Environmental Committee							
Other Expenses	2,000.00	2,000.00	429.52		1,570.48		
Dog Regulation							
Other Expenses	1,000.00	1,000.00		427.00	573.00		
<b>PARK &amp; RECREATION FUNCTION</b>							
Recreation Services and Programs							
Other Expenses	22,300.00	22,300.00	13,198.14	7,790.50	1,311.36		
Maintenance of Parks							
Other Expenses	13,400.00	13,400.00	10,507.00		2,893.00		
Senior Citizen Transportation							
Other Expenses	200.00	200.00	16.70		183.30		
<b>OTHER COMMON OPERATING FUNCTIONS</b>							
Accumulated Absence Management	40,000.00	40,000.00	40,000.00				
Celebration of Public Event, Anniversary or Holiday							
Other Expenses	8,000.00	8,000.00	2,244.45	1,402.50	4,353.05		
<b>UTILITY AND BULK PURCHASES</b>							
Electricity	45,000.00	45,000.00	24,375.87		20,624.13		
Street Lighting	110,000.00	110,000.00	105,894.63		4,105.37		
Telephone	39,000.00	39,000.00	36,757.28	488.83	1,753.89		
Gas (Natural or Propane)	6,000.00	6,000.00	4,949.08	868.81	182.11		
Fuel Oil	16,000.00	16,000.00	11,785.45	1,323.70	2,890.85		
Gasoline	100,000.00	100,000.00	84,776.97	4,784.45	10,438.58		
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>							
Sanitary Landfill							
Other Expenses	283,712.00	283,712.00	229,447.60	23,552.81	30,711.59		
<b>MUNICIPAL COURT</b>							
Municipal Court							
Salaries and Wages	105,000.00	105,000.00	108,322.77				3,322.77
Other Expenses	20,000.00	20,000.00	14,387.93	1,966.48	3,645.59		
Public Defender							
Salaries and Wages	5,444.00	5,444.00	4,455.99		988.01		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</b>							
State Uniform Construction Code (NJSA 52:27D-120 et. seq.) Construction Code Official							
Salaries and Wages	65,016.00	65,016.00	59,005.84		6,010.16		
Other Expenses							
Miscellaneous Other Expenses	38,528.00	36,528.00	2,674.11	482.77	33,371.12		
Group Insurance for Employees	17,175.00	17,175.00	16,113.40		1,061.60		
Total Operations Including Contingent Within "CAPS"	6,139,406.00	6,136,406.00	5,186,149.06	126,668.91	832,016.57		8,428.54
Detail:							
Salaries and Wages	2,761,127.00	2,763,127.00	2,645,913.30		125,265.32		8,051.62
Other Expenses	3,378,279.00	3,373,279.00	2,540,235.76	126,668.91	706,751.25		376.92
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>							
<b>STATUTORY EXPENDITURES:</b>							
Deferred Charges:							
Overexpenditure of Appropriation	1,237.69	1,237.69	1,237.69				
Contribution to:							
Public Employees' Retirement System	106,670.00	106,670.00	106,669.79		0.21		
Social Security System (OASI)	118,000.00	118,000.00	112,953.83		5,046.17		
Police & Firemen's' Retirement System of NJ	272,434.00	272,434.00	272,434.00				
Unemployment Compensation Insurance	8,000.00	11,000.00	10,698.94		301.06		
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	506,341.69	509,341.69	503,994.25		5,347.44		
Total General Appropriations for Municipal Purposes within "CAPS"	6,645,747.69	6,645,747.69	5,690,143.31	126,668.91	837,364.01		8,428.54
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>							
<b>EDUCATION FUNCTIONS</b>							
Maintenance of Free Public Library	136,469.00	136,469.00	90,177.01	2,169.46	44,122.53		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications		Encumbered	Reserved		
<b>SOLID WASTE DISPOSAL COSTS</b>							
Recycling Tax	9,600.00	9,600.00	9,600.00				
<b>INSURANCE</b>							
Group Insurance Plan for Employees							
<b>PUBLIC SAFETY FUNCTIONS</b>							
Length of Service Award Program	34,000.00	34,000.00	23,000.00		11,000.00		
<b>SHARED SERVICE AGREEMENTS</b>							
Township of Greenwich - Zoning Officer	2,973.00	2,973.00	2,971.48		1.52		
Township of East Greenwich - Construction Code	15,000.00	15,000.00			15,000.00		
<b>PUBLIC AND PRIVATE PROGRAMS</b>							
<b>OFFSET BY REVENUES</b>							
Clean Communities	1,776.97	13,016.67	13,016.67				
Municipal Alliance for Drug & Alcohol Abuse	23,476.25	23,476.25	23,476.25				
Municipal Court Alcohol Education	263.87	263.87	263.87				
Police Body Armor		1,933.97	1,933.97				
Exxon-Mobil Summer Work Program	30,000.00	30,000.00	30,000.00				
Total Operations Excluded from "CAPS"	253,559.09	266,732.76	194,439.25	2,169.46	70,124.05		
Detail:							
Other Expenses	253,559.09	266,732.76	194,439.25	2,169.46	70,124.05		
<b>CAPITAL IMPROVEMENTS</b>							
Capital Improvement Fund	40,000.00	40,000.00	40,000.00				
NJ DOT - Beacon Avenue		180,000.00	180,000.00				
Total Capital Improvements	40,000.00	220,000.00	220,000.00				
<b>DEBT SERVICE</b>							
Payment of Bond Principal	220,000.00	220,000.00	220,000.00				
Interest on Bonds	113,426.00	113,426.00	113,425.04			\$ 0.96	
Payment of Bond Anticipation Notes	53,050.00	53,050.00	53,050.00				
Interest on Bond Anticipation Notes	25,100.00	25,100.00	25,003.35			96.65	
Berkadia Loan Payments Principal and Interest	17,418.00	17,418.00	17,418.00				
Total Debt Service	428,994.00	428,994.00	428,896.39			97.61	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications		Encumbered	Reserved		
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL EXCLUDED FROM "CAPS"</b>							
Deferred Charges:							
Special Emergency Authorization	9,600.00	9,600.00	9,600.00				
Total Deferred Charges	9,600.00	9,600.00	9,600.00				
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	732,153.09	925,326.76	852,935.64	2,169.46	70,124.05	97.61	
Subtotal General Appropriations	7,377,900.78	7,571,074.45	6,543,078.95	128,838.37	907,488.06	97.61	8,428.54
Reserve for Uncollected Taxes	646,185.76	646,185.76	646,185.76				
Total General Appropriations	<u>\$ 8,024,086.54</u>	<u>\$ 8,217,260.21</u>	<u>\$ 7,189,264.71</u>	<u>\$ 128,838.37</u>	<u>\$ 907,488.06</u>	<u>\$ 97.61</u>	<u>\$ 8,428.54</u>
Ref.	A-2			A-12	A		A
Budget	Ref. A-3	\$ 8,024,086.54					
Budget Amendments per NJSA 40A:4-87	A-2	193,173.67					
		<u>\$ 8,217,260.21</u>					
Reserve for Uncollected Taxes	Ref. A-2	\$ 646,185.76					
Deferred Charge - Special Emergency	A-6	9,600.00					
Overexpenditure of an Appropriation		1,237.69					
Due General Capital Fund		78,053.35					
Due from Payroll Agency Trust Fund		(94,948.57)					
Reserve for Local Grants	A-16	30,000.00					
Reserve for Federal & State Grants - Appropriated	A-17	218,690.76					
Disbursed	A-4	6,300,445.72					
		<u>\$ 7,189,264.71</u>					

The accompanying notes to the financial statements are an integral part of this statement.

## TRUST FUND

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Animal Control Trust Fund			
Cash - Treasurer	B-1	\$ 2,466.05	\$ 1,686.25
Donations - Community Events			
Cash - Treasurer	B-1	19,413.48	25,177.34
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	54,661.64	53,828.99
Due from Current Fund	A	49.49	
		<u>54,711.13</u>	<u>53,828.99</u>
Law Enforcement Forfeiture Trust Fund			
Cash - Treasurer	B-1	11,910.02	8,607.68
LOSAP (unaudited)			
Investment		134,759.28	103,481.85
Park & Recreation Trust Fund			
Cash - Treasurer	B-1	121,160.47	116,910.53
Payroll Agency Trust Fund			
Cash - Treasurer	B-1	191,759.27	66,669.81
Recycling Trust Fund			
Cash - Treasurer	B-1	54,493.18	47,023.62
Due Current Fund	A	0.60	0.60
		<u>54,493.78</u>	<u>47,024.22</u>
Self-Insurance Trust Fund			
Cash - Treasurer	B-1	115,646.08	140,646.08
Due from Utility Capital Fund	D	150,000.00	
Investment in Bond Anticipation Notes			150,000.00
		<u>265,646.08</u>	<u>290,646.08</u>
Tax Sale Premium Fund			
Cash - Treasurer	B-1	408,500.00	386,700.00
Parking Offense Adjudication Act			
Cash - Treasurer	B-1	1,286.00	1,152.00

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>ASSETS (CONTINUED)</b>			
Off-Duty Police Fund			
Cash - Treasurer	B-1	44,853.60	8,199.74
Due Current Fund	A	4,818.21	4,818.21
		<u>49,671.81</u>	<u>13,017.95</u>
Accumulated Absence			
Cash - Treasurer	B-1	126,329.20	86,329.20
Regional Contribution Agreements			
Cash - Treasurer - East Greenwich	B-1	124,626.52	190,948.29
Cash - Treasurer - Woolwich	B-1	113,357.69	224,550.39
		<u>237,984.21</u>	<u>415,498.68</u>
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	100.00	100.00
Due Current Fund	A	800.00	800.00
		<u>900.00</u>	<u>900.00</u>
		<u>\$ 1,680,990.78</u>	<u>\$ 1,617,630.58</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Animal Control Trust Fund			
Due Current Fund	A	\$ 198.05	
Reserve for Dog Fund Expenditures	B-2	2,268.00	\$ 1,686.25
		<u>2,466.05</u>	<u>1,686.25</u>
Donations - Community Events			
Reserve for Donations - Community Events		19,413.48	25,177.34
		<u>19,413.48</u>	<u>25,177.34</u>
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		46,442.19	53,814.61
Encumbrances Payable		8,268.94	
Due Current Fund			14.38
		<u>54,711.13</u>	<u>53,828.99</u>
Law Enforcement Forfeiture Trust Fund			
Reserve for Forfeited Funds		11,910.02	8,607.68
		<u>11,910.02</u>	<u>8,607.68</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		134,759.28	103,481.85
		<u>134,759.28</u>	<u>103,481.85</u>
Park & Recreation Trust Fund			
Reserve for Park & Recreation Fees		118,888.10	115,057.53
Encumbrances Payable		419.37	
Due Current Fund	A	1,853.00	1,853.00
		<u>121,160.47</u>	<u>116,910.53</u>
Recycling Trust Fund			
Reserve for Recycling Fees		54,493.78	47,024.22
		<u>54,493.78</u>	<u>47,024.22</u>
Self-Insurance Trust Fund			
Reserve for Insurance Claims		265,646.08	290,646.08
		<u>265,646.08</u>	<u>290,646.08</u>
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-3	408,500.00	386,700.00
		<u>408,500.00</u>	<u>386,700.00</u>
Parking Offense Adjudication Act			
Reserve for POAA		1,286.00	1,152.00
		<u>1,286.00</u>	<u>1,152.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
<b>(CONTINUED)</b>			
Payroll Agency Trust Fund			
Due Current Fund	A	121,664.00	15,820.69
Due Utility Operating Fund	D	24,060.33	4,730.95
Payroll Taxes Payable		46,034.94	46,118.17
		<u>191,759.27</u>	<u>66,669.81</u>
Off-Duty Police Fund			
Reserve for Off-Duty Police		49,671.81	13,017.95
		<u>49,671.81</u>	<u>13,017.95</u>
Accumulated Absence			
Due Current Fund	A	11,597.00	
Reserve for Accumulated Absence		114,732.20	86,329.20
		<u>126,329.20</u>	<u>86,329.20</u>
Regional Contribution Agreements			
Encumbrances Payable		30,048.50	
Reserve for Regional Contribution Agreements		207,935.71	415,498.68
		<u>237,984.21</u>	<u>415,498.68</u>
Uniform Fire Safety Penalty Monies			
Reserve for Uniform Fire Safety Penalty Monies		900.00	900.00
		<u>900.00</u>	<u>900.00</u>
		<u>\$ 1,680,990.78</u>	<u>\$ 1,617,630.58</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **GENERAL CAPITAL FUND**

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>ASSETS</b>			
Cash - Treasurer			\$ 90,325.07
Deferred Charges to Future Taxation:			
Funded	C-4	\$ 2,769,012.62	3,001,523.31
Unfunded	C-6	3,909,837.00	3,363,790.00
Due from Paulsboro Public Library		741,616.00	581,993.00
Due from Utility Operating Fund	D	339.05	
Due from Utility Capital Fund	D	92,000.00	
Due from Current Fund	A	44,413.04	
		<u>\$ 7,557,217.71</u>	<u>\$ 7,037,631.38</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Deficit in Cash - Treasurer	C-2	\$ 88,221.61	
Bond Anticipation Notes Payable	C-9	3,000,850.00	\$ 2,510,900.00
Loan Payable - Berkadia	C-8	89,012.62	101,523.31
Serial Bonds Payable	C-10	2,680,000.00	2,900,000.00
Improvement Authorizations:			
Funded	C-7	303,750.85	496,993.71
Unfunded	C-7	1,059,238.30	941,419.19
Encumbrances Payable		191,202.84	132.00
Capital Improvement Fund	C-5	122,023.21	57,230.58
Reserve for:			
Reconstruction of Storm Inlet		10,000.00	10,000.00
Due Current Fund			14,015.31
Fund Balance	C-1	12,918.28	5,417.28
		<u>\$ 7,557,217.71</u>	<u>\$ 7,037,631.38</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2013	C	\$ 5,417.28
Increased by:		
Premium on Sale of Notes	C-2	7,501.00
Balance December 31, 2014	C	<u>\$ 12,918.28</u>

The accompanying notes to the financial statements are an integral part of this statement.

**WATER & SEWER UTILITY FUND**

## EXHIBIT D

## COMPARATIVE BALANCE SHEET - WATER &amp; SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>ASSETS</b>			
Operating Fund			
Cash - Treasurer	D-5	\$ 993,710.64	\$ 1,030,853.98
Due from Payroll Agency Trust	B	24,060.33	4,730.95
		1,017,770.97	1,035,584.93
Receivables with Full Reserves			
Consumer Accounts Receivable	D-7	306,465.55	321,693.18
Water and Sewer Liens	D-8	32,338.81	15,180.23
		338,804.36	336,873.41
Deferred Charges			
Overexpenditure of Appropriation	D-4	10,188.71	9,459.63
Overexpenditure of Appropriation Reserve			763.86
		10,188.71	10,223.49
Total Operating Fund		1,366,764.04	1,382,681.83
Capital Fund			
Cash - Treasurer	D-5	856,335.80	1,317,187.68
Fixed Capital	D-9	12,398,169.64	12,390,669.64
Fixed Capital Authorized and Uncompleted	D-10	2,218,866.22	2,113,866.22
Due from Utility Operating Fund	D	10,926.78	34,534.10
Total Capital Fund		15,484,298.44	15,856,257.64
		\$ 16,851,062.48	\$ 17,238,939.47

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 123,384.56	\$ 132,433.55
Encumbrances Payable	D-12	96,710.58	80,963.47
Water & Sewer Rent Overpayments	D-5	1,022.52	604.28
Accrued Interest on Loan	D-14	2,415.56	2,458.48
Accrued Interest on Notes	D-14	10,479.19	11,952.03
Due Current Fund	A	124,663.92	42,580.55
Due General Capital Fund	C	339.05	
Due Utility Capital Fund	D	10,926.78	34,534.10
Security Deposit AT&T		3,000.00	3,000.00
		<u>372,942.16</u>	<u>308,526.46</u>
Reserve for Receivables		338,804.36	336,873.41
Fund Balance	D-1	655,017.52	737,281.96
Total Operating Fund		<u>1,366,764.04</u>	<u>1,382,681.83</u>
Capital Fund			
Bond Anticipation Notes Payable	D-16	1,371,743.00	1,881,700.00
USDA Loan Payable	D-17	3,344,616.46	3,404,045.22
Improvement Authorizations:			
Unfunded	D-15	158,127.90	148,310.38
Encumbrances Payable	D-12	244,930.59	473,306.31
Capital Improvement Fund	D-13	184,636.30	104,636.30
Reserve for Amortization		9,833,107.46	9,151,221.70
Deferred Reserve for Amortization		67,568.94	67,568.94
Reserve for Future Debt Service		20,394.06	618,351.06
Due General Capital Fund	C	92,000.00	
Due Self Insurance Trust Fund	B	150,000.00	
Fund Balance	D-2	17,173.73	7,117.73
Total Capital Fund		<u>15,484,298.44</u>	<u>15,856,257.64</u>
		<u>\$ 16,851,062.48</u>	<u>\$ 17,238,939.47</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND  
BALANCE - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Year 2014	Year 2013
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	D-3	\$ 273,724.49	\$ 393,214.00
Water Rents	D-3	701,700.11	742,782.06
Sewer Rents	D-3	744,613.31	790,005.71
Interest on Investments	D-3	701.86	1,276.85
Miscellaneous	D-3:D-5	123,761.77	143,898.23
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	129,928.48	131,485.41
Encumbrances Canceled	D-12	16,754.60	
Total Income		<u>1,991,184.62</u>	<u>2,202,662.26</u>
<b>Expenditures</b>			
Operating	D-4	1,405,777.20	1,456,420.00
Capital Improvements	D-4	151,500.00	80,000.00
Debt Service	D-4	164,199.59	169,656.56
Deferred Charges and Statutory Expenditures	D-4	88,392.49	97,511.00
Prior Year Refund	D-5	44.00	
Total Expenditures		<u>1,809,913.28</u>	<u>1,803,587.56</u>
Statutory Excess to Fund Balance		181,271.34	399,074.70
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-4	10,188.71	9,459.63
		<u>191,460.05</u>	<u>408,534.33</u>
<b>Fund Balance</b>			
Balance January 1	D	737,281.96	721,961.63
		<u>928,742.01</u>	<u>1,130,495.96</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	273,724.49	393,214.00
Balance December 31	D	<u><u>\$ 655,017.52</u></u>	<u><u>\$ 737,281.96</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

## EXHIBIT D-2

## STATEMENT OF FUND BALANCE - WATER &amp; SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2013	Ref. D	\$ 7,117.73
Increased by:		
Premium on Bond Anticipation Notes	D-5	10,056.00
Balance December 31, 2014	D	<u>\$ 17,173.73</u>

## EXHIBIT D-3

## STATEMENT OF REVENUES - WATER &amp; SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 273,724.49	\$ 273,724.49	
Water Rents	D-3	740,000.00	701,700.11	\$ (38,299.89)
Sewer Rents	D-3	785,000.00	744,613.31	(40,386.69)
Interest on Investments	D-5	1,000.00	701.86	(298.14)
		<u>\$ 1,799,724.49</u>	<u>\$ 1,720,739.77</u>	<u>\$ (78,984.72)</u>

Ref. D-4

**Analysis of Realized Revenue**

	Ref.	Water	Sewer
Rents:			
Consumer Accounts Receivable:			
Collected	D-7	\$ 700,120.22	\$ 743,253.12
Overpayments Applied	D-7	1.82	602.46
Utility Liens	D-8	1,578.07	757.73
	D-3	<u>\$ 701,700.11</u>	<u>\$ 744,613.31</u>
Miscellaneous:			
Interest on Delinquent Accounts		\$ 59,875.54	
On/Off Fees		380.00	
Wireless Cell Phone Tower Rental		63,497.23	
Refunds/Miscellaneous		9.00	
	D-5	<u>\$ 123,761.77</u>	

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - WATER &amp; SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended			Over- expended	Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
Operating:							
Salaries and Wages	\$ 466,850.00	\$ 486,850.00	\$ 493,560.20			\$ 6,710.20	
Other Expenses	517,217.00	497,217.00	418,667.12	\$ 17,851.80	\$ 60,698.08		
Sewer Rental - GCUA	360,000.00	360,000.00	306,626.21	24,559.52	28,814.27		
Engineering Fees	55,000.00	55,000.00	38,606.64	1,984.00	14,409.36		
Capital Improvements:							
Capital Improvement Fund	80,000.00	80,000.00	80,000.00				
Purchase of Utility Truck	60,000.00	60,000.00		48,332.00	11,668.00		
Purchase of a Lawnmower/Trailer	11,500.00	11,500.00	7,500.00		4,000.00		
Debt Service:							
Payment of Loan Principal	59,429.00	59,429.00	59,428.76				\$ 0.24
Payment of Note Principal	17,000.00	17,000.00	17,000.00				
Interest on Loan	67,786.00	67,786.00	67,742.32				43.68
Interest on Notes	16,550.00	16,550.00	20,028.51			3,478.51	
Deferred Charges:							
Overexpenditure of Appropriation	9,459.63	9,459.63	9,459.63				
Overexpenditure of Appropriation Reserve	763.86	763.86	763.86				
Statutory Expenditures:							
Public Employees' Retirement System	39,454.00	39,454.00	39,453.21		0.79		
Social Security System (OASI)	35,715.00	35,715.00	32,906.23		2,808.77		
Unemployment Insurance	3,000.00	3,000.00	2,014.71		985.29		
	<u>\$ 1,799,724.49</u>	<u>\$ 1,799,724.49</u>	<u>\$ 1,593,757.40</u>	<u>\$ 92,727.32</u>	<u>\$ 123,384.56</u>	<u>\$ 10,188.71</u>	<u>\$ 43.92</u>
Ref.	D-3	D-4		D-12	D	D	
		Ref.					
Interest on Bonds and Notes		D-14	\$ 87,770.83				
Deferred Charges:							
Overexpenditure of Appropriation			9,459.63				
Overexpenditure of Appropriation Reserve			763.86				
Due Utility Capital Fund			339.05				
Due Payroll Agency Trust Fund			(19,329.38)				
Disbursed		D-5	1,514,753.41				
			<u>\$ 1,593,757.40</u>				

The accompanying notes to the financial statements are an integral part of this statement.

## **PUBLIC ASSISTANCE FUND**

## COMPARATIVE BALANCE SHEET - PUBLIC ASSISTANCE FUND - REGULATORY BASIS

		Balance	Balance
	Ref.	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
<b>ASSETS</b>			
Cash - Treasurer	E-1	<u>\$ 44,800.89</u>	<u>\$ 44,800.89</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Advanced State Aid		<u>\$ 44,800.89</u>	<u>\$ 44,800.89</u>

The accompanying notes to the financial statements are an integral part of this statement.

**GENERAL FIXED ASSETS**

## COMPARATIVE BALANCE SHEET OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<b>ASSETS</b>		
General Fixed Assets:		
Buildings	\$ 4,687,200.00	\$ 4,687,200.00
Land and Improvements	5,072,900.00	5,072,900.00
Machinery and Equipment	4,554,788.00	4,230,104.00
	<u>\$ 14,314,888.00</u>	<u>\$ 13,990,204.00</u>
Investment in General Fixed Assets	<u>\$ 14,314,888.00</u>	<u>\$ 13,990,204.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

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

**A. Reporting Entity**

The Borough of Paulsboro was incorporated on March 2, 1904, and is located in Gloucester County, New Jersey.

The Borough has an elected Mayor and six elected Council Members. The Borough is managed daily by the Borough Administrator.

Except as noted below, the financial statements of the Borough of Paulsboro included every board, body, officer or commission, supported and maintained wholly or in part by funds appropriated by the Borough of Paulsboro, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. However, under the regulatory basis of accounting in New Jersey, the component units are neither blended nor shown in a discrete presentation in the financial statements of the Borough. The Gill Memorial Library also has an independent audit performed and a copy is available at the Library.

Gill Memorial Library  
145 East Broad Street  
Paulsboro, NJ 08066

**B. Description of Funds**

The accounting policies of the Borough of Paulsboro 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 Paulsboro accounts for its transactions through the following separate funds, which differ from the funds required by GAAP.

**Current Fund** - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

**Trust Fund** - Receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**Public Assistance Trust Fund** - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Description of Funds (Continued)**

**General Capital Fund** - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

**Water & Sewer Operating and Capital Funds** - Account for the operations and acquisition of capital facilities of the municipally-owned Water & Sewer Utility.

**Payroll Account** - Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

**General Fixed Assets** - To account for fixed assets used in governmental operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental fund statements.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

**Revenues** - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

**Expenditures** - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Expenditures (Continued)** - Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital is on the cash basis and utility capital is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered and/or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

**Interfunds** - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America interfunds are not reserved.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America inventory would be recorded as an asset on the balance sheet.

**Proprietary Funds - Cash Flows Statement** - In accordance with the reporting requirements of the Division of Local Government Services, the utility funds' financial statements do not include a statement of cash flows.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.00.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**General Fixed Assets (Continued)** - Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

No depreciation has been provided for in the financial statements.

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

Property and equipment purchased by the Water & Sewer Utility Fund is recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

**General Long-Term Debt** - General Long-Term Debt is accounted for in the General Capital and Sewer Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

**Property Taxes** - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month is the year levied, are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

**Interest on Delinquent Taxes** - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capitalization of Interest** - It is the policy of the Borough to capitalize interest in the Water and Sewer Utility Capital Fund on projects during the construction phase.

**D. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

**E. Recent Accounting Pronouncements Not Yet Effective**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68, which is effective for periods beginning after June 15, 2014. The impact of this statement on the Borough's financial reporting is not presently determinable.

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et. seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$646,185.76 and \$729,293.30, respectively. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. The Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The following budget amendments were approved as follows:

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

Current Fund

Special Item of Revenue	
NJ DOT Beacon Avenue	\$ 180,000.00
Clean Communities	11,239.70
Police Body Armor	1,933.97
	<hr/>
	\$ 193,173.67
	<hr/>

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2014 and 2013, the carrying amount of the Borough's deposits was \$6,135,947.21 and \$6,769,846.14, respectively. As of December 31, 2014 and 2013, \$0 of the municipality's bank balance of \$6,291,916.84 and \$6,885,340.71, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2014 and 2013, the Borough had the following investment in bond anticipation notes, \$0.00 and \$150,000.00, respectively. The 2013 bond anticipation notes were an investment in the Self Insurance Fund.

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

**Credit Risk** - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF PAULSBORO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 4: INVESTMENTS (CONTINUED)**

**Unaudited Investments**

As more fully described in Note 17, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program, as specified in NJSA 43:15B-1 et. seq., except that all investments are retained in the name of the Borough. All investments are valued at contract value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Benefit Life Company, which is the authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2014 and 2013, was \$134,759.28 and \$103,481.85, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is not available.

**NOTE 5: FUND BALANCES APPROPRIATED**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2014	\$ 1,653,628.79	a
	2013	1,942,081.16	\$ 685,471.93
	2012	1,678,101.92	514,930.26
	2011	1,669,995.21	452,435.92
	2010	1,697,206.81	605,538.11
Water & Sewer Operating Fund	2014	655,017.52	a
	2013	737,281.96	273,724.49
	2012	721,961.63	393,214.00
	2011	550,827.72	350,543.00
	2010	511,962.63	343,856.00

a = The 2015 budget has not been introduced as of the date of the audit.

**NOTE 6: ACCUMULATED ABSENCE BENEFITS**

Borough employees are entitled to varying amounts of sick leave depending on their contract with the Borough. American Federation of State, County, and Municipal Employees (AFSCME) employees are granted fifteen (15) days sick leave per year. The New Jersey State Policemen's Benevolent Association (NJSPBA) and Paulsboro Dispatchers Association are granted 120 hours. If any employee required none or a portion only of said allowable sick leave for any calendar year, the amount of said leave not taken shall accumulate to his/her credit from year to year, and he/she shall be entitled to said, accumulated sick leave with pay when needed.

An employee retiring from the Borough under the AFSCME contract shall be entitled to be paid or given sick leave up to a maximum of 32% of 200 days at the current rate of pay. Employees under the NJSPBA and Paulsboro Police Dispatchers contract are granted a maximum of 32% of 1200 hours of sick time.

BOROUGH OF PAULSBORO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 6: ACCUMULATED ABSENCE BENEFITS (CONTINUED)**

The Borough has entered into a duly negotiated and approved labor agreement with the PBA Local #122 and AFSCME 3103C. The Borough also has local personnel policy that covers all non-union personnel. The value of these earned and unused employee benefits, has not been accrued by either charges to operations or to budgets of the prior years. The realization of the liability may be affected by conditions that could preclude an employee from receiving full payment of the accrual. The Borough established in the budget an appropriation of \$40,000.00 to fund this reserve. The balance in the trust fund as of December 31, 2014 and 2013, was \$114,732.20 and \$86,329.00, respectively.

The total value of compensated absences owed to employees as of December 31, 2014 and 2013, under the various labor agreements are as follows:

	Value	
	12/31/2014	12/31/2013
PBA Local 122	\$ 196,818.68	\$ 185,657.24
AFSCME	55,998.40	61,123.61
Non-Union	79,952.68	77,719.75
	\$ 332,769.76	\$ 324,500.60

**NOTE 7: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2014:

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
	Land			\$ 5,072,900.00
Buildings/Improvements	4,687,200.00			4,687,200.00
Machinery & Equipment	4,230,104.00	\$ 441,585.00	\$ 116,901.00	4,554,788.00
	\$ 13,990,204.00	\$ 441,585.00	\$ 116,901.00	\$ 14,314,888.00

**NOTE 8: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the current and previous year:

	Balance	
	12/31/2014	12/31/2013
Prepaid Taxes - Cash Liability	\$ 50,342.58	\$ 80,196.83

**NOTE 9: ECONOMIC DEPENDENCY**

The Borough of Paulsboro is not economically dependent on any one business or industry within the Borough.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2014:

	Due	
	From	To
Current Fund		
Federal and State Grant Fund	\$ 105,007.27	
Animal Control Trust Fund	198.05	
Water and Sewer Operating	124,663.92	
Park and Recreation Trust	1,853.00	
Payroll Agency Trust Fund	121,664.00	
Accumulated Absence Trust	11,597.00	
Developer's Escrow Trust Funds		\$ 49.49
Recycling Trust Fund		0.60
Off-Duty Police Trust Fund		4,818.21
Uniform Fire Safety Penalty Trust		800.00
General Capital Fund		44,413.04
Federal and State Grant Fund		
Current Fund		105,007.27
Animal Control Trust Fund		
Current Fund		198.05
Uniform Fire Safety Penalty Trust		
Current Fund	800.00	
Developer's Escrow Trust Funds		
Current Fund	49.49	
Park & Recreation Trust		
Current Fund		1,853.00
Payroll Agency Trust Fund		
Current Fund		121,664.00
Utility Operating Fund		24,060.33
Recycling Trust Fund		
Current Fund	0.60	
Self Insurance Trust Fund		
Utility Capital Fund	150,000.00	
Off-Duty Police Trust Fund		
Current Fund	4,818.21	
Accumulated Absence Trust		
Current Fund		11,597.00
General Capital Fund		
Current Fund	44,413.04	
Utility Operating Fund	339.05	
Utility Capital Fund	92,000.00	
Subtotal	657,403.63	314,460.99

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

	Due	
	From	To
Utility Operating Fund		
Current Fund		124,663.92
General Capital Fund		339.05
Utility Capital Fund		10,926.78
Payroll Agency Trust	24,060.33	
Utility Capital Fund		
Utility Operating Fund	10,926.78	
General Capital Fund		92,000.00
Self Insurance Trust		150,000.00
	\$ 692,390.74	\$ 692,390.74

Many of the interfunds are due to the fact that disbursements were paid from the wrong funds. The amounts due from Payroll Agency to Utility Operating Fund and Current Fund are the result of Health Insurance benefits being withheld, but not being refunded against the budgeted line items. The other interfunds are for interest earned but not transferred and budgetary reclassifications.

**NOTE 11: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

Long-Term Debt as of December 31, 2014, consisted of the following:

	Year		
	2014	2013	2012
Bonds, Notes, and Loans Issued	\$ 10,486,222.08	\$ 10,798,168.53	\$ 12,458,433.04
Bonds and Notes Authorized but not Issued	908,987.00	852,890.00	1,187,717.00
Net Bonds, Notes, and Loans			
Issued and Authorized but not Issued	\$ 11,395,209.08	\$ 11,651,058.53	\$ 13,646,150.04

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 11: LONG-TERM DEBT (CONTINUED)**

**Summary of Municipal Debt Service (Continued)**

	Balance Dec. 31, 2013	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2014	Due in One Year
<b>ISSUED</b>					
General:					
Loan Payable - Berkadia	\$ 101,523.31		\$ 12,510.69	\$ 89,012.62	\$ 13,025.63
Serial Bonds	2,900,000.00		220,000.00	2,680,000.00	225,000.00
Bond Anticipation Notes	2,510,900.00	\$ 543,000.00	53,050.00	3,000,850.00	48,300.00
Water & Sewer					
Loan Payable - USDA	3,404,045.22		59,428.76	3,344,616.46	60,623.29
Bond Anticipation Notes	1,881,700.00	105,000.00	614,957.00	1,371,743.00	19,000.00
Net Debt Issued	<u>10,798,168.53</u>	<u>648,000.00</u>	<u>959,946.45</u>	<u>10,486,222.08</u>	<u>365,948.92</u>
<b>AUTHORIZED BUT NOT ISSUED</b>					
General:					
Bond Anticipation Notes	852,890.00	955,187.00	899,090.00	908,987.00	
Water & Sewer					
Bond Anticipation Notes		105,000.00	105,000.00		
Authorized but not Issued	<u>852,890.00</u>	<u>1,060,187.00</u>	<u>1,004,090.00</u>	<u>908,987.00</u>	
Total Debt Issued and Authorized but not Issued	<u>\$ 11,651,058.53</u>	<u>\$ 1,708,187.00</u>	<u>\$ 1,964,036.45</u>	<u>\$ 11,395,209.08</u>	<u>\$ 365,948.92</u>

**Permanently Funded Debt Consisted of the Following:**

\$300,000.00 Berkadia Loan for the construction of the municipal building dated December 23, 1980, payable in semi-annual installments through December 2020. Interest is paid at a rate of 5% per annum. The balance remaining at December 31, 2014, was \$89,012.62.

\$2,835,000.00 USDA Loan for the construction of the Water Treatment Plant dated June 18, 2012, payable in semi-annual installments through June 2052. Interest is paid at a rate of 2% per annum. The balance remaining at December 31, 2014, was \$2,716,126.18.

\$2,835,000.00 USDA Supplemental Loan for the construction of the Water Treatment Plant dated June 18, 2012, payable in semi-annual installments through June 2052. Interest is paid at a rate of 2% per annum. The balance remaining at December 31, 2014, was \$628,490.28.

\$3,575,000.00 Serial Bonds for Tax Refunding Payment dated July 15, 2009, payable in semi-annual installments through July 2024. Interest is paid at a rate of 2.5% to 4.375% per annum. The balance remaining at December 31, 2014, was \$2,680,000.00.

Schedule of Annual Debt Service for Principle and Interest for Bonded Debt Issued and Outstanding:

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 11: LONG-TERM DEBT (CONTINUED)**

**Summary of Municipal Debt Service (Continued)**

Year Ended December	Principle	Interest	Total
Berkadia Loan			
Current Fund			
2015	\$ 13,025.63	\$ 4,392.37	\$ 17,418.00
2016	13,701.00	3,717.00	17,418.00
2017	14,411.40	3,006.60	17,418.00
2018	15,158.64	2,259.36	17,418.00
2019	15,944.61	1,473.39	17,418.00
2020	16,771.34	646.66	17,418.00
	<u>\$ 89,012.62</u>	<u>\$ 15,495.38</u>	<u>\$ 104,508.00</u>

Year Ended December	Principle	Interest	Total
General Serial Bonds			
Current Fund			
2015	\$ 225,000.00	\$ 106,825.00	\$ 331,825.00
2016	235,000.00	99,793.76	334,793.76
2017	240,000.00	91,862.50	331,862.50
2018	250,000.00	82,262.50	332,262.50
2019	260,000.00	72,262.50	332,262.50
2020-2023	1,470,000.00	193,781.26	1,663,781.26
	<u>\$ 2,680,000.00</u>	<u>\$ 646,787.52</u>	<u>\$ 3,326,787.52</u>

BOROUGH OF PAULSBORO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 11: LONG-TERM DEBT (CONTINUED)**

**Summary of Municipal Debt Service (Continued)**

Year Ended December	Principal	Interest	Total
USDA Loan			
Utility Operating Fund			
2015	\$ 60,623.29	\$ 66,590.71	\$ 127,214.00
2016	61,841.81	65,372.19	127,214.00
2017	63,084.82	64,129.18	127,214.00
2018	64,352.84	62,861.16	127,214.00
2019	65,646.33	61,567.67	127,214.00
2020-2024	348,562.48	287,507.52	636,070.00
2025-2029	385,029.84	251,040.16	636,070.00
2030-2034	425,312.48	210,757.52	636,070.00
2035-2039	469,809.55	166,260.45	636,070.00
2040-2044	518,962.04	117,107.96	636,070.00
2045-2049	573,256.96	62,813.04	636,070.00
2050-2052	308,134.02	9,900.98	318,035.00
	<u>\$3,344,616.46</u>	<u>\$ 1,425,908.54</u>	<u>\$ 4,770,525.00</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.628%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	None	None	None
Water & Sewer	\$ 4,716,359.46	\$ 4,716,359.46	None
General Debt	6,678,849.62	None	\$ 6,678,849.62
	<u>\$ 11,395,209.08</u>	<u>\$ 4,716,359.46</u>	<u>\$ 6,678,849.62</u>

Net Debt of \$6,678,849.62/Equalized Valuation Basis per NJSA 40A:2-2, as amended \$410,246,835.33 = 1.628%.

**Borrowing Power Under NJSA 40:A2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 14,358,639.24
Net Debt	6,678,849.62
Remaining Borrowing Power	<u>\$ 7,679,789.62</u>

BOROUGH OF PAULSBORO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 11: LONG-TERM DEBT (CONTINUED)**

**Calculation of “Self-Liquidating Purpose” Water & Sewer Utility per NJSA 40:2-45**

Cash Receipts from Fees, Rents, or Other Charges		\$ 1,844,501.54
Deductions:		
Operating and Maintenance Costs	\$ 1,483,946.20	
Debt Service per Water & Sewer Account	164,199.59	
		1,648,145.79
Excess in Revenue		\$ 196,355.75

**NOTE 12: NOTES PAYABLE**

The Borough has the following notes outstanding at December 31, 2014, a General Capital bond anticipation note in the amount of \$2,128,850.00, which is payable to Jefferies LLC . This note will mature on July 7, 2015, at an interest rate per annum of 1%. The second General Capital bond anticipation note is in the amount of \$75,000.00, payable to Jefferies LLC. This note will mature on June 12, 2015, at an interest rate per annum of 1.5%. The third General Capital bond anticipation note is in the amount of \$797,000.00, payable to TBGC Investment Corp. This note will mature on August 20, 2015, at an interest rate per annum of .99%.

There is a Water and Sewer Capital bond anticipation note in the amount of \$272,000.00, payable to Jefferies LLC. This note will mature on July 7, 2015, at an interest rate per annum of 1%. The second Water and Sewer Capital bond anticipation note in the amount of \$1,099,743.00, payable to Jefferies LLC. This note will mature on June 12, 2015, at an interest rate per annum of 1.5%.

**NOTE 13: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Borough are covered by the Public Employees' Retirement System, (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 13: PENSION FUNDS (CONTINUED)**

**Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.78% to 6.92% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provides for employee contributions of 10%, thereafter, of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2014 are 10.92% and 23.25%, respectively, of covered payroll, as reported on June 30, 2012. The actuarially determined contribution includes funding for, cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. The Borough's contributions to PERS for the years ending December 31, 2014, 2013, and 2012, were \$146,123.00, \$176,232.00, and \$173,622.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2014, 2013, and 2012, were \$272,434.00, \$309,712.00 and \$340,255.00, respectively, equal to the required contributions for each year.

**Defined Contribution Retirement Program (DCRP)** - The Borough has not established a Defined Contribution Retirement Program. Employers are required to contribute 3% of the employees' base salary. The Borough has not had contributions to DCRP for the years ending December 31, 2014, 2013, and 2012.

**NOTE 14: POST-RETIREMENT BENEFITS**

The Borough of Paulsboro contributes to the Southern New Jersey Regional Employee Benefits Fund (SNJREBF), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan. SNJREBF was established in 1992, under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9, of the New Jersey Administrative Code. The SNJREBF provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**Plan Description**

In 2009, the Borough of Paulsboro authorized participation in the Fund's post-retirement benefit program through resolution 45.09 adopted January 22, 2009, effective April 1, 2009. The Borough's policies provide for health insurance to eligible retirees and their spouses that participate in the Fund's post-retirement benefit program with the local unit.

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 14: POST-RETIREMENT BENEFITS (CONTINUED)**

**Funding Policy** - The plan is non-contributory for employees/retirees and their dependents. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees on a pay-as-you-go basis. Contributions to pay for the health premiums of participating retirees in the SNJREBF are billed to the Borough of Paulsboro on a monthly basis. For calendar year 2014, the Borough's contribution to the plan for retirees was \$361,487.00 for current premiums. Plan members receiving benefits are required to make contributions.

**Annual OPEB Cost and Net OPEB Obligation** - The Borough's most recent actuarial valuation to determine (ARC) was performed for the year ended December 31, 2012. The next actuarial valuation is expected to be performed for the year ended December 31, 2015. GASB 45 permits the calculation of ARC, in the intervening years, to be based on the annual rate of inflation. In determining ARC for the year ended 2014, the Borough utilized the U.S. Bureau of Labor Statistics annual report on inflation for medical care services, which yielded a rate of inflation of 2.4%. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan.

Annual Required Contribution	\$ 1,644,227.58
Less: Contributions Made	(361,487.00)
Assets	None

The Borough's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2012, based upon a 4.5% discount rate.

**Funded Status and Funding Progress** - As of December 31, 2014, the Borough is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The Borough's unfunded AAL is calculated to be \$16,817,248.00, as of December 31, 2012.

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

BOROUGH OF PAULSBORO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 14: POST-RETIREMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)** - The December 31, 2012, actuarial valuation, utilized assumptions based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the December 31, 2012, report from UHY Advisors, for a period of 30 years.

**NOTE 15: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough of Paulsboro is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage.

There is an unknown contingent liability with the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage during the year 2014.

**NOTE 16: LABOR CONTRACTS**

As of December 31, 2014, the majority of Borough's employees are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

	Category	Expiration	Covers
AFSCME #71	Public Works, Clerical	12/31/2016	All Employees in Public Works and Clerical Workers, Excluding Supervisors
FOP Lodge #122	Police	12/31/2016	All Uniformed Police, Excluding the Chief

**NOTE 17: LENGTH OF SERVICE AWARD PROGRAM**

The Borough's Length of Service Awards Program (LOSAP) was created by a Borough ordinance, which was adopted on September 2, 2008, in accordance with Chapter 338 of the Laws of 1997. The voters of the Borough of Paulsboro approved the adoption of the LOSAP in November 2008. This plan is available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP, as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law of 1997, Chapter 388 and the LOSAP document. The balance is subject to the general

BOROUGH OF PAULSBORO  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 17: LENGTH OF SERVICE AWARD PROGRAM (CONTINUED)**

creditors of the Borough. Contributions by the Borough for qualified participants were \$23,000.00 and \$23,000.00 for 2013 and 2012, respectively. The Borough appointed Lincoln Financial Advisors, as the plan administrator, on December 7, 2010.

**NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

	Balance Dec. 31, 2014	2015 Budget Appropriation	Budgets of Succeeding Years
Current Fund:			
Special Emergency	\$ 19,200.00	\$ 9,600.00	\$ 9,600.00
Overexpenditure of Appropriation	8,428.54	8,428.54	
	<u>27,628.54</u>	<u>18,028.54</u>	<u>9,600.00</u>
Water & Sewer Utility Fund:			
Overexpenditure of Appropriation	10,188.71	10,188.71	
Total	<u>\$ 37,817.25</u>	<u>\$ 28,217.25</u>	<u>\$ 9,600.00</u>

**NOTE 19: COMMITMENTS AND CONTINGENCIES**

During the normal course of operations, lawsuits are brought against the Borough. In order to minimize the cost to the budget, the Borough has established a self- insurance fund. The Borough appropriates funds, as deemed necessary each year, to build the reserve. The self- insurance fund was established to fund the following items: to insure against any loss or damage however caused to any property, motor vehicles, equipment or apparatus owned by it, or owned by or under the control of any of its departments, boards, agencies or commissions; to insure against liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by it, or owned by or under the control of any of its departments, boards, agencies or commissions; to insure against liability for its negligence and that of its officers and employees; to insure against any loss or damage from liability as established by chapter 15 of Title 34 of the Revised Statutes. The Borough does not have any Incurred but not Reported amounts as of the end of the year. The Borough has not encumbered any funds as a potential liability against the Reserve for Self Insurance in the Trust Fund. The reserves for self-insurance as of December 31, 2014 and 2013, were \$265,646.08 and \$290,646.08, respectively.

**NOTE 21: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2014 and May 26, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no additional items have come to the attention of the Borough that would require disclosure.

**NOTE 22: LITIGATION**

The Borough participates in federal and state assisted grant programs. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant

BOROUGH OF PAULSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

**NOTE 22: LITIGATION (CONTINUED)**

programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Borough of Paulsboro Counsel's opinion there is litigation involving environmental assessments and potential remediation of property within the Borough. There are other contingent liabilities that are pending against the Borough of Paulsboro. The attorney is not able to evaluate the likelihood of an unfavorable outcome and/or an estimate of the range of potential loss that would have an adverse effect on the financial position in the future.

## **SUPPLEMENTARY DATA**

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

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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 Paulsboro  
1211 Delaware Street  
Paulsboro, New Jersey 08066

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Paulsboro, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Borough of Paulsboro's basic financial statements, and have issued our report thereon dated May 26, 2015, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Borough of Paulsboro's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Paulsboro'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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations We identified certain deficiencies in internal control that we consider to be a material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2014-001, 2014-002, 2014-003, and 2014-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010 to be significant deficiencies.

### ***Compliance and Other Matters***

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

### ***Borough's Responses to Findings***

The Borough's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

May 26, 2015

BOROUGH OF PAULSBORO  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2014

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs								
Municipal Alliance on Alcoholism & Drug Abuse	N/A	\$ 18,781.00	\$ 4,695.25	\$ 4,965.00	01/01/14	12/31/14	\$ 2,524.03	\$ 3,024.03
		10,854.00	2,713.00	4,916.00	01/01/13	12/31/13	7,536.23	13,567.00
Clean Communities	4900-765-042-4900-004-VCMC-6020	13,016.67		11,239.70	01/01/14	12/31/14		
		12,342.74			01/01/13	12/31/13	4,977.32	4,977.32
		10,413.32			01/01/12	12/31/12	4,338.22	10,413.32
		10,382.60			01/01/11	12/31/11	0.09	10,382.60
		11,264.59			01/01/10	12/31/10	239.59	11,264.59
		8,419.24			01/01/08	12/31/08	3,206.93	8,419.24
		7,895.16			01/01/07	12/31/07	5,338.49	7,895.16
		6,158.35			01/01/06	12/31/06	2,247.00	6,158.35
		5,873.70			01/01/05	12/31/05	518.55	5,873.70
		5,910.44			01/01/04	12/31/04	541.44	5,910.44
		5,698.78			01/01/03	12/31/03	491.50	5,698.78
		1,545.05			01/01/02	12/31/02	59.70	1,545.05
Recycling Tonnage	4900-752-042-4900-001-V424-6020	9,132.15			01/01/13	12/31/13		
		10,318.40			01/01/12	12/31/12		
		12,514.25			01/01/11	12/31/11		1,869.86
Department of Law and Public Safety								
Safe & Secure Program	100-066-1020-232	28,633.00		28,633.00	01/01/13	12/31/13		28,633.00
Police Body Armor	1020-718-066-1020-001-YCJS-6120	1,933.97		1,933.97	01/01/14	12/31/14		



## CURRENT FUND

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund	Payroll Account
Balance December 31, 2013	A	<u>\$ 2,794,359.38</u>	<u>\$ 115,560.26</u>	<u>\$ 17,728.96</u>
Increased by Receipts:				
Tax Receivable	A-7	13,231,513.40		
Tax Title Liens Receivable	A-8	4,085.11		
Prepaid Taxes	A	50,342.58		
Tax Overpayments		10,426.16		
Due from Outside Lien Holders		453,713.89		
Grants Receivable	A-5		157,815.22	
Revenue Accounts Receivable	A-10	1,561,337.92		
Construction DCA Fees		1,962.00		
Due from Current Fund			109,702.52	247.43
Net Payroll				2,275,715.47
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-13	65,921.23		
Reserve for Grants - Unappropriated	A-15		9,877.82	
Election Workers Payable		4,625.00		
Due Library State Aid		2,120.00		
Due Payroll Agency Trust Fund	B-1			367.81
Total Receipts		<u>15,386,047.29</u>	<u>277,395.56</u>	<u>2,276,330.71</u>
		<u>18,180,406.67</u>	<u>392,955.82</u>	<u>2,294,059.67</u>

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund	Payroll Account
Current Year Budget Appropriations	A-3	6,300,445.72		
Appropriation Reserves	A-11	72,546.96		
Encumbrances Payable	A-12	107,670.62	5,016.00	
Reserve for Local Grants	A-16	15,957.26		
Reserve for Grants - Appropriated	A-17		387,939.82	
Due Gill Memorial Library		14,423.56		
Due Outside Lien Holders		426,281.71		
County Taxes Payable	A-7	2,352,563.47		
County Open Space Taxes Payable	A-7	163,849.18		
Due County Added & Omitted Taxes		513.88		
Due Water & Sewer Operating Fund	D-5	82,083.37		
Due Animal Control Trust Fund		75.00		
Due Accumulated Absence Trust Fund		11,596.80		
Due Payroll Agency Trust		9,000.00		
Due Payroll Agency - Flexible Spending Trust		2,500.00		
Tax Overpayments		1,809.71		
Due State of NJ - Construction DCA Fees		2,570.00		
Due Federal and State Grant Fund	A-4	109,702.52		
Net Payroll				2,275,715.47
Due General Capital Fund		19,625.00		
Election Workers Payable		8,650.00		
Local District School Tax	A-14	5,558,627.82		
Total Disbursements		15,260,492.58	392,955.82	2,275,715.47
Balance December 31, 2014	A	\$ 2,919,914.09		\$ 18,344.20

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2013	Budget Revenue Realized	Received	Transfer from Unappropriated	Balance Dec. 31, 2014
<b>Federal Grants:</b>					
Small Cities - Community Development Block Grant	\$ 68,164.20				\$ 68,164.20
<b>State Grants:</b>					
New Jersey DOT - Billings Avenue - Phase V	175,000.00		\$ 106,127.55		68,872.45
New Jersey Transportation Trust - Billings Phase IV 2011	19,148.30				19,148.30
NJ DOT Livable Communities - 2003	150,000.00				150,000.00
New Jersey DOT - Beacon Avenue		\$ 180,000.00			180,000.00
Clean Communities Program		13,016.67	11,239.70	\$ 1,776.97	
Safe & Secure	28,633.00		28,633.00		
Police Body Armor		1,933.97	1,933.97		
Municipal Alliance Youth Service	4,916.00	18,781.00	9,881.00		13,816.00
Municipal Stormwater Regulation Program	4,234.00				4,234.00
Municipal Court Alcohol Education		263.87		263.87	
	<u>\$ 450,095.50</u>	<u>\$ 213,995.51</u>	<u>\$ 157,815.22</u>	<u>\$ 2,040.84</u>	<u>\$ 504,234.95</u>
Ref.	A	A-2	A-4	A-15	A

SCHEDULE OF DEFERRED CHARGES  
 NJSA 40A:4-55 SPECIAL EMERGENCY - TAX MAP

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
01/18/11	Preparation of Tax Maps	\$ 48,000.00	\$ 9,600.00	\$ 28,800.00	\$ 9,600.00	\$ 19,200.00
			Ref.	A	A-3	A

## SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013			2013	2014				Dec. 31, 2014
1996	\$ 170.04								\$ 170.04
2008	946.20				\$ 946.20				
2009	5,433.99				3,816.15				1,617.84
2010	2,412.46								2,412.46
2011	5,809.58				3,409.36				2,400.22
2012	8,427.70				6,780.23				1,647.47
2013	525,113.63		\$ 2,089.04		505,902.77		\$ 987.56	\$ 13,728.71	6,583.63
	548,313.60		2,089.04		520,854.71		987.56	13,728.71	14,831.66
2014		\$ 13,346,166.47		\$ 80,196.83	12,778,479.92	\$ 1,702.12	19,679.53	62,478.75	403,629.32
	\$ 548,313.60	\$ 13,346,166.47	\$ 2,089.04	\$ 80,196.83	\$ 13,299,334.63	\$ 1,702.12	\$ 20,667.09	\$ 76,207.46	\$ 418,460.98
Ref.	A			A				A-8	A
		Cash		Ref. A-4	\$ 13,231,513.40				
		Due to State of New Jersey		A-13	67,821.23				
					\$ 13,299,334.63				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

**Analysis of Property Tax Levy**

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax		\$ 47,753.49	
General Property Tax		13,297,399.22	
		<hr/>	
			\$ 13,345,152.71
Added Taxes (54:4-63.1 et. seq.)			1,013.76
			<hr/>
			<u>\$ 13,346,166.47</u>

**Tax Levied**

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 5,561,211.00
County Taxes:			
County Tax (Abstract)	A-1	\$ 2,352,563.47	
County Open Space (Abstract)	A-1	163,849.18	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)	A-1	191.44	
		<hr/>	
Total County Taxes			2,516,604.09
Local Tax for Municipal Purposes	A-2	5,130,931.00	
Minimum Library Tax	A-2	136,469.00	
Add: Additional Taxes Levied		951.38	
		<hr/>	
			5,268,351.38
			<hr/>
			<u>\$ 13,346,166.47</u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2013	Ref. A	\$ 186,707.81
Increased by:		
Transfers from Taxes Receivable	A-7	76,207.46
Interest and Costs on Tax Sale		2,697.20
		<u>78,904.66</u>
		<u>265,612.47</u>
Decreased by:		
Cash Receipts	A-4	4,085.11
Balance December 31, 2014	A	<u>\$ 261,527.36</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance December 31, 2013	Ref. A	\$ 1,009,700.00
Balance December 31, 2014	A	<u>\$ 1,009,700.00</u>

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2013	Accrued	Collected	Balance Dec. 31, 2014
<b>Miscellaneous Revenue Anticipated</b>				
Licenses				
Alcoholic Beverages		\$ 7,950.24	\$ 7,950.24	
Other	\$ 114.25	12,945.75	13,040.00	\$ 20.00
Fees and Permits	766.00	18,223.52	18,599.52	390.00
Fines and Costs:				
Municipal Court	5,863.98	89,489.57	89,885.13	5,468.42
Interest and Costs on Taxes		123,603.74	123,603.74	
Interest on Investments & Deposits		1,258.22	1,258.22	
Landlord Licensing		106,911.00	106,911.00	
Consolidated Municipal Property Tax Relief		123,398.00	123,398.00	
Energy Receipts Tax		438,414.00	438,414.00	
Uniform Construction Code Official		18,810.00	18,810.00	
Cable TV Franchise Fee		16,144.77	16,144.77	
SJ Port Lease Payments		500,000.00	500,000.00	
JIF Safety Incentive		5,091.12	5,091.12	
Exxon-Mobil Summer Work Program		30,000.00	30,000.00	
<b>Miscellaneous Revenue Not Anticipated</b>				
Senior Citizen Administration Fee		1,318.42	1,318.42	
Sale of Assets		4,100.00	4,100.00	
Miscellaneous		6,530.69	6,530.69	
Vacant/Abandoned Property		14,148.30	14,148.30	
Prior Year Voided Check		666.05	666.05	
Other Miscellaneous		1,342.69	1,342.69	
Uniform Fire Safety Act - LEA Rebate		10,126.03	10,126.03	
Rental Income		30,000.00	30,000.00	
	<u>\$ 6,744.23</u>	<u>\$ 1,560,472.11</u>	<u>\$ 1,561,337.92</u>	<u>\$ 5,878.42</u>
Ref.	A		A-4	A

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Economic Development	\$ 4,440.00			
Road Repair and Maintenance	36,912.24	\$ 37,562.24		\$ 37,562.24
Inspection of Rental Property	18,141.94	5,726.94		5,726.94
Other Expenses:				
Mayor and Council	6,806.80	306.80		306.80
Redevelopment Consultant	1,499.08	2,314.08	\$ 2,313.00	1.08
Municipal Clerk:				
Printing & Legal Advertising	5,695.77	5,695.77	1,458.84	4,236.93
Codification of ordinances	1,494.90	1,494.90	790.73	704.17
Financial Administration:				
Compilation of Fixed Assets	1,000.00	1,000.00	1,000.00	
Collection of Taxes - Computer Service	4,000.00			
Assessment of Taxes - Tax Appeals	18,966.00	66.00		66.00
Liquidation of Tax Title Liens	520.48	520.48	99.00	421.48
Legal Services and Costs	218.74	29,508.74	9,062.25	20,446.49
Engineering Services and Costs	7,703.78	16,803.78	16,800.00	3.78
Planning Board:				
Legal Fees	2,025.00	2,025.00	306.25	1,718.75
Group Health Insurance for Employees	40,836.04	40,836.04	2,417.00	38,419.04
Fire	4,399.73	4,399.73	1,096.01	3,303.72
Police:				
New Car	23,775.00	35,775.00	29,886.77	5,888.23
Miscellaneous Other Expenses	3,933.68	3,933.68	2,292.73	1,640.95
Crossing Guards	490.00	490.00	91.87	398.13
Public Building & Grounds - Demolition	8,500.00			
Vehicle Maintenance	19,302.10	19,302.10	448.98	18,853.12
Road Repair and Maintenance	34,535.07	34,535.07	6,400.48	28,134.59
Maintenance of Parks	3,579.82	3,579.82	854.53	2,725.29
Dog Regulation	2,500.00			
Celebration of Public Event	4,756.25	1,006.25	(500.00)	1,506.25
Electricity	15,840.80	24,590.80	24,581.28	9.52
Telephone	2,316.39	2,316.39	275.51	2,040.88
Municipal Court	5,164.72	5,564.72	600.00	4,964.72
Sanitary Landfill	5,192.01	5,192.01	1,100.00	4,092.01
Other Accounts - No Change	285,606.64	285,606.64		285,606.64
Total Expenditures within "CAPS"	570,152.98	570,152.98	101,375.23	468,777.75
Other Expenses:				
Maintenance of Free Public Library	17,408.89	17,408.89	17,408.89	
Other Accounts - No Change	34,000.10	34,000.10		34,000.10
	51,408.99	51,408.99	17,408.89	34,000.10
	\$ 621,561.97	\$ 621,561.97	\$ 118,784.12	\$ 502,777.85

Ref.

A

A-1

	Ref.	
Encumbered	A-12	\$ 28,213.66
Due General Capital Fund		2,348.75
Reclassification to Reserve for Grants - Appropriated	A-17	(500.00)
Due Paulsboro Library		16,174.75
Paid	A-4	72,546.96
		<u>\$ 118,784.12</u>

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2013	A	\$ 108,418.89	\$ 21,655.25
Increased by:			
Charges to Appropriation	A-3	128,838.37	
Charges to Appropriation Reserves	A-11	28,213.66	
Charges to Reserve for Grants - Appropriated	A-17		5,815.54
		<u>265,470.92</u>	<u>27,470.79</u>
Decreased by:			
Payments	A-4	107,670.62	5,016.00
Canceled	A-1	748.27	
Balance December 31, 2014	A	<u>\$ 157,052.03</u>	<u>\$ 22,454.79</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY -  
SENIOR CITIZEN AND VETERANS DEDUCTIONS

Balance December 31, 2013	Ref. A		\$ 4,728.74
Increased by:			
Receipts	A-4		65,921.23
			<u>70,649.97</u>
Decreased by:			
Deductions Per Tax Duplicate		\$ 67,250.00	
Deductions Allowed by Collector		1,250.00	
Deductions Disallowed by Collector		(678.77)	
		<u>67,821.23</u>	
Prior Year Deductions Disallowed by Collector	A-7 A-1	(2,089.04)	
			<u>65,732.19</u>
Balance December 31, 2014	A		<u>\$ 4,917.78</u>

## SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.	
Increased by:		
Levy Calendar Year	A-7	\$ 5,561,211.00
Decreased by:		
Payments	A-4	<u>5,558,627.82</u>
Balance December 31, 2014:		
School Tax Payable	A	<u>\$ 2,583.18</u>
Tax Liability for Local District School Tax:		
Tax Paid	A-14	\$ 5,558,627.82
Add: Tax Payable 12/31/2014	A-14	<u>2,583.18</u>
Amount Charged to Operations	A-1	<u>\$ 5,561,211.00</u>

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2013	Receipts	Realized	Balance Dec. 31, 2014
Clean Communities	\$ 1,776.97		\$ 1,776.97	
Recycling Tonnage Grant		\$ 9,050.70		\$ 9,050.70
Municipal Court Alcohol Education	263.87	827.12	263.87	827.12
	<u>\$ 2,040.84</u>	<u>\$ 9,877.82</u>	<u>\$ 2,040.84</u>	<u>\$ 9,877.82</u>
Ref.	A	A-4	A-5	A

SCHEDULE OF RESERVE FOR LOCAL GRANTS

	Balance Dec. 31, 2013	Transferred from Budget Appropriation	Paid or Charged	Balance Dec. 31, 2014
Exxon-Mobil Summer Work Program	\$ 21,438.98	\$ 30,000.00	\$ 15,957.26	\$ 35,481.72
Comcast Technology Grant	6,182.94			6,182.94
	<u>\$ 27,621.92</u>	<u>\$ 30,000.00</u>	<u>\$ 15,957.26</u>	<u>\$ 41,664.66</u>
Ref.	A	A-3	A-4	A

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grant	Balance Dec. 31, 2013	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Prior Year Reclassification	Balance Dec. 31, 2014
<b>Federal Grants:</b>						
Community Development Block Grant	\$ 63,148.10		\$ 45,260.90			\$ 17,887.20
Total Federal Grants	63,148.10		45,260.90			17,887.20
<b>State Grants:</b>						
New Jersey Transportation Trust - East End 2003	86,513.95					86,513.95
New Jersey DOT - Billings Avenue Phase V	175,000.00		150,034.39	\$ 2,844.84		22,120.77
New Jersey DOT - Beacon Avenue		\$ 180,000.00	162,700.14			17,299.86
Clean Communities - 2014		13,016.67				13,016.67
Clean Communities - 2013	12,342.74		4,977.32			7,365.42
Clean Communities - Prior Years	16,981.51		16,981.51			
Municipal Stormwater Regulation Program	16,009.74					16,009.74
Hazardous Discharge Site Remediation - 2007	30,665.19					30,665.19
Drunk Driving Enforcement Fund	2,731.94		231.00	165.00		2,335.94
Recycling Tonnage Grant	30,094.94					30,094.94
Municipal Alliance Program		23,476.25		2,524.03	\$ 500.00	20,452.22
Municipal Alliance Program - 2013	7,536.23		7,254.56	281.67		
Body Armor Grant		1,933.97				1,933.97
Special Legislative Grant	100,000.00					100,000.00
Municipal Court Alcohol Education	935.33	263.87				1,199.20
Total State Grants	478,811.57	218,690.76	342,178.92	5,815.54	500.00	349,007.87
Total Federal and State Grants	\$ 541,959.67	\$ 218,690.76	\$ 387,439.82	\$ 5,815.54	\$ 500.00	\$ 366,895.07
Ref.	A	A-3	A-4	A-12	A-4:A-11	A

## TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

Ref.	Animal Control Trust	Developer's Escrow Fund	Park & Recreation Trust Fund	Tax Sale Premium	Parking Offense Adjudication	Payroll Agency	Self-Insurance Trust Fund	Recycling Trust Fund	Off-Duty Police	Accumulated Absence	Uniform Fire Safety Penalty	Donations - Community Events	Regional Contribution Agreements		Law Enforcement Forfeited Funds	
													Township of Woolwich	Township of E. Greenwich		
Balance December 31, 2013	B	\$ 1,686.25	\$ 53,828.99	\$ 116,910.53	\$ 386,700.00	\$ 1,152.00	\$ 66,669.81	\$ 140,646.08	\$ 47,023.62	\$ 8,199.74	\$ 86,329.20	\$ 100.00	\$ 25,177.34	\$ 224,550.39	\$ 190,948.29	\$ 8,607.68
Increased by Receipts:																
Interest Earned		0.62	19.60	36.95	111.89	0.36	33.58	41.19	15.82	5.63	13.71	0.01	7.28	57.56	50.49	2.34
Dog License Fees:																
Municipal Share	B-2	2,236.80														
Planning Board Escrow Fees			80,682.65													
Park & Recreation Fees				22,917.22												
Payroll Deductions and Taxes							1,354,980.12									
Tax Sale Premiums	B-3				167,700.00											
POAA Fess						134.00										
Refund													20,100.00			
Recycling Fees								7,469.56								
Off-Duty Police									209,400.10							
Accumulated Absence										40,000.00						
Donations - Community Events												11,430.00				
Law Enforcement Forfeiture																10,257.00
Due Current Fund							11,500.00									
Total Receipts		2,237.42	80,702.25	22,954.17	167,811.89	134.36	1,366,513.70	41.19	7,485.38	209,405.73	40,013.71	0.01	11,437.28	20,157.56	50.49	10,259.34
Decreased by Disbursements:																
Expenditures Under RS 4:19-15.11	B-2	1,457.00														
Planning Board Escrow Fees			79,850.13													
Park & Recreation Fees				18,667.28												
Payroll Deductions and Taxes							1,240,785.12									
Tax Sale Premiums	B-3				145,900.00											
Insurance Claims								25,000.00								
Off-Duty Police									172,746.24							
Donations - Community Events												17,193.86				
Regional Contribution Agreements													131,350.26	66,372.26		
Law Enforcement Forfeiture																6,957.00
Due Payroll Account	A					367.81										
Due Current Fund		0.62	19.47	36.95	111.89	0.36	271.31	41.19	15.82	5.63	13.71	0.01	7.28			
Total Disbursements		1,457.62	79,869.60	18,704.23	146,011.89	0.36	1,241,424.24	25,041.19	15.82	172,751.87	13.71	0.01	17,201.14	131,350.26	66,372.26	6,957.00
Balance December 31, 2014	B	\$ 2,466.05	\$ 54,661.64	\$ 121,160.47	\$ 408,500.00	\$ 1,286.00	\$ 191,759.27	\$ 115,646.08	\$ 54,493.18	\$ 44,853.60	\$ 126,329.20	\$ 100.00	\$ 19,413.48	\$ 113,357.69	\$ 124,626.52	\$ 11,910.02

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2013	Ref. B	\$ 1,686.25
Increased by:		
Municipal Share of Dog License Fees	B-1	2,236.80
		<u>3,923.05</u>
Decreased by:		
Expenditures Under RS 4:19-15.11: Cash	B-1	1,457.00
Due Current Fund		75.00
Statutory Excess Due Current		123.05
		<u>1,655.05</u>
Balance December 31, 2014	B	<u><u>\$ 2,268.00</u></u>

## License Fees Collected

Year	Amount
2012	\$ 966.00
2013	1,302.00
	<u>\$ 2,268.00</u>

## SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2013	Ref. B	\$ 386,700.00
Increased by:		
Deposits Received at Tax Sale	B-1	167,700.00
		<u>554,400.00</u>
Decreased by:		
Premiums Refunded	B-1	145,900.00
Balance December 31, 2014	B	<u><u>\$ 408,500.00</u></u>

**GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2013	Ref. C	<u>\$ 90,325.07</u>
Increased by:		
Budget Appropriation		
Capital Improvement Fund	C-5	40,000.00
Premium on Bond Anticipation Note	C-1	7,501.00
Bond Anticipation Note	C-9	543,000.00
Due from Utility Capital Fund	C-3	17,000.00
Due Current Fund	C-3	10,038.83
Total receipts		<u>617,539.83</u>
		<u>707,864.90</u>
Decreased by:		
Improvement Authorizations	C-7	618,148.28
Encumbrances Payable	C-3	132.00
Due from Utility Operating Fund	C-3	339.05
Due from Utility Capital Fund	C-3	109,000.00
Due Current Fund	C-3	68,467.18
Total Disbursements		<u>796,086.51</u>
Balance December 31, 2014	C	<u><u>\$ (88,221.61)</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2013	Receipts		Disbursements			Balance Dec. 31, 2014
		Bond Anticipation Notes	Miscellaneous	Miscellaneous	Improvement Authorization	Transfers	
Fund Balance	\$ 5,417.28		\$ 7,501.00				\$ 12,918.28
Capital Improvement Fund	57,230.58		40,000.00			\$ 24,792.63	122,023.21
Due from Utility Operating Fund				\$ 339.05			(339.05)
Due from Utility Capital Fund			17,000.00	109,000.00			(92,000.00)
Due Current Fund	14,015.31		10,038.83	68,467.18			(44,413.04)
Reserve for:							
Reconstruction Storm Inlet	10,000.00						10,000.00
Encumbrances Payable	132.00			132.00		191,202.84	191,202.84
Due from Gill Memorial Library	(581,993.00)					(159,623.00)	(741,616.00)
Improvement Authorizations:							
Ordinance							
<u>Number</u>							
13-05 Construction of a Parking Lot	15,108.56						15,108.56
17-06 Purchase of Fire Trucks	30,000.00					(30,000.00)	
06-10 Phase II Streetscape Project	4,103.00	\$ 75,000.00			\$ 65,764.02		13,338.98
2011-08 Acquisition of Real Property within BP Oil Downtown Redevelopment Area	60,692.63					(60,692.63)	
2011-11 Improvements to Gill Memorial Library	496,993.71				285,631.43	(83,020.50)	128,341.78
2013-10 Repair to Stormwater Collection System	(21,375.00)	31,000.00			9,625.00		
2014-3 Renovations and Improvements to Gill Memorial Library						159,623.00	159,623.00
2014-5 Various Capital Improvements and Various Capital Equipment		437,000.00			234,857.43	(80,338.81)	121,803.76
2014-9 Reconstruction of Beacon Avenue					22,270.40	27,306.47	5,036.07
2014-10 Various Capital Improvements for the Police Department						10,750.00	10,750.00
	<u>\$ 90,325.07</u>	<u>\$ 543,000.00</u>	<u>\$ 74,539.83</u>	<u>\$ 177,938.23</u>	<u>\$ 618,148.28</u>		<u>\$ (88,221.61)</u>
Ref.	C	C-9	C-2	C-2	C-7		C

## EXHIBIT C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - FUNDED

Balance December 31, 2013	Ref. C	\$ 3,001,523.31
Decreased by:		
Payment of Serial Bonds	C-10	220,000.00
Payment of Loan Payable	C-8	12,510.69
Balance December 31, 2014	C	<u>\$ 2,769,012.62</u>

## EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2013	Ref. C	\$ 57,230.58
Increased by:		
Budget Appropriation	C-2	40,000.00
Improvement Authorizations - Canceled	C-7	90,692.63
Total increases		<u>130,692.63</u>
		187,923.21
Decreased by:		
Financed Improvement Authorizations	C-7	65,900.00
Balance December 31, 2014	C	<u>\$ 122,023.21</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2013	Authorization	Canceled	Notes Paid by Budget Appropriation	Balance Dec. 31, 2014	Analysis of Balance Dec. 31, 2014	
							Financed By Bond Anticipation Notes	Unexpended Improvement Authorizations
12-02	Purchase of a Dump Truck	\$ 4,750.00			\$ 4,750.00			
13-05	Construction of a Parking Lot	35,000.00			10,000.00	\$ 25,000.00	\$ 25,000.00	
13-06	Acquisition of Real Property	76,100.00			1,500.00	74,600.00	74,600.00	
17-06	Purchase of Fire Trucks	570,000.00		\$ 210,000.00		360,000.00	360,000.00	
06-10	Phase II Streetscape Project	225,140.00		55,090.00	11,200.00	158,850.00	158,850.00	
2011-08	Acquisition of Real Property within BP Oil Downtown Redevelopment Area	2,031,000.00		91,000.00	25,600.00	1,914,400.00	1,914,400.00	
2011-11	Improvements to Gill Memorial Library	390,800.00				390,800.00		\$ 390,800.00
2013-10	Repair to Stormwater Collection System	31,000.00				31,000.00	31,000.00	
2014-3	Renovations and Improvements to Gill Memorial Library		\$ 313,937.00			313,937.00		313,937.00
2014-5	Various Capital Improvements and Various Capital Equipment		437,000.00			437,000.00	437,000.00	
2014-10	Various Capital Improvements for the Police Department		204,250.00			204,250.00		204,250.00
		<u>\$ 3,363,790.00</u>	<u>\$ 955,187.00</u>	<u>\$ 356,090.00</u>	<u>\$ 53,050.00</u>	<u>\$ 3,909,837.00</u>	<u>\$ 3,000,850.00</u>	<u>\$ 908,987.00</u>
Ref.		C	C-7	C-11	C-9	C	C-9	
	Improvement Authorizations - Unfunded						Ref. C-7	\$ 1,059,238.30
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
	Ordinance							
	Number							
	13-05	Construction of a Parking Lot					C-3	15,108.56
	06-10	Phase II Streetscape Project					C-3	13,338.98
	2014-5	Various Capital Improvements and Various Capital Equipment					C-3	121,803.76
								<u>\$ 908,987.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2013		Authorization	Paid or Charged	Canceled	Encumbrance	Balance Dec. 31, 2014	
				Funded	Unfunded					Funded	Unfunded
13-05	Construction of a Parking Lot	09/06/05	\$ 100,000.00		\$ 15,108.56						\$ 15,108.56
13-06	Acquisition of Real Property	09/05/06	435,000.00								
17-06	Purchase of Fire Trucks	10/17/06	600,000.00		240,000.00			\$ 240,000.00			
2-09	Tax Refunding Payment	05/19/09	4,600,000.00								
06-10	Phase II Streetscape Project	04/19/10	425,090.00		134,193.00		\$ 65,764.02	55,090.00			13,338.98
2011-08	Acquisition of Real Property within BP Oil Downtown Redevelopment Area	05/16/11	2,100,000.00		151,692.63			151,692.63			
2011-11	Improvements to Gill Memorial Library	07/05/11	1,014,038.00	\$ 496,993.71	390,800.00		285,631.43		\$ 83,020.50	\$ 128,341.78	390,800.00
2013-10	Repair to Stormwater Collection System	11/18/13	31,000.00		9,625.00		9,625.00				
2014-3	Renovations and Improvements to Gill Memorial Library	05/06/14	473,560.00			\$ 473,560.00				159,623.00	313,937.00
2014-5	Various Capital Improvements and Various Capital Equipment	06/17/14	460,000.00			460,000.00	234,857.43		103,338.81		121,803.76
2014-9	Reconstruction of Beacon Avenue	11/05/14	32,150.00			32,150.00	22,270.40		4,843.53	5,036.07	
2014-10	Various Capital Improvements for the Police Department	12/02/14	215,000.00			215,000.00				10,750.00	204,250.00
				\$ 496,993.71	\$ 941,419.19	\$ 1,180,710.00	\$ 618,148.28	\$ 446,782.63	\$ 191,202.84	\$ 303,750.85	\$ 1,059,238.30
	Ref.		C	C		C-2		C	C	C	
	Deferred Charges to Future Taxation - Unfunded			Ref.		\$ 955,187.00					
	Bonds and Notes Authorized but not Issued			C-6				\$ 356,090.00			
	Due from Gill Memorial Library			C-11		159,623.00					
	Capital Improvement Fund			C-5		65,900.00		90,692.63			
						\$ 1,180,710.00		\$ 446,782.63			

SCHEDULE OF BERKADIA LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
Construction of Municipal Building	Dec-80	\$ 300,000.00	5.00%	\$ 101,523.31	\$ 12,510.69	\$ 89,012.62
			Ref.	C	C-4	C

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of		Date of Maturity	Interest Rate	Balance			Balance Dec. 31, 2014
		Original Note	Date of Issue			Dec. 31, 2013	Increased	Decreased	
12-02	Purchase of a Dump Truck	1/9/2004	7/10/2013	7/9/2014	1.00%	\$ 4,750.00		\$ 4,750.00	
13-05	Construction of a Parking Lot	11/28/2006	7/8/2014	7/7/2015	1.00%	30,000.00		10,000.00	\$ 20,000.00
13-06	Acquisition of Real Property	12/17/2010	7/8/2014	7/7/2015	1.00%	76,100.00		1,500.00	74,600.00
14-06	Acquisition of Real Property - BP	7/25/2007	7/8/2014	7/7/2015	1.00%	1,233,850.00		16,550.00	1,217,300.00
14-06	Acquisition of Real Property - BP	7/23/2008	7/8/2014	7/7/2015	1.00%	72,150.00		950.00	71,200.00
06-10	Phase II Streetscape Project	9/23/2010	7/8/2014	7/7/2015	1.00%	95,050.00		11,200.00	83,850.00
2011-08	Acquisition of Real Property within BP Oil Downtown Redevelopment Area	7/15/2011	7/8/2014	7/7/2015	1.00%	634,000.00		8,100.00	625,900.00
13-05	Construction of a Parking Lot	7/10/2013	7/8/2014	7/7/2015	1.00%	5,000.00			5,000.00
17-06	Acquisition of Two Fire Trucks	8/22/2013	8/21/2014	8/20/2015	0.99%	360,000.00			360,000.00
2014-5	Various Capital Improvements and Various Capital Equipment	8/21/2014	8/21/2014	8/20/2015	0.99%		\$ 437,000.00		437,000.00
2013-10	Repair to Stormwater Collection System	7/8/2014	7/8/2014	7/7/2015	1.00%		31,000.00		31,000.00
06-10	Phase II Streetscape Project	6/13/2014	6/13/2014	6/12/2015	1.50%		75,000.00		75,000.00
						<u>\$ 2,510,900.00</u>	<u>\$ 543,000.00</u>	<u>\$ 53,050.00</u>	<u>\$ 3,000,850.00</u>
Ref.						C	C-2:C-11	C-6	C

## SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			December 31, 2014						
			Date	Amount					
07/15/09	General Obligation Tax Refunding Bonds	\$ 3,575,000.00	7/15/15	\$ 225,000.00	3.125%				
			7/15/16	235,000.00	3.375%				
			7/15/17	240,000.00	4.000%				
			7/15/18	250,000.00	4.000%				
			7/15/19	260,000.00	4.000%				
			7/15/20	270,000.00	4.000%				
			7/15/21	280,000.00	4.125%				
			7/15/22	295,000.00	4.125%				
			7/15/23	305,000.00	4.375%				
			7/15/24	320,000.00	4.375%	\$ 2,900,000.00	\$ 220,000.00	\$ 2,680,000.00	
					Ref.	C	C-4	C	

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2013	Authorized	Issued	Cancel	Balance Dec. 31, 2014
17-06	Purchase of Fire Trucks	\$ 210,000.00			\$ 210,000.00	
06-10	Phase II Streetscape Project	130,090.00		\$ 75,000.00	55,090.00	
2011-08	Acquisition of Real Property within BP Oil Downtown Redevelopment Area	91,000.00			91,000.00	
2011-11	Improvements to Gill Memorial Library	390,800.00				\$ 390,800.00
2013-10	Repair to Stormwater Collection System	31,000.00		31,000.00		
2014-3	Renovations and Improvements to Gill Memorial Library		\$ 313,937.00			313,937.00
2014-5	Various Capital Improvements and Various Capital Equipment		437,000.00	437,000.00		
2014-10	Various Capital Improvements for the Police Department		204,250.00			204,250.00
		<u>\$ 852,890.00</u>	<u>\$ 955,187.00</u>	<u>\$ 543,000.00</u>	<u>\$ 356,090.00</u>	<u>\$ 908,987.00</u>
	Ref.		C-7	C-9	C-7	

**WATER & SEWER UTILITY FUND**

## SCHEDULE OF WATER &amp; SEWER UTILITY FUND CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2013	D	\$ 1,030,853.98	\$ 1,317,187.68
Increased by:			
Consumer Accounts Receivable	D-7	1,443,373.34	
Utility Liens Receivable	D-8	2,335.80	
Interest on Investments	D-3	347.82	354.04
Miscellaneous Revenues	D-3	123,761.77	
Budget Appropriation:			
Capital Improvement Fund	D-13		80,000.00
Utility Rent Overpayments	D	1,022.52	
Premium on Notes	D-2		10,056.00
Due from Utility Capital Fund	D-5	21,870.38	
Bond Anticipation Notes	D-16		105,000.00
Due Current Fund	A-4	82,083.37	
Due Utility Operating Fund			21,516.35
Due Insurance Trust Fund	D-6		150,000.00
Due General Capital Fund	D-6		92,000.00
Total Receipts		1,674,795.00	458,926.39
		2,705,648.98	1,776,114.07
Decreased by:			
Budget Appropriations	D-4	1,514,753.41	
Appropriation Reserve	D-11	2,505.07	
Encumbrances Payable	D-12	60,225.61	255,612.73
Accrued Interest on Loans	D-14	67,785.24	
Accrued Interest on Notes	D-14	21,501.35	
Improvement Authorizations	D-15		44,338.16
Prior Year Refund	D-1	44.00	
Reserve for Debt Service	D-16		597,957.00
Due Utility Capital Fund		45,123.66	
Due Utility Operating Fund	D-5		21,870.38
Total Disbursements		1,711,938.34	919,778.27
Balance December 31, 2014	D	\$ 993,710.64	\$ 856,335.80

## ANALYSIS OF WATER &amp; SEWER UTILITY CAPITAL FUND CASH

	Receipts			Disbursements			Balance Dec. 31, 2014
	Balance Dec. 31, 2013	Bond Anticipation Note	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers	
Fund Balance	\$ 7,117.73		\$ 10,056.00				\$ 17,173.73
Capital Improvement Fund	104,636.30		80,000.00				184,636.30
Due Insurance Trust Fund			150,000.00				150,000.00
Due Utility Operating Fund	(34,534.10)		21,870.39		\$ 21,870.38	\$ 23,607.31	(10,926.78)
Due General Capital Fund			92,000.00				92,000.00
Encumbrances Payable	473,306.31				255,612.73	27,237.01	244,930.59
Reserve for Debt Service	618,351.06				597,957.00		20,394.06
Improvement Authorizations:							
Ordinance							
Number							
3-94 Acquisition & Installation of Water Meters	9,311.16						9,311.16
2010-11 Construction of an Elevated Water Tank	134,444.16					(27,237.01)	107,207.15
2011-6 Water Treatment System	100.06						100.06
2012-07 Sewer Improvements	4,455.00						4,455.00
2014-1 Improvements to Water Treatment Plant		\$ 105,000.00		\$ 44,338.16		(23,607.31)	37,054.53
	<u>\$ 1,317,187.68</u>	<u>\$ 105,000.00</u>	<u>\$ 353,926.39</u>	<u>\$ 44,338.16</u>	<u>\$ 875,440.11</u>		<u>\$ 856,335.80</u>
Ref.	D	D-16	D-5	D-15	D-5		D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.	Water	Sewer	Total
Balance December 31, 2013	D	\$ 161,008.32	\$ 160,684.86	\$ 321,693.18
Increased by:				
Utility Rents Levied		712,804.24	753,841.96	1,466,646.20
		<u>873,812.56</u>	<u>914,526.82</u>	<u>1,788,339.38</u>
Decreased by:				
Collections	D-5	700,120.22	743,253.12	1,443,373.34
Overpayments Applied	D-3	1.82	602.46	604.28
Canceled		7,586.86	7,178.82	14,765.68
Senior Citizen Discount		5,505.50		5,505.50
Transfers to Utility Liens	D-9	9,176.69	8,448.34	17,625.03
		<u>722,391.09</u>	<u>759,482.74</u>	<u>1,481,873.83</u>
Balance December 31, 2014	D	<u>\$ 151,421.47</u>	<u>\$ 155,044.08</u>	<u>\$ 306,465.55</u>

## EXHIBIT D-8

## SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	Water	Sewer	Total
Balance December 31, 2013	D	\$ 7,086.10	\$ 8,094.13	\$ 15,180.23
Increased by:				
Transfer from Consumer Accounts Receivable	D-7	9,176.69	8,448.34	17,625.03
Interest and Costs on Sale		1,085.85	783.50	1,869.35
		<u>10,262.54</u>	<u>9,231.84</u>	<u>19,494.38</u>
Decreased by:				
Collections	D-5	1,578.07	757.73	2,335.80
Balance December 31, 2014		<u>\$ 15,770.57</u>	<u>\$ 16,568.24</u>	<u>\$ 32,338.81</u>

## SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2013	Additions by: Capital	Balance Dec. 31, 2014
Intangible Property	\$ 22,000.00		\$ 22,000.00
Purification System and Land	500.00		500.00
Springs and Wells	320,047.42		320,047.42
Chemical Treatment Plant	7,239,149.24		7,239,149.24
Collection Reservoirs	5,000.00		5,000.00
Pumping Station Structure	80,176.00		80,176.00
Pumping Equipment	157,119.96		157,119.96
Storage Reservoirs, Tanks, and Standpipes	204,376.57		204,376.57
Distribution Mains and Accessories	591,217.63		591,217.63
Service Pipes and Stops	26,540.21		26,540.21
Meters and Meter Pipes	31,209.38		31,209.38
Fire Hydrants	35,515.13		35,515.13
General Structure	662.90		662.90
Office Machines and Equipment	72,672.30		72,672.30
Other Tangible Property	1,000.00		1,000.00
General Equipment	73,503.03	\$ 7,500.00	81,003.03
Alterations & Additions Sewerage Disposal Plant	39,000.00		39,000.00
Sanitary Sewer System	165,752.79		165,752.79
Sanitary Sewer Pumping Station	35,144.56		35,144.56
Garage	120,100.34		120,100.34
Sewer Lines	37,230.92		37,230.92
Well, Filtration System & Water Meters	1,973,864.52		1,973,864.52
Water Tower	128,552.29		128,552.29
Water Storage Standpipe	558,800.00		558,800.00
Communications Equipment	7,000.00		7,000.00
Water Transmission Line	332,500.00		332,500.00
Transportation Equipment	132,034.45		132,034.45
	<u>\$ 12,390,669.64</u>	<u>\$ 7,500.00</u>	<u>\$ 12,398,169.64</u>
Ref.	D	D-4	D

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Authorized	Balance
		Date	Amount	Dec. 31, 2013		Dec. 31, 2014
03-94	Acquisition & Installation of Water Meters	02/15/94	\$ 476,000.00	\$ 9,311.16		\$ 9,311.16
2010-11	Construction of an Elevated Water Tank	11/15/10	2,100,000.00	2,100,000.00		2,100,000.00
2011-6	Water Treatment System	03/01/11	7,073,100.00	100.06		100.06
2012-7	Sewer Improvements	10/02/12	150,000.00	4,455.00		4,455.00
2014-1	Improvements to Water Treatment Plant	02/18/14	105,000.00		\$ 105,000.00	105,000.00
				<u>\$ 2,113,866.22</u>	<u>\$ 105,000.00</u>	<u>\$ 2,218,866.22</u>
				Ref. D	D-15	D

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2013	Balance After Transfers	Paid	Balance Lapsed
<b>Operating:</b>				
Salary & Wages	\$ 11,677.04	\$ 1,677.04		\$ 1,677.04
Other Expenses	71,730.52	65,280.52	\$ 2,505.07	62,775.45
Engineering Fees	1,799.41	18,249.41		18,249.41
Other Accounts - No Change	47,226.58	47,226.58		47,226.58
	<u>\$ 132,433.55</u>	<u>\$ 132,433.55</u>	<u>\$ 2,505.07</u>	<u>\$ 129,928.48</u>
Ref.	D		D-5	D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2013	D	<u>\$ 80,963.47</u>	<u>\$ 473,306.31</u>
Increased by:			
Charges to:			
Current Year Appropriations	D-4	92,727.32	
Improvement Authorizations	D-15		27,237.01
		<u>173,690.79</u>	<u>500,543.32</u>
Decreased by:			
Cash Disbursements	D-5	60,225.61	255,612.73
Canceled	D-1	16,754.60	
		<u>76,980.21</u>	<u>255,612.73</u>
Balance December 31, 2014	D	<u>\$ 96,710.58</u>	<u>\$ 244,930.59</u>

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2013	D	\$ 104,636.30
Increased by:		
Budget Appropriation	D-5	<u>80,000.00</u>
Balance December 31, 2014	D	<u>\$ 184,636.30</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS, AND NOTES  
AND ANALYSIS OF BALANCE

	Ref.	Loans	Notes
Balance December 31, 2013	D	\$ 2,458.48	\$ 11,952.03
Increased by:			
Budget Appropriation for:			
Interest on Bonds and Notes	D-4	67,742.32	20,028.51
		<u>70,200.80</u>	<u>31,980.54</u>
Decreased by:			
Payments	D-5	67,785.24	21,501.35
Balance December 31, 2014	D	<u>\$ 2,415.56</u>	<u>\$ 10,479.19</u>

Analysis of Accrued Interest December 31, 2014

Principal Outstanding Dec. 31, 2014	Interest Rate	From	To	Days	Amount
\$ 2,716,126.18	2.00%	12/18/14	12/31/2014	13	\$ 1,961.65
628,490.28	2.00%	12/18/14	12/31/2014	13	453.91
<u>3,344,616.46</u>					<u>2,415.56</u>
17,000.00	1.000%	7/8/2014	12/31/2014	174	82.17
150,000.00	1.000%	7/8/2014	12/31/2014	174	725.00
105,000.00	1.000%	7/8/2014	12/31/2014	174	507.50
1,099,743.00	1.500%	6/13/2014	12/31/2014	200	9,164.52
<u>1,371,743.00</u>					<u>10,479.19</u>
<u>\$ 4,716,359.46</u>					<u>\$ 12,894.74</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance	Deferred Charge	Paid or Charged	Encumbered	Balance
				Dec. 31, 2013 Unfunded				Dec. 31, 2014 Unfunded
3-94	Acquisition & Installation of Water Meters	02/15/94	\$ 476,000.00	\$ 9,311.16				\$ 9,311.16
2010-11	Construction of an Elevated Water Tank	11/15/10	2,100,000.00	134,444.16			\$ 27,237.01	107,207.15
2011-6	Water Treatment System	03/01/11	7,073,100.00	100.06				100.06
2012-07	Sewer Improvements	10/02/12	150,000.00	4,455.00				4,455.00
2014-1	Improvements to Water Treatment Plant	02/18/14	105,000.00		\$ 105,000.00	\$ 67,945.47		37,054.53
				<u>\$ 148,310.38</u>	<u>\$ 105,000.00</u>	<u>\$ 67,945.47</u>	<u>\$ 27,237.01</u>	<u>\$ 158,127.90</u>
				Ref. D	D-10		D-12	D
				Disbursed	Ref. D-5	\$ 44,338.16		
				Due Utility Operating		23,607.31		
						<u>\$ 67,945.47</u>		

SCHEDULE OF BONDS AND ANTICIPATION NOTES

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
18-04	Renovations to Well #7	1/11/2005	07/08/14	07/07/15	1.00%	\$ 34,000.00		\$ 17,000.00	\$ 17,000.00
2010-11	Construction of an Elevated Water Tank	6/19/2012	06/13/14	06/12/15	1.50%	1,697,700.00		597,957.00	1,099,743.00
2012-07	Sewer Improvements	11/19/2012	07/08/14	07/07/15	1.00%	150,000.00			150,000.00
2014-1	Improvements to Water Treatment Plant	07/08/14	07/08/14	07/07/15	1.00%		\$ 105,000.00		105,000.00
						<u>\$ 1,881,700.00</u>	<u>\$ 105,000.00</u>	<u>\$ 614,957.00</u>	<u>\$ 1,371,743.00</u>
						Ref. D	D-5		D
						Budget Appropriation		\$ 17,000.00	
						Reserve for Debt Service	D-4	597,957.00	
								<u>\$ 614,957.00</u>	

SCHEDULE OF USDA LOAN PAYABLE

Ordinance Number	Purpose	Date of Loan	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
2011-06	Water Treatment System	06/18/12	06/18/52	2.00%	\$ 2,764,386.55	\$ 48,260.37	\$ 2,716,126.18
2011-06	Water Treatment System	06/18/12	06/18/52	2.00%	639,658.67	11,168.39	628,490.28
					<u>\$ 3,404,045.22</u>	<u>\$ 59,428.76</u>	<u>\$ 3,344,616.46</u>
				Ref.	D		D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Authorized	Issued
2014-1	Improvements to Water Treatment Plant	\$ 105,000.00	\$ 105,000.00
	Ref.	D-15	D-16

## **PUBLIC ASSISTANCE FUND**

SCHEDULE OF PUBLIC ASSISTANCE FUND CASH - TREASURER

Balance December 31, 2013	Ref. E	\$ 44,800.89
Balance December 31, 2014	E	<u>\$ 44,800.89</u>

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2014**

## GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement 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 by the governing body of the contracting unit, to the lowest responsible bidder, after public advertising for bids and bidding, therefore, except as is provided otherwise in this act or specifically by any other law."

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

The minutes indicate that bids were requested by public advertisement for the following items.

Chemical Feed System	Billings Avenue Phase V
Municipal Building Roof Improvements	Municipal Parking Lot Improvements
Reconstruction Beacon Avenue	Streetscape Improvements Phase II
Gill Memorial Library addition and renovations	

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings 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.

Our examination of expenditures did not reveal an individual payment contract or agreement in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

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

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

The governing body on January 2, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Chapter 104 P.L. 1965, amending NJSA 54:4-67 authorized Municipalities to provide a grace period not exceeding ten (10) days within which an installment of taxes or assessments may be received without an additional charge of interest; and

WHEREAS, NJSA 54:4-67 also provides that a Governing Body may also fix a penalty to a taxpayer charges with a delinquency in excess of ten thousand dollars (\$10,000.00) who fails to pay that delinquency prior to the end of the calendar year; and

**Collection of Interest on Delinquent Taxes and Assessments (Continued)**

NOW, THEREFORE BE IT FURTHER RESOLVED by the Mayor and Council of the Borough of Paulsboro, County of Gloucester and State of New Jersey that pursuant to NJSA 54:4-67, the rate of interest on delinquent tax installments and assessments for the year 2014 be and the same is hereby fixed at eight percent per annum on the first \$1,500.00 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500.00.

BE IT FURTHER RESOLVED that for the tax year 2014 a six percent (6%) flat penalty shall be added at the end of each year for delinquencies which exceed ten thousand dollars (\$10,000.00).

BE IT FURTHER RESOLVED, that no interest be charged if payment of an installment is made within ten (10) days after the date on which the same became payable.

It appears from an examination of the collector’s records that interest was collected according to the foregoing resolution.

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on October 14, 2014, and was complete except for bankruptcies from prior years which were not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2014	39
2013	26
2012	48
2011	42
2010	40

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

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. Notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

**PROPERTY TAX INFORMATION**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	3.2580	3.2930	5.1500	5.0960
Apportionment of Tax Rate				
Municipal	1.2940	1.2720	1.9720	1.9730
Municipal Library	0.0340	0.0370	0.0600	0.0620
County	0.5940	0.6280	0.9240	1.0160
County Open Space	0.0420	0.0460	0.0730	0.0820
Local School	1.2940	1.3100	2.1210	1.9630
Assessed Valuation	396,233,759	400,515,510	248,858,617	250,415,226

Source: Abstract of Ratables

## COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2014	2013	2012	2011
Tax Levy	\$13,346,166.47	\$13,191,487.39	\$12,818,004.96	\$12,765,850.31
Cash Collections	12,860,378.87	12,567,495.06	12,104,735.66	12,126,191.28
Percentage of Collections	96.36%	95.27%	94.44%	94.99%

## COMPARISON OF 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 three years.

	2014	2013	2012	2011
Amount of Tax Title Liens	\$ 261,527.36	\$ 186,707.81	\$ 280,097.11	\$ 243,138.37
Delinquent Taxes	418,460.98	548,313.60	694,336.62	604,316.02
Total Delinquent	<u>\$ 679,988.34</u>	<u>\$ 735,021.41</u>	<u>\$ 974,433.73</u>	<u>\$ 847,454.39</u>
Percentage of Tax Levy	5.15%	5.57%	7.60%	6.64%

## 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:

	2014	2013	2012	2011
Property Acquired for Taxes (Assessed Valuation)	<u>1,009,700</u>	<u>1,009,700</u>	<u>494,600</u>	<u>494,600</u>

## WATER AND SEWER RENTS

	2014	2013	2012	2011
<b>WATER &amp; SEWER</b>				
Balance January 1	\$ 336,873.41	\$ 416,689.38	\$ 439,833.74	\$ 445,581.47
Levy	1,466,646.20	1,490,618.43	1,575,241.93	1,456,342.30
Cash Collections	1,446,313.42	1,532,787.77	1,474,524.84	1,451,379.19
Percentage of Collections	80.19%	80.36%	73.17%	76.31%

## OVERLAPPING DEBT AS OF DECEMBER 31, 2014

<b>Governmental Unit</b>	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Paulsboro School District	None	100.00%	None
County of Gloucester	\$ 249,340,889.00	1.57%	<u>\$ 3,924,533.14</u>
Subtotal, Overlapping Debt			3,924,533.14
Borough of Paulsboro			<u>6,678,849.62</u>
Direct and Overlapping Debt			<u><u>\$ 10,603,382.76</u></u>

## OTHER COMMENTS

### Temporary Chief Financial Officer:

We found noncompliance issues and weaknesses in procedures with requirements prescribed by the Division of Local Government Services, state statutes and administrative code requirements:

1. The general ledgers of the required individual funds were found to be out-of-balance. The Temporary CFO posted journal entries across funds creating the out-of-balance environment.
2. The required journal entries to lapse appropriation reserve, cancel encumbrances, adjust interfund receivables/payables, record the tax levies, transfer delinquent taxes to tax title liens, record tax appeals, and recognize tax overpayments were not posted to the general ledger.
3. With the exception of the General Capital and Utility Capital bank accounts, which were not properly reconciled, the Temporary CFO did not reconcile any of the remaining bank accounts for the year 2014.
4. The required entries to post revenue received via Automated Clearing House (ACH) transactions, for the period June through December, were not posted to the general ledger.
5. There were interfold loans existing as of year-end that should be cleared.
6. There were five line items in the 2014 current fund budget overexpended by a total of \$8,428.54. There were two line items in the 2014 water and sewer budget overexpended by a total of \$10,188.71.
7. The monthly Cash Management Report required by NJSA40A:5-14(e) was not prepared for any month during the year 2014.
8. Employee contracts that expired on December 31, 2009, were negotiated and settled in the year 2012. Retroactive salary adjustment payments were made to the affected employees for the years 2010, 2011, and 2012. As required, the renegotiated contracts were forwarded to the NJ Division of Pensions for review. On June 18, 2014, NJ Division of Pensions submitted a spreadsheet to the Temporary Chief Financial Officer for completion. This spreadsheet would allow the NJ Division of Pensions to calculate the new pensionable amounts for the employees and issue a bill to the Borough of Paulsboro for retroactive amounts. This report was not completed and remains unfiled with the NJ Division of Pensions.
9. NJAC 5:30-5.4(a)(1) requires the finance officer to certify the availability of funds for each contract (purchase order) which is pending approval by the governing body. The certification shall designate specifically the line item appropriation of the official budget to which the contract will be properly charged and the amount charged. The Temporary Chief Financial Officer did not indicate the budgetary line item to be charged nor the amount to be charged.
10. The NJ Division of Pensions requires monthly transmittal payments for Public Employees Retirement System and Police and Firemen's Retirement System to be made by the seventh day of the month. All payments except February were found to be filed late.

On January 6, 2015, a Certified Chief Financial Officer was appointed by the Governing Body. The newly appointed CFO took corrective action on items 1, 3 and 4 above. These actions allowed the audit to proceed.

### Federal and State Grants:

No findings.

## **STATUS OF PRIOR RECOMMENDATIONS**

Prior year finding 2013-001: The individual statements of accounting for Developer's Escrow required by NJSA 40:55D-53.2 were not prepared and sent to each applicant.

Status: Corrective Action taken.

Prior year finding 2013-002: There were interfund loans existing as of year-end that should be cleared.

Status: Corrective action has not been taken. This is repeated in this year's report.

Prior year finding 2013-003: There were overexpenditures of appropriations and appropriation reserves.

Status: Corrective action has not been taken. This is repeated in this year's report.

Prior year finding 2013-004: Bank accounts were not reconciled and proven to the general ledger on a monthly basis.

Status: Corrective action has not been taken. This is repeated in this year's report.

Prior year finding 2013-005: A Cash Management Report was not prepared and submitted each month to the governing body which includes bank account activity, interest rates, and earnings on the various accounts

Status: Corrective action has not been taken. This is repeated in this year's report.

## **FINDINGS AND RECOMMENDATIONS**

### **MATERIAL WEAKNESSES**

2014-001: Finding: The general ledgers of the required individual funds were found to be out-of-balance. The Temporary CFO posted journal entries across funds creating the out-of-balance environment.

Recommendation: The Chief Financial Officer ensure that general ledger postings are prepared to maintain the integrity of each fund.

\*2014-002: Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances, adjust interfund receivables/payables, record the tax levies, transfer delinquent taxes to tax title liens, record tax appeals, and recognize tax overpayments were not posted to the general ledger.

Recommendation: The Chief Financial Officer ensure that required journal entries are made to the general ledger.

\*2014-003: Finding: With the exception of the General Capital and Utility Capital bank accounts, which were not properly reconciled, the Temporary CFO did not reconcile any of the remaining bank accounts for the year 2014.

Recommendation: The CFO reconcile bank accounts to the general ledger on a monthly basis.

## FINDINGS AND RECOMMENDATIONS (CONTINUED)

### MATERIAL WEAKNESSES (CONTINUED)

2014-004: Finding: The required entries to post revenue received via Automated Clearing House (ACH) transactions, for the period June through December, were not posted to the general ledger.

Recommendation: Required entries to post revenue received via Automated Clearing House (ACH) transactions be made.

### SIGNIFICANT DEFICIENCY

\*2014-005: Finding: There were interfund loans existing as of year-end that should be cleared.

Recommendation: The CFO clear all interfunds by the end of the year.

\*2014-006: Finding: There were five line items in the 2014 current fund budget overexpended by a total of \$8,428.54. There were two line items in the 2014 water and sewer budget overexpended by a total of \$10,188.71.

Recommendation: The CFO ensure sufficient appropriations are available in budget line items, prior to expending funds.

\*2014-007: Finding: The monthly Cash Management Report required by NJSA40A:5-14(e) was not prepared for any month during the year 2014.

Recommendation: Monthly Cash Management Reports be prepared and submitted to the governing body in compliance with NJSA 40A:5-14(e).

2014-008: Finding: Employee contracts that expired on December 31, 2009, were negotiated and settled in the year 2012. Retroactive salary adjustment payments were made to the affected employees for the years 2010, 2011 and 2012. As required, the renegotiated contracts were forwarded to the NJ Division of Pensions for review. On June 18, 2014, NJ Division of Pensions submitted a spreadsheet to the Temporary Chief Financial Officer for completion. This spreadsheet would allow the NJ Division of Pensions to calculate the new pensionable amounts for the employees and issue a bill to the Borough of Paulsboro for retroactive amounts. This report was not completed and remains unfiled with the NJ Division of Pensions.

Recommendation: The CFO complete the retroactive pension spreadsheet and file with NJ Division of Pensions.

2014-009: Finding: NJAC 5:30-5.4(a)(1) requires the finance officer to certify the availability of funds for each contract (purchase order) which is pending approval by the governing body. The certification shall designate specifically the line item appropriation of the official budget to which the contract will be properly charged and the amount charged. The Temporary Chief Financial Officer did not indicate the budgetary line item to be charged nor the amount to be charged.

Recommendation: The Chief Financial Officer ensure that certification of availability of funds indicate the budgetary line item and amount to be charged for each contract which requires approval by the governing body.

**FINDINGS AND RECOMMENDATIONS (CONTINUED)**

**SIGNIFICANT DEFICIENCY (CONTINUED)**

2014-010: Finding: The NJ Division of Pensions requires monthly transmittal payments for Public Employees Retirement System and Police and Firemen's Retirement System to be made by the seventh day of the month. All payments except February were found to be filed late.

Recommendation: Monthly transmittal payments for Public Employees Retirement System and Police and Firemen's Retirement System be remitted by the seventh day of the month.

\* These recommendations appeared in prior reports and corrective action was not taken.

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The problems and weaknesses noted in our review 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 question arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252