

**BOROUGH OF PAULSBORO
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015**

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PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2015

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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, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough 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, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 18 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 for 2015 and 2014 were \$154,316.99 and \$134,759.28, 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, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of 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 15-08 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 15-08 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 15-08 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 July 1, 2016, 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

July 1, 2016

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
ASSETS			
Regular Fund			
Cash - Treasurer	A-4	\$ 1,634,188.21	\$ 2,919,914.09
Cash - Payroll	A-4	5,060.28	18,344.20
Change Fund		500.00	500.00
		1,639,748.49	2,938,758.29
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	623,520.98	418,460.98
Tax Title Liens Receivable	A-8	369,872.02	261,527.36
Property Acquired for Taxes - Assessed Valuation	A-9	1,009,700.00	1,009,700.00
Revenue Accounts Receivable	A-10	8,946.47	5,878.42
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			105,007.27
Due from Animal Control Trust Fund			198.05
Due from Tax Sale Premium Trust Fund	B	6,800.00	
Due from Park and Recreation Trust Fund	B	153.01	1,853.00
Due from Payroll Agency Trust Fund	B	45,639.59	121,664.00
Due from Accumulated Absence Trust Fund			11,597.00
Due from General Capital Fund	C	294,418.18	
Due from Water and Sewer Operating Fund	D	25,059.61	124,663.92
Due from Water and Sewer Capital Fund	D	466,463.96	
Due from Public Assistance Trust Fund	E	0.28	
		2,858,312.84	2,072,151.74
		4,498,061.33	5,010,910.03
Deferred Charges:			
Special Emergency Authorization	A-6	9,600.00	19,200.00
Overexpenditure of Appropriation	A-3	7,001.19	8,428.54
		16,601.19	27,628.54
		4,514,662.52	5,038,538.57
Federal and State Grant Fund			
Cash	A-4	21,039.16	
Grants Receivable	A-5	511,153.10	504,234.95
		532,192.26	504,234.95
		\$ 5,046,854.78	\$ 5,542,773.52

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, 2015	Balance Dec. 31, 2014
LIABILITIES, RESERVES, AND FUND BALANCE			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 459,628.59	\$ 907,488.06
Encumbrances Payable	A-12	39,852.65	157,052.03
Accounts Payable		25,816.59	
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-13	5,019.17	4,917.78
Prepaid Taxes	A-4	72,237.05	50,342.58
Tax Overpayments		2,032.52	7,984.40
Reserve for Tax Appeals Pending			42,325.65
Due Outside Lien Holders			29,832.17
Due State of New Jersey - Escheated Payroll	A-4	3,857.21	
Due County for Added & Omitted Taxes	A-7	141.28	191.44
Due Paulsboro Free Public Library		44,122.53	18,294.75
Due Animal Control Trust Fund	B	75.00	
Due Accumulated Absence Trust Fund	B	11,597.00	
Due Developer's Escrow Trust Fund	B	4.19	49.49
Due Recycling Trust Fund			0.60
Due Off-Duty Police Trust Fund			4,818.21
Due Uniform Fire Safety Penalty Trust Fund	B	800.00	800.00
Due General Capital Fund			44,413.04
Local School District Tax Payable	A-14	2,583.80	2,583.18
Reserve for Local Grants	A-16	43,608.41	41,664.66
		<u>711,375.99</u>	<u>1,312,758.04</u>
Reserve for Receivables		2,858,312.84	2,072,151.74
Fund Balance	A-1	944,973.69	1,653,628.79
		<u>4,514,662.52</u>	<u>5,038,538.57</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	531,882.76	366,895.07
Reserve for Grants - Unappropriated			9,877.82
Encumbrances Payable	A-12	309.50	22,454.79
Due Current Fund			105,007.27
		<u>532,192.26</u>	<u>504,234.95</u>
		<u>\$ 5,046,854.78</u>	<u>\$ 5,542,773.52</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 2015	Year 2014
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 741,789.71	\$ 685,471.93
Miscellaneous Revenue Anticipated	A-2	1,669,785.75	1,742,693.25
Receipts from Delinquent Taxes	A-2	213,998.92	524,939.82
Receipts from Current Taxes	A-2	12,380,453.32	12,818,053.22
Non-Budget Revenue	A-2	154,587.58	68,232.18
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	821,714.94	502,777.85
Encumbrances Payable - Canceled	A-12	13,323.78	748.27
Interfunds Returned		368,846.44	14,058.02
Total Income		16,364,500.44	16,356,974.54
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,830,557.93	2,771,178.62
Other Expenses	A-3	2,930,556.35	3,373,655.92
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	584,754.41	509,341.69
Budget Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	270,342.29	266,732.76
Capital Improvements	A-3	210,000.00	220,000.00
Debt Service	A-3	433,352.66	428,896.39
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	9,600.00	9,600.00
County Taxes	A-7	2,379,118.55	2,352,563.47
County Open Space Taxes	A-7	160,336.98	163,849.18
Due County for Added Taxes	A-7	141.28	191.44
Local District School Tax	A-14	5,696,372.00	5,561,211.00
Prior Year Deductions Disallowed	A-13	1,500.00	2,089.04
Interfunds Advanced		831,734.57	309,074.01
Total Expenditures		16,338,367.02	15,968,383.52

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	\$ 741,789.71		\$ 741,789.71	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	7,000.00		7,950.24	\$ 950.24
Other	A-10	13,000.00		12,581.00	(419.00)
Fees and Permits	A-10	18,000.00		22,697.07	4,697.07
Fines and Costs:					
Municipal Court	A-10	89,000.00		109,774.83	20,774.83
Interest and Costs on Taxes	A-10	120,000.00		102,179.88	(17,820.12)
Interest on Investments & Deposits	A-10	1,000.00		1,290.48	290.48
Landlord Licensing	A-10	100,000.00		52,935.00	(47,065.00)
Consolidated Municipal Property Tax	A-10	113,856.00		113,856.00	
Energy Receipts Tax	A-10	447,956.00		447,956.00	
Cable TV Franchise Fee	A-10	15,652.46		15,652.46	
Payments in Lieu - SJ Port	A-10	500,000.00		500,000.00	
JIF Safety Incentive	A-10	6,425.00		8,618.75	2,193.75
Exxon-Mobil Summer Work Program	A-10	30,000.00		30,000.00	
Municipal Court Alcohol Education	A-5	827.12		827.12	
NJ DOT - Thomson Avenue	A-5	170,000.00		170,000.00	
Clean Communities Program	A-5	13,689.25		13,689.25	
Safe & Secure Program	A-5		\$ 28,633.00	28,633.00	
Police Body Armor	A-5		3,312.97	3,312.97	
Recycling Tonnage	A-5	9,050.70		9,050.70	
Municipal Alliance	A-5	18,781.00		18,781.00	
Total Miscellaneous Revenues		1,674,237.53	31,945.97	1,669,785.75	(36,397.75)
Receipts from Delinquent Taxes	A-2	400,000.00		213,998.92	(186,001.08)
Amount to be Raised by Taxation	A-2	4,769,078.00		4,497,432.89	(271,645.11)
Minimum Library Tax	A-2:A-7	128,022.00		128,022.00	
Budget Totals		7,713,127.24	31,945.97	7,251,029.27	(494,043.94)
Non-Budget Revenue	A-2			154,587.58	
		\$ 7,713,127.24	\$ 31,945.97	\$ 7,405,616.85	
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	\$ 12,380,453.32
Allocated to: School and County Taxes		<u>8,235,968.81</u>
Balance for Support of Municipal Budget Appropriation		4,144,484.51
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>480,970.38</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 4,625,454.89</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	\$ 152,706.99
Tax Title Liens Receivable	A-8	<u>61,291.93</u>
	A-2	<u>\$ 213,998.92</u>
 Analysis of Non-Budget Revenue		
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Senior Citizen Administration Fee	A-10	\$ 1,657.80
Uniform Construction Code Official	A-10	4,658.00
Miscellaneous	A-10	9,695.83
Vacant/Abandoned Property	A-10	73,415.00
Prior Year Voided Check	A-10	9,596.96
Insurance Dividend	A-10	11,874.50
Uniform Fire Safety Act	A-10	11,189.49
Rental Income	A-10	<u>32,500.00</u>
	A-2	<u>\$ 154,587.58</u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled	Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
GENERAL GOVERNMENT FUNCTIONS							
General Administration							
Salary & Wages	\$ 50,000.00	\$ 38,000.00	\$ 35,639.36		\$ 2,360.64		
Other Expenses	60,600.00	50,600.00	50,146.27	\$ 86.25	367.48		
Grants Consultant							
Other Expenses	12,000.00	12,000.00	4,713.75	237.50	7,048.75		
Redevelopment Consultant							
Other Expenses	5,000.00	5,000.00	3,710.15		1,289.85		
Mayor and Borough Council							
Salary & Wages	45,000.00	45,000.00	44,306.37		693.63		
Other Expenses	6,000.00	6,000.00	5,972.00		28.00		
Municipal Clerk							
Salary & Wages	60,000.00	62,000.00	61,901.57		98.43		
Other Expenses:							
Printing & Legal Advertising	8,000.00	8,000.00	7,825.28		174.72		
Codification and Revision of Ordinances	5,000.00	5,000.00	3,047.25		1,952.75		
Miscellaneous Other Expenses	6,000.00	6,000.00	1,866.21	147.00	3,986.79		
Elections							
Other Expenses	4,000.00	4,000.00	3,283.23	100.00	616.77		
Financial Administration							
Salary & Wages	85,000.00	90,500.00	90,298.51		201.49		
Other Expenses:							
Compilation of Fixed Assets	500.00	500.00			500.00		
Miscellaneous Other Expenses	30,000.00	25,000.00	21,576.08	556.37	2,867.55		
Audit Services							
Other Expenses	41,000.00	41,000.00	41,000.00				
Revenue Administration (Tax Collection)							
Salaries and Wages	49,100.00	49,100.00	46,873.58		2,226.42		
Other Expenses:							
Tax Sale Costs	5,000.00	5,000.00	2,950.30		2,049.70		
Computer Service	500.00	500.00			500.00		
Miscellaneous Other Expenses	5,000.00	5,000.00	1,117.20		3,882.80		

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		
Liquidation of Tax Title Liens & Foreclosed Property							
Other Expenses	1,000.00						
Legal Services & Costs							
Other Expenses:							
Fees	110,000.00	110,000.00	75,768.87		34,231.13		
Engineering Services & Costs							
Other Expenses:							
Fees	75,000.00	73,000.00	44,550.58		28,449.42		
Economic Development							
Other Expenses	200.00	200.00			200.00		
LAND USE ADMINISTRATION (NJSA 40:55D-1)							
Planning Board							
Salaries and Wages	1,750.00	1,750.00	1,722.12		27.88		
Other Expenses:							
Legal Fees	4,000.00	4,000.00	1,779.17		2,220.83		
Miscellaneous Other Expenses	1,000.00	1,000.00	20.00		980.00		
CODE ENFORCEMENT & ADMINISTRATION							
Housing Inspector							
Salaries and Wages	47,000.00	58,500.00	58,144.64		355.36		
Other Expenses	20,000.00	14,500.00	6,283.56	255.00	7,961.44		
Inspection of Rental Property							
Salaries and Wages	41,000.00	49,500.00	49,034.50		465.50		
Other Expenses	1,000.00	1,000.00			1,000.00		
Civil Rights Commission							
Other Expenses	100.00	100.00			100.00		
INSURANCE							
Group Insurance Plan for Employees	900,000.00	880,000.00	821,208.65		58,791.35		
Liability Insurance	116,445.00	116,445.00	92,601.88		23,843.12		
Worker Compensation Insurance	195,000.00	195,000.00	195,000.00				
Health Benefit Waiver	39,000.00	39,000.00	44,409.35				\$ 5,409.35
Insurance Safety Program							
Other Expenses	6,425.00	6,425.00	4,368.95		2,056.05		

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		
PUBLIC SAFETY FUNCTIONS							
Police							
Salaries and Wages	1,743,965.00	1,743,965.00	1,737,592.24		6,372.76		
Other Expenses:							
Miscellaneous Other Expenses	80,920.00	88,370.00	81,044.15	1,844.37	5,481.48		
Police Reserves							
Other Expenses	1,000.00	1,000.00			1,000.00		
Crossing Guards							
Salaries and Wages	75,000.00	71,500.00	71,618.13				118.13
Other Expenses	2,000.00	1,000.00	512.80		487.20		
Emergency Management Services							
Other Expenses	3,000.00	3,000.00	1,974.80	183.00	842.20		
Fire							
Other Expenses	54,000.00	54,000.00	44,850.30	7,735.69	1,414.01		
Uniform Fire Safety Act (PL 1983, C. 383)							
Salaries and Wages	6,212.00	6,362.00	6,336.00		26.00		
Other Expenses	4,500.00	4,500.00	2,063.78		2,436.22		
Prosecutor							
Salaries and Wages	17,300.00	17,300.00	17,265.24		34.76		
PUBLIC WORKS FUNCTION							
Road Repairs & Maintenance							
Salaries & Wages	425,000.00	475,500.00	457,205.66		18,294.34		
Other Expenses	93,275.00	81,375.00	40,472.18	8,736.61	32,166.21		
JIF Safety Coordinator							
Salaries & Wages	4,650.00	4,700.00	4,862.80				162.80
Other Expenses	5,700.00	5,700.00		2,283.50	3,416.50		
Solid Waste Collection							
Other Expenses	246,570.00	246,570.00	231,813.75		14,756.25		
Public Buildings & Grounds							
Other Expenses:							
Demolition	20,000.00	10,000.00			10,000.00		
Miscellaneous Other Expenses	52,000.00	59,000.00	58,516.79	292.22	190.99		
Vehicle Maintenance							
Other Expenses	62,250.00	62,250.00	31,555.82	688.50	30,005.68		

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		
HEALTH & HUMAN SERVICES							
Registrar of Vital Statistics							
Other Expenses	1,200.00	1,450.00	809.50		640.50		
Environmental Committee							
Other Expenses	2,000.00		350.00				350.00
Dog Regulation							
Other Expenses	1,000.00						
PARK & RECREATION FUNCTION							
Recreation Services and Programs							
Other Expenses	22,300.00	22,300.00	11,296.94	2,780.00	8,223.06		
Maintenance of Parks							
Other Expenses	13,400.00	13,400.00	11,097.05		2,302.95		
Senior Citizen Transportation							
Other Expenses	200.00	200.00			200.00		
OTHER COMMON OPERATING FUNCTIONS							
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	7,064.72	350.00	585.28		
UTILITY AND BULK PURCHASES							
Electricity	40,000.00	40,000.00	31,333.41		8,666.59		
Street Lighting	110,000.00	110,000.00	108,345.50		1,654.50		
Telephone	39,000.00	39,000.00	38,093.68		906.32		
Gas (Natural or Propane)	6,000.00	6,000.00	5,191.34		808.66		
Fuel Oil	16,000.00	16,000.00	6,902.36	774.55	8,323.09		
Gasoline	100,000.00	95,000.00	58,953.71		36,046.29		
LANDFILL/SOLID WASTE DISPOSAL COSTS							
Sanitary Landfill							
Other Expenses	283,712.00	278,712.00	237,990.50	152.32	40,569.18		
MUNICIPAL COURT							
Municipal Court							
Salaries and Wages	109,000.00	111,000.00	108,156.37		2,843.63		
Other Expenses	23,700.00	23,700.00	14,038.12	1,211.91	8,449.97		
Public Defender							
Salaries and Wages	5,600.00	5,600.00	5,552.04		47.96		

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		
Total Operations Including Contingent Within "CAPS"	5,755,074.00	5,755,074.00	5,293,979.06	28,414.79	438,720.43		6,040.28
Detail:							
Salaries and Wages	2,765,577.00	2,830,277.00	2,796,509.13		34,048.80		280.93
Other Expenses	2,989,497.00	2,924,797.00	2,497,469.93	28,414.79	404,671.63		5,759.35
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"							
STATUTORY EXPENDITURES:							
Deferred Charges:							
Overexpenditure of Appropriation	8,428.54	8,428.54	8,428.54				
Contribution to:							
Public Employees' Retirement System	132,010.00	132,010.00	132,010.00				
Social Security System (OASI)	120,000.00	120,000.00	111,945.80		8,054.20		
Police & Firemen's' Retirement System of NJ	312,355.00	312,355.00	312,355.00				
Unemployment Compensation Insurance	11,000.00	11,000.00	11,960.87				960.87
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	583,793.54	583,793.54	576,700.21		8,054.20		960.87
Total General Appropriations for Municipal Purposes Within "CAPS"	6,338,867.54	6,338,867.54	5,870,679.27	28,414.79	446,774.63		7,001.15
OPERATIONS EXCLUDED FROM "CAPS"							
EDUCATION FUNCTIONS							
Maintenance of Free Public Library	128,022.00	128,022.00	115,342.14	1,158.44	11,521.42		

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		
SOLID WASTE DISPOSAL COSTS							
Recycling Tax	9,600.00	9,600.00	8,267.46		1,332.54		
PUBLIC SAFETY FUNCTIONS							
Length of Service Award Program	20,700.00	20,700.00	20,700.00				
SHARED SERVICE AGREEMENTS							
Township of Greenwich - Zoning Officer	3,031.00	3,031.00	3,031.00				
PUBLIC AND PRIVATE PROGRAMS							
OFFSET BY REVENUES							
Clean Communities	13,689.25	13,689.25	13,689.25				
Municipal Alliance for Drug & Alcohol Abuse	23,476.25	23,476.25	23,476.25				
Municipal Court Alcohol Education	827.12	827.12	827.12				
Recycling Tonnage Grant	9,050.70	9,050.70	9,050.70				
Police Body Armor		3,312.97	3,312.97				
Safe & Secure		28,633.00	28,633.00				
Exxon-Mobil Summer Work Program	30,000.00	30,000.00	30,000.00				
Total Operations Excluded from "CAPS"	238,396.32	270,342.29	256,329.89	1,158.44	12,853.96		
Detail:							
Other Expenses	238,396.32	270,342.29	256,329.89	1,158.44	12,853.96		
CAPITAL IMPROVEMENTS							
Capital Improvement Fund	40,000.00	40,000.00	40,000.00				
NJ DOT - Thomson Avenue	170,000.00	170,000.00	170,000.00				
Total Capital Improvements	210,000.00	210,000.00	210,000.00				
DEBT SERVICE							
Payment of Bond Principal	225,000.00	225,000.00	225,000.00				
Interest on Bonds	106,825.00	106,825.00	106,825.04				0.04
Payment of Bond Anticipation Notes	53,050.00	53,050.00	53,050.00				
Interest on Bond Anticipation Notes	33,000.00	33,000.00	31,059.62			\$ 1,940.38	
Berkadia Loan Payments Principal and Interest	17,418.00	17,418.00	8,709.00	8,709.00			
Total Debt Service	435,293.00	435,293.00	424,643.66	8,709.00		1,940.38	0.04

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		
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL EXCLUDED FROM "CAPS"							
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"	893,289.32	925,235.29	900,573.55	9,867.44	12,853.96	1,940.38	0.04
Subtotal General Appropriations	7,232,156.86	7,264,102.83	6,771,252.82	38,282.23	459,628.59	1,940.38	7,001.19
Reserve for Uncollected Taxes	480,970.38	480,970.38	480,970.38				
Total General Appropriations	<u>\$ 7,713,127.24</u>	<u>\$ 7,745,073.21</u>	<u>\$ 7,252,223.20</u>	<u>\$ 38,282.23</u>	<u>\$ 459,628.59</u>	<u>\$ 1,940.38</u>	<u>\$ 7,001.19</u>
Ref.	A-2			A-12	A		A
		Ref.					
Budget		A-3	\$ 7,713,127.24				
Budget Amendments per NJSA 40A:4-87		A-2	31,945.97				
			<u>\$ 7,745,073.21</u>				
		Ref.					
Reserve for Uncollected Taxes		A-2	\$ 480,970.38				
Deferred Charge - Special Emergency		A-6	9,600.00				
Overexpenditure of an Appropriation			8,428.54				
Due Water and Sewer Capital Fund			76,241.24				
Reserve for Local Grants		A-16	30,000.00				
Reserve for Federal & State Grants - Appropriated		A-17	248,989.29				
Disbursed		A-4	6,397,993.75				
			<u>\$ 7,252,223.20</u>				

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Animal Control Trust Fund			
Cash - Treasurer	B-1	\$ 1,952.00	\$ 2,466.05
Due from Current Fund	A	75.00	
Due from Municipal Clerk		25.00	
		<u>2,052.00</u>	<u>2,466.05</u>
Donations - Community Events			
Cash - Treasurer	B-1	12,837.48	19,413.48
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	80,355.72	54,661.64
Due from Current Fund	A	4.19	49.49
		<u>80,359.91</u>	<u>54,711.13</u>
Law Enforcement Forfeiture Trust Fund			
Cash - Treasurer	B-1	14,723.37	11,910.02
LOSAP (unaudited)			
Investment		154,316.99	134,759.28
Park & Recreation Trust Fund			
Cash - Treasurer	B-1	105,155.80	121,160.47
Payroll Agency Trust Fund			
Cash - Treasurer	B-1	59,597.58	191,759.27
Due Water and Sewer Operating Fund	D	9,483.64	
		<u>69,081.22</u>	<u>191,759.27</u>
Recycling Trust Fund			
Cash - Treasurer	B-1	54,243.78	54,493.18
Due Current Fund			0.60
		<u>54,243.78</u>	<u>54,493.78</u>
Self-Insurance Trust Fund			
Cash - Treasurer	B-1	265,646.08	115,646.08
Due from Utility Capital Fund			150,000.00
		<u>265,646.08</u>	<u>265,646.08</u>
Tax Sale Premium Fund			
Cash - Treasurer	B-1	260,300.00	408,500.00

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, 2015	Balance Dec. 31, 2014
ASSETS (CONTINUED)			
Parking Offense Adjudication Act			
Cash - Treasurer	B-1	1,318.00	1,286.00
Off-Duty Police Fund			
Cash - Treasurer	B-1	49,524.34	44,853.60
Due Current Fund			4,818.21
		49,524.34	49,671.81
Accumulated Absence			
Cash - Treasurer	B-1	125,285.52	126,329.20
Due Current Fund	A	11,597.00	
		136,882.52	126,329.20
Regional Contribution Agreements			
Cash - Treasurer - East Greenwich	B-1	56,922.01	124,626.52
Cash - Treasurer - Woolwich	B-1	90,196.88	113,357.69
		147,118.89	237,984.21
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	100.00	100.00
Due Current Fund	A	800.00	800.00
		900.00	900.00
		<u>\$ 1,354,460.38</u>	<u>\$ 1,680,990.78</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, 2015	Balance Dec. 31, 2014
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due Current Fund			\$ 198.05
Due State of New Jersey		\$ 4.20	
Reserve for Dog Fund Expenditures	B-2	2,047.80	2,268.00
		<u>2,052.00</u>	<u>2,466.05</u>
Donations - Community Events			
Reserve for Donations - Community Events		12,837.48	19,413.48
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		78,247.99	46,442.19
Encumbrances Payable		2,111.92	8,268.94
		<u>80,359.91</u>	<u>54,711.13</u>
Law Enforcement Forfeiture Trust Fund			
Reserve for Forfeited Funds		14,723.37	11,910.02
LOSAP (unaudited)			
Reserve for LOSAP Benefits		154,316.99	134,759.28
Park & Recreation Trust Fund			
Reserve for Park & Recreation Fees		104,083.35	118,888.10
Encumbrances Payable		919.44	419.37
Due Current Fund	A	153.01	1,853.00
		<u>105,155.80</u>	<u>121,160.47</u>
Payroll Agency Trust Fund			
Due Current Fund	A	45,639.59	121,664.00
Due Utility Operating Fund			24,060.33
Payroll Taxes Payable		23,441.63	46,034.94
		<u>69,081.22</u>	<u>191,759.27</u>
Recycling Trust Fund			
Reserve for Recycling Fees		54,243.78	54,493.78
Self-Insurance Trust Fund			
Reserve for Insurance Claims		265,646.08	265,646.08

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, 2015	Balance Dec. 31, 2014
LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)			
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-3	252,200.00	408,500.00
Encumbrances Payable		1,300.00	
Due Current Fund	A	6,800.00	
		<u>260,300.00</u>	<u>408,500.00</u>
Parking Offense Adjudication Act			
Reserve for POAA		1,318.00	1,286.00
		<u>1,318.00</u>	<u>1,286.00</u>
Off-Duty Police Fund			
Reserve for Off-Duty Police		49,485.94	49,671.81
Due Water and Sewer Operating Fund	D	38.40	
		<u>49,524.34</u>	<u>49,671.81</u>
Accumulated Absence			
Due Current Fund			11,597.00
Reserve for Accumulated Absence		136,882.52	114,732.20
		<u>136,882.52</u>	<u>126,329.20</u>
Regional Contribution Agreements			
Encumbrances Payable		11,528.00	30,048.50
Reserve for Regional Contribution Agreements		135,590.89	207,935.71
		<u>147,118.89</u>	<u>237,984.21</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>\$ 1,354,460.38</u>	<u>\$ 1,680,990.78</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, 2015	Balance Dec. 31, 2014
ASSETS			
Cash - Treasurer	C-2	\$ 201,914.93	
Deferred Charges to Future Taxation:			
Funded	C-4	2,537,656.96	\$ 2,769,012.62
Unfunded	C-6	4,188,105.00	3,909,837.00
Due from Paulsboro Public Library			741,616.00
Due from Utility Operating Fund			339.05
Due from Utility Capital Fund	D	92,000.00	92,000.00
Due from Current Fund			44,413.04
		\$ 7,019,676.89	\$ 7,557,217.71
LIABILITIES, RESERVES, AND FUND BALANCE			
Deficit in Cash - Treasurer			\$ 88,221.61
Bond Anticipation Notes Payable	C-9	\$ 3,152,050.00	3,000,850.00
Loan Payable - Berkadia	C-8	82,656.96	89,012.62
Serial Bonds Payable	C-10	2,455,000.00	2,680,000.00
Improvement Authorizations:			
Funded			303,750.85
Unfunded	C-7	611,770.07	1,059,238.30
Encumbrances Payable	C-7	130,340.19	191,202.84
Capital Improvement Fund	C-5	128,523.21	122,023.21
Reserve for:			
Debt Service		50,000.00	
Reconstruction of Storm Inlet		10,000.00	10,000.00
Due Utility Operating Fund	D	92,000.00	
Due Current Fund	A	294,418.18	
Fund Balance	C-1	12,918.28	12,918.28
		\$ 7,019,676.89	\$ 7,557,217.71

EXHIBIT C-1

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2014	C	\$ 12,918.28
Balance December 31, 2015	C	\$ 12,918.28

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

WATER & SEWER UTILITY FUND

EXHIBIT D

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

	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
ASSETS			
Operating Fund			
Cash - Treasurer	D-5	\$ 651,838.75	\$ 993,710.64
Due from Payroll Agency Trust			24,060.33
Due from General Capital Fund	C	92,000.00	
Due from Off-Duty Police Trust Fund	B	38.40	
		743,877.15	1,017,770.97
Receivables with Full Reserves			
Consumer Accounts Receivable	D-7	349,339.11	306,465.55
Water and Sewer Liens	D-8	51,853.80	32,338.81
		401,192.91	338,804.36
Deferred Charges			
Overexpenditure of Appropriation	D-4	4,222.26	10,188.71
Total Operating Fund		1,149,292.32	1,366,764.04
Capital Fund			
Cash - Treasurer	D-5	770,516.26	856,335.80
Fixed Capital	D-9	14,356,369.65	12,398,169.64
Fixed Capital Authorized and Uncompleted	D-10	260,666.21	2,218,866.22
Due from Utility Operating Fund	D	45,719.29	10,926.78
Total Capital Fund		15,433,271.41	15,484,298.44
		\$ 16,582,563.73	\$ 16,851,062.48

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

EXHIBIT D
(Continued)

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

	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
LIABILITIES, RESERVES, AND FUND BALANCE			
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 149,955.35	\$ 123,384.56
Encumbrances Payable	D-12	49,085.57	96,710.58
Water & Sewer Rent Overpayments	D-5	861.56	1,022.52
Accrued Interest on Loan	D-14	6,594.11	2,415.56
Accrued Interest on Notes	D-14	697.02	10,479.19
Due Current Fund	A	25,059.61	124,663.92
Due Payroll Agency Trust Fund	B	9,483.64	
Due General Capital Fund			339.05
Due Utility Capital Fund	D	45,719.29	10,926.78
Security Deposit AT&T		3,000.00	3,000.00
		<hr/>	<hr/>
		290,456.15	372,942.16
Reserve for Receivables		401,192.91	338,804.36
Fund Balance	D-1	457,643.26	655,017.52
		<hr/>	<hr/>
Total Operating Fund		1,149,292.32	1,366,764.04
Capital Fund			
Bond Anticipation Notes Payable	D-16	253,000.00	1,371,743.00
USDA Loan Payable	D-17	3,695,093.17	3,344,616.46
Improvement Authorizations:			
Unfunded	D-15	133,366.21	158,127.90
Encumbrances Payable			244,930.59
Capital Improvement Fund	D-13	94,636.30	184,636.30
Reserve for Preliminary Expense - Thomson Avenue		12,595.35	
Reserve for Amortization		10,659,631.53	9,833,107.46
Deferred Reserve for Amortization		9,311.16	67,568.94
Reserve for Future Debt Service			20,394.06
Due Current Fund	A	466,463.96	
Due General Capital Fund	C	92,000.00	92,000.00
Due Self Insurance Trust Fund			150,000.00
Fund Balance	D-2	17,173.73	17,173.73
		<hr/>	<hr/>
Total Capital Fund		15,433,271.41	15,484,298.44
		<hr/>	<hr/>
		\$ 16,582,563.73	\$ 16,851,062.48
		<hr/>	<hr/>

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 2015	Year 2014
Revenue and Other Income Realized			
Fund Balance Utilized	D-3	\$ 359,736.71	\$ 273,724.49
Water Rents	D-3	662,512.00	701,700.11
Sewer Rents	D-3	711,861.60	744,613.31
Interest on Investments	D-3	529.14	701.86
Miscellaneous	D-3:D-5	149,796.67	123,761.77
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	75,592.46	129,928.48
Encumbrances Canceled			16,754.60
Total Income		<u>1,960,028.58</u>	<u>1,991,184.62</u>
Expenditures			
Operating	D-4	1,427,217.00	1,405,777.20
Capital Improvements	D-4	115,000.00	151,500.00
Debt Service	D-4	160,172.68	164,199.59
Deferred Charges and Statutory Expenditures	D-4	99,498.71	88,392.49
Prior Year Refund			44.00
Total Expenditures		<u>1,801,888.39</u>	<u>1,809,913.28</u>
Statutory Excess to Fund Balance		158,140.19	181,271.34
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-4	4,222.26	10,188.71
		<u>162,362.45</u>	<u>191,460.05</u>
Fund Balance			
Balance January 1	D	655,017.52	737,281.96
		<u>817,379.97</u>	<u>928,742.01</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	359,736.71	273,724.49
Balance December 31	D	<u><u>\$ 457,643.26</u></u>	<u><u>\$ 655,017.52</u></u>

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

EXHIBIT D-2

STATEMENT OF FUND BALANCE - WATER & SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2014	Ref. D	\$ 17,173.73
Balance December 31, 2015	D	<u>\$ 17,173.73</u>

EXHIBIT D-3

STATEMENT OF REVENUES - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 359,736.71	\$ 359,736.71	
Water Rents	D-3	700,000.00	662,512.00	\$ (37,488.00)
Sewer Rents	D-3	744,000.00	711,861.60	(32,138.40)
Interest on Investments	D-5	700.00	529.14	(170.86)
		<u>\$ 1,804,436.71</u>	<u>\$ 1,734,639.45</u>	<u>\$ (69,797.26)</u>
	Ref.	D-4		

Analysis of Realized Revenue

	Ref.	Water	Sewer
Rents:			
Consumer Accounts Receivable:			
Collected	D-7	\$ 653,579.44	\$ 702,469.24
Overpayments Applied	D-7	24.77	997.75
Utility Liens	D-8	8,907.79	8,394.61
	D-3	<u>\$ 662,512.00</u>	<u>\$ 711,861.60</u>
Miscellaneous:			
Interest on Delinquent Accounts		\$ 55,639.10	
On/Off Fees		800.00	
Wireless Cell Phone Tower Rental		67,807.02	
Refunds/Miscellaneous		25,550.55	
	D-5	<u>\$ 149,796.67</u>	

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

STATEMENT OF EXPENDITURES - WATER & 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	\$ 490,000.00	\$ 490,000.00	\$ 447,979.61		\$ 42,020.39		
Other Expenses	532,217.00	532,217.00	483,818.94	\$ 18,304.12	30,093.94		
Sewer Rental - GCUA	350,000.00	350,000.00	304,021.94	26,798.19	19,179.87		
Engineering Fees	55,000.00	55,000.00	36,019.51		18,980.49		
Capital Improvements:							
Capital Improvement Fund	80,000.00	80,000.00	80,000.00				
Purchase of Utility Truck	35,000.00	35,000.00			35,000.00		
Debt Service:							
Payment of Loan Principal	60,624.00	60,624.00	60,623.29				\$ 0.71
Payment of Note Principal	19,000.00	19,000.00	19,000.00				
Interest on Loan	66,547.00	66,547.00	70,769.26			\$ 4,222.26	
Interest on Notes	16,550.00	16,550.00	9,780.13				6,769.87
Deferred Charges:							
Overexpenditure of Appropriation	10,188.71	10,188.71	10,188.71				
Statutory Expenditures:							
Public Employees' Retirement System	48,825.00	48,825.00	48,825.00				
Social Security System (OASI)	37,485.00	37,485.00	34,324.67		3,160.33		
Unemployment Insurance	3,000.00	3,000.00	1,479.67		1,520.33		
	<u>\$ 1,804,436.71</u>	<u>\$ 1,804,436.71</u>	<u>\$ 1,606,830.73</u>	<u>\$ 45,102.31</u>	<u>\$ 149,955.35</u>	<u>\$ 4,222.26</u>	<u>\$ 6,770.58</u>
Ref.	D-3	D-4		D-12	D	D	
Interest on Bonds and Notes		Ref. D-14	\$ 80,549.39				
Deferred Charges:							
Overexpenditure of Appropriation			10,188.71				
Disbursed		D-5	1,516,092.63				
			<u>\$ 1,606,830.73</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, 2015</u>	<u>Dec. 31, 2014</u>
ASSETS			
Cash - Treasurer	E-1	<u>\$ 44,801.17</u>	<u>\$ 44,800.89</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Due Current fund	A	\$ 0.28	
Advanced State Aid		<u>44,800.89</u>	<u>\$ 44,800.89</u>
		<u>\$ 44,801.17</u>	<u>\$ 44,800.89</u>

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

GENERAL FIXED ASSETS

EXHIBIT F

COMPARATIVE BALANCE SHEET OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Fixed Assets:		
Buildings	\$ 6,046,969.09	\$ 4,687,200.00
Land and Improvements	5,072,900.00	5,072,900.00
Machinery and Equipment	5,084,675.00	4,554,788.00
	<u>\$ 16,204,544.09</u>	<u>\$ 14,314,888.00</u>
Investment in General Fixed Assets	<u>\$ 16,204,544.09</u>	<u>\$ 14,314,888.00</u>

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

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

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. The Borough has the following component unit:

Gill Memorial Library
145 East Broad Street
Paulsboro, NJ 08066

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.

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.

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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.

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, 2015 AND 2014

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, 2015 AND 2014

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 11th day of the 11th 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 31st, 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, 2015 AND 2014

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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will have an effect on the Borough's financial reporting. The impact of this statement on the Borough's financial reporting is not presently determinable.

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the Borough's financial reporting.

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$480,970.38 and \$646,185.76, 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. No Budget transfers during the year were 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 Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$31,945.97 for various grants as detailed on Exhibit A-2.

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

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 3: CASH (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

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, 2015 and 2014, the carrying amount of the Borough's deposits was \$4,508,017.32 and \$6,135,947.21, respectively. As of December 31, 2015 and 2014, \$0 of the municipality's bank balance of \$4,734,553.69 and \$6,291,916.84, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2015 and 2014, the Borough had no investments other than (LOSAP) detailed below.

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.

Unaudited Investments

As more fully described in Note 18, 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 of Paulsboro. 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, 2015 and 2014, was \$154,316.99 and \$134,759.28, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is not available.

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 5: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2015	\$ 944,973.69	\$ 138,102.31
	2014	1,653,628.79	741,789.71
	2013	1,942,081.16	685,471.93
	2012	1,678,101.92	514,930.26
	2011	1,669,995.21	452,435.92
Water & Sewer Operating Fund	2015	457,643.26	322,200.26
	2014	655,017.52	359,736.71
	2013	737,281.96	273,724.49
	2012	721,961.63	393,214.00
	2011	550,827.72	350,543.00

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.

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 from current fund and \$20,000.00 from utility operating to fund this reserve. The balance in the Trust Fund as of December 31, 2015 and 2014, was \$136,882.52 and \$114,732.20, respectively.

The total value of compensated absences owed to employees as of December 31, 2015 and 2014, under the various labor agreements are as follows:

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 6: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

	Value	
	12/31/2015	12/31/2014
PBA Local 122	\$ 168,214.02	\$ 196,818.68
AFSCME	7,219.14	55,998.40
Non-Union	6,512.41	79,952.68
	<u>\$ 181,945.57</u>	<u>\$ 332,769.76</u>

NOTE 7: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2015:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Land	\$ 5,072,900.00			\$ 5,072,900.00
Buildings/Improvements	4,687,200.00	\$ 1,359,769.09		6,046,969.09
Machinery & Equipment	4,554,788.00	543,387.00	\$ 13,500.00	5,084,675.00
	<u>\$ 14,314,888.00</u>	<u>\$ 1,903,156.09</u>	<u>\$ 13,500.00</u>	<u>\$ 16,204,544.09</u>

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	
	12/31/2015	12/31/2014
Prepaid Taxes - Cash Liability	<u>\$ 72,237.05</u>	<u>\$ 50,342.58</u>

NOTE 9: ECONOMIC DEPENDENCY

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

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2015. Many of the interfunds are due to the fact that disbursements were paid from the incorrect funds.

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From	Due To
Current Fund		
Animal Control Trust Fund		\$ 75.00
Park and Recreation Trust	\$ 153.01	
Water and Sewer Operating	25,059.61	
Water and Sewer Capital Fund	466,463.96	
Payroll Agency Trust Fund	45,639.59	
Public Assistance Fund	0.28	
Accumulated Absence Trust		11,597.00
Developer's Escrow Trust Funds		4.19
Tax Sale Premiums	6,800.00	
Uniform Fire Safety Penalty Trust		800.00
General Capital Fund	294,418.18	
Animal Control Trust Fund		
Current Fund	75.00	
Uniform Fire Safety Penalty Trust		
Current Fund	800.00	
Developer's Escrow Trust Funds		
Current Fund	4.19	
Park & Recreation Trust		
Current Fund		153.01
Payroll Agency Trust Fund		
Current Fund		45,639.59
Water and Sewer Operating	9,483.64	
Off-Duty Police Trust Fund		
Water and Sewer Operating		38.40
Tax Sale Premium Trust Fund		
Current Fund		6,800.00
Accumulated Absence Trust		
Current Fund	11,597.00	
General Capital Fund		
Current Fund		294,418.18
Water and Sewer Operating		92,000.00
Water and Sewer Capital Fund	92,000.00	
Water and Sewer Operating		
Current Fund		25,059.61
General Capital Fund	92,000.00	
Off-Duty Police Trust Fund	38.40	
Payroll Agency Trust Fund		9,483.64
Water and Sewer Capital Fund		45,719.29
Water and Sewer Capital Fund		
Current Fund		466,463.96
General Capital Fund		92,000.00
Water and Sewer Operating	45,719.29	
Public Assistance Fund		
Current Fund		0.28
	\$ 1,090,252.15	\$ 1,090,252.15

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 11: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-Term Debt as of December 31, 2015, consisted of the following:

	Year		
	2015	2014	2013
Bonds, Notes, and Loans Issued	\$ 9,637,800.13	\$ 10,486,222.08	\$ 10,798,168.53
Bonds and Notes Authorized but not Issued	1,036,055.00	908,987.00	852,890.00
Net Bonds, Notes, and Loans Issued and Authorized but not Issued	<u>\$ 10,673,855.13</u>	<u>\$ 11,395,209.08</u>	<u>\$ 11,651,058.53</u>

	Balance Dec. 31, 2014	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2015	Due in One Year
ISSUED					
General:					
Loan Payable - Berkadia	\$ 89,012.62		\$ 6,355.66	\$ 82,656.96	\$ 20,296.12
Serial Bonds	2,680,000.00		225,000.00	2,455,000.00	235,000.00
Bond Anticipation Notes	3,000,850.00	\$ 204,250.00	53,050.00	3,152,050.00	68,105.00
Water & Sewer					
Loan Payable - USDA	3,344,616.46	411,100.00	60,623.29	3,695,093.17	68,450.86
Bond Anticipation Notes	1,371,743.00		1,118,743.00	253,000.00	2,000.00
Net Debt Issued	<u>10,486,222.08</u>	<u>615,350.00</u>	<u>1,463,771.95</u>	<u>9,637,800.13</u>	<u>393,851.98</u>
AUTHORIZED BUT NOT ISSUED					
General:					
Bond Anticipation Notes	908,987.00	636,500.00	509,432.00	1,036,055.00	
Water & Sewer					
Bond Anticipation Notes	None			None	
Authorized but not Issued	<u>908,987.00</u>	<u>636,500.00</u>	<u>509,432.00</u>	<u>1,036,055.00</u>	
Total Debt Issued and Authorized but not Issued	<u>\$ 11,395,209.08</u>	<u>\$ 1,251,850.00</u>	<u>\$ 1,973,203.95</u>	<u>\$ 10,673,855.13</u>	<u>\$ 393,851.98</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, 2015, was \$82,656.96.

\$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, 2015, was \$2,666,895.77.

\$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, 2015, was \$617,097.40.

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 11: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

\$411,100.00 USDA Loan for the construction of the Water Tower dated July 7, 2015, payable in semi-annual installments through July 2055. Interest is paid at a rate of 2.125% per annum. The balance remaining at December 31, 2015, was \$411,100.00.

\$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, 2015, was \$2,455,000.00.

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

Year Ended December	Principle	Interest	Total
Berkadia Loan			
Current Fund			
2016	\$ 20,370.97	\$ 5,756.03	\$ 26,127.00
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>\$ 82,656.96</u>	<u>\$ 13,142.04</u>	<u>\$ 95,799.00</u>

Year Ended December	Principle	Interest	Total
General Serial Bonds			
Current Fund			
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	270,000.00	61,862.50	331,862.50
2021-2023	1,200,000.00	131,918.76	1,331,918.76
	<u>\$ 2,455,000.00</u>	<u>\$ 539,962.52</u>	<u>\$ 2,994,962.52</u>

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 11: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

Year Ended December	Principal	Interest	Total
USDA Loan			
Utility Operating Fund			
2016	\$ 68,450.86	\$ 74,073.14	\$ 142,524.00
2017	69,835.05	72,688.95	142,524.00
2018	71,247.28	71,276.72	142,524.00
2019	72,688.06	69,835.94	142,524.00
2020	74,157.98	68,366.02	142,524.00
2021-2025	393,900.77	318,719.23	712,620.00
2026-2030	435,374.26	277,245.74	712,620.00
2031-2035	481,216.07	231,403.93	712,620.00
2036-2040	531,886.53	180,733.47	712,620.00
2041-2045	587,894.42	124,725.58	712,620.00
2046-2050	649,802.20	62,817.80	712,620.00
2051-2055	258,639.69	8,731.31	267,371.00
	<u>\$ 3,695,093.17</u>	<u>\$ 1,560,617.83</u>	<u>\$ 5,255,711.00</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 1.741%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,132,000.00	\$ 3,132,000.00	None
Water & Sewer	3,948,093.17	3,948,093.17	None
General Debt	6,725,761.96	None	\$ 6,725,761.96
	<u>\$ 13,805,855.13</u>	<u>\$ 7,080,093.17</u>	<u>\$ 6,725,761.96</u>

Net Debt of \$6,725,761.96/Equalized Valuation Basis per NJSA 40A:2-2, as amended \$386,343,006.00 = 1.741%.

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 13,522,005.21
Net Debt	6,725,761.96
Remaining Borrowing Power	<u>\$ 6,796,243.25</u>

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

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		\$ 1,884,436.12
Deductions:		
Operating and Maintenance Costs	\$ 1,516,527.00	
Debt Service per Water & Sewer Account	160,172.68	
		1,676,699.68
Excess in Revenue		\$ 207,736.44

NOTE 12: NOTES PAYABLE

The Borough has the following notes outstanding at December 31, 2015, a General Capital bond anticipation note in the amount of \$2,355,050.00, which is payable to PNC Bank, NA. This note will mature on July 1, 2016, at an interest rate per annum of 0.57%. The second General Capital bond anticipation note is in the amount of \$797,000.00, payable to PNC Bank, NA. This note will mature on July 1, 2016, at an interest rate per annum of 0.94%.

There is a Water and Sewer Capital bond anticipation note in the amount of \$253,000.00, payable to PNC Bank, NA. This note will mature on July 1, 2016, at an interest rate per annum of 0.57%.

The Borough permanently financed the notes in June, after a pay down of \$68,105.00 from Current Fund and \$3,000.00 from the Water & Sewer Operating Fund.

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, 2015 AND 2014

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. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey.

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, 2015, 2014, and 2013.

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 6.92% to 7.06% 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 rates in effect for 2015 are 11.92% and 24.32%, respectively, of covered payroll, as reported on June 30, 2013. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and postemployment medical premiums. The Borough's contributions to PERS for the years ending December 31, 2015, 2014, and 2013, were \$180,835.00, \$146,123.00, and \$176,232.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2015, 2014, and 2013, were \$312,355.00, \$272,434.00, and \$309,712.00, respectively, equal to the required contributions for each year.

The total payroll for the years ending December 31, 2015, 2014, and 2013 was \$3,525,048.72, \$3,462,212.99, and \$3,272,943.14.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 13: PENSION FUNDS (CONTINUED)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

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

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 14: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

Public Employee's Retirement System - At December 31, 2015, the Borough's liability of \$4,121,693 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014, the Borough's proportion was 0.01836107485% and 0.0204505033%, respectively.

For the year ended December 31, 2015, the Borough's pension expense would be \$332,292 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 98,329	
Changes of Assumptions	420,504	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 9,224
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		62,886
	\$ 518,833	\$ 72,110

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 14: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Year Ended	Amount
2017	\$ 85,984
2018	85,984
2019	85,984
2020	143,029
2021	45,742
	\$ 446,723

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources:		
Changes of Assumptions	\$ 588,743,291	\$ 2,410,735,486
Difference Between Expected and Actual Experience		535,530,329
Collective Deferred Inflows of Resources:		
Difference Between Projects and Actual Earnings	1,115,773,278	360,920,604
Collective Net Pension Liability	18,722,735,003	22,447,996,119
Borough's Proportion	0.0204505033%	0.0183610748%

Contributions - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% Based on Age
Thereafter	3.15 – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 14: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

Police and Firemen's Retirement System

At December 31, 2015, the Borough's liability is \$7,015,032 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014, the Borough's proportion was 0.0421158448% and 0.0406675667%, respectively.

For the year ended December 31, 2015, the Borough's pension expense would be \$660,375 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,258,001	
Differences Between Expected and Actual Experience		\$ 60,507
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,418	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	386,050	
	\$ 1,652,469	\$ 60,507

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 14: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Year Ended	Amount
2017	\$ 327,693
2018	327,693
2019	327,693
2020	458,201
2021	150,682
	\$ 1,591,962

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 472,261,128	\$ 3,075,206,294
Collective Deferred Inflows of Resources:		
Difference Between Projected and Actual Earnings	1,283,652,103	289,891,980
Difference Between Expected and Actual Experience		143,667,728
Collective Net Pension Liability	13,933,627,178	18,117,234,618
 Borough's Proportion	 0.0406675667%	 0.0421158448%

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60 – 9.48% Based on Age
Thereafter	3.60 – 10.48% Based on Age
Investment Rate of Return	7.90%

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

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 14: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2015 and June 30, 2014, special funding situation net pension liability amounts of \$615,195 and \$550,864 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

NOTE 15: POSTEMPLOYMENT BENEFITS

The Borough of Paulsboro contributes to the Southern New Jersey Regional Employee Benefits Fund (SNJREBF), a cost-sharing, multiple-employer defined benefit postemployment 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 postemployment 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 postemployment benefit program with the local unit.

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 2015, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$383,418.00 for current premiums of retirees.

Annual OPEB Cost and Net OPEB Obligation - The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 15: POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued) - 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, and changes in the Borough's net OPEB obligation to the plan.

Normal Cost	\$ 348,557.00
Actuarial Accrued Liability	13,169,668.00
Assets	None
UAAL	<u>13,169,668.00</u>
30 Year Amortization of UAAL at Discount	<u>808,506.00</u>
ARC	<u><u>\$ 1,157,063.00</u></u>

The Borough's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2015, based upon a 4.5% discount rate.

Funded Status and Funding Progress - As of December 31, 2015, 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 postemployment medical payments and administrative costs which are attributable to past service. The Borough's unfunded AAL is calculated to be \$13,169,668.00 as of December 31, 2015.

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.

The December 31, 2015, actuarial valuation utilized projected unit credit funding method and assumptions based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the December 31, 2015, report from Cirkiel Actuarial Consulting LLC, for a period of 30 years.

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 16: 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 2015.

NOTE 17: LABOR CONTRACTS

As of December 31, 2015, 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 18: 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 creditors of the Borough. Contributions by the Borough for qualified participants were \$20,700.00 and \$23,000.00 for 2014 and 2013, respectively. The Borough appointed Lincoln Financial Advisors, as the plan administrator, on December 7, 2010.

BOROUGH OF PAULSBORO
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 19: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

	Balance Dec. 31, 2015	2016 Budget Appropriation	Budgets of Succeeding Years
Current Fund:			
Special Emergency	\$ 9,600.00	\$ 9,600.00	
Overexpenditure of Appropriation	7,001.19	1,464.27	\$ 5,536.92
	<u>16,601.19</u>	<u>11,064.27</u>	<u>5,536.92</u>
Water & Sewer Utility Fund:			
Overexpenditure of Appropriation	4,222.26	4,222.26	
Total	<u>\$ 20,823.45</u>	<u>\$ 15,286.53</u>	<u>\$ 5,536.92</u>

NOTE 20: 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 reserves for self-insurance as of December 31, 2015 and 2014, were \$265,646.08 and \$265,646.08, respectively.

On June 28, 2016 the Borough has encumbered \$150,000.00 of the self-insurance fund to settle a litigation matter.

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

NOTE 21: SUBSEQUENT EVENTS

On June 30, 2016, the Borough issued \$2,415,000.00 in General Obligation Bonds, Series 2016 payable in annual installments through March 15, 2036. These bonds were issued to payoff Bond Anticipation Notes for Bond Ordinances 10-06, 17-06, 13-10, 14-05, 14-10, 2011-11, 2014-03, 2015-18, 07-12, and 01-14. Interest is paid semi-annually at a rate of 1% - 3% per annum.

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 21: SUBSEQUENT EVENTS (CONTINUED)

Year Ended December	Principle	Interest	Total
Current Fund			
2017	\$ 140,000.00	\$ 47,995.83	\$ 187,995.83
2018	160,000.00	38,100.00	198,100.00
2019	160,000.00	35,700.00	195,700.00
2020	165,000.00	32,450.00	197,450.00
2021-2025	915,000.00	109,550.00	1,024,550.00
2026-2030	625,000.00	19,050.00	644,050.00
	<u>\$ 2,165,000.00</u>	<u>\$ 282,845.83</u>	<u>\$ 2,447,845.83</u>

Year Ended December	Principle	Interest	Total
Water & Sewer			
2017	\$ 10,000.00	\$ 6,542.97	\$ 16,542.97
2018	10,000.00	5,306.25	15,306.25
2019	10,000.00	5,156.25	15,156.25
2020	10,000.00	4,956.25	14,956.25
2021-2025	50,000.00	21,781.25	71,781.25
2026-2030	70,000.00	15,971.88	85,971.88
2031-2035	75,000.00	7,518.75	82,518.75
2036	15,000.00	225.00	15,225.00
	<u>\$ 250,000.00</u>	<u>\$ 67,458.60</u>	<u>\$ 317,458.60</u>

On June 30, 2016, the Borough issued \$1,955,000.00 in Taxable General Obligation Bonds, Series 2016, payable in annual installments through March 15, 2036. These bonds were issued to payoff Bond Anticipation Notes for Bond Ordinances 13-06, 17-06, and 2006-14 as amended by 2011-08. Interest is paid semi-annually at a rate of 3% - 4% per annum.

Year Ended December	Principle	Interest	Total
Current Fund			
2017	\$ 60,000.00	\$ 75,579.95	\$ 135,579.95
2018	75,000.00	60,368.75	135,368.75
2019	75,000.00	58,118.75	133,118.75
2020	80,000.00	55,793.75	135,793.75
2021-2025	435,000.00	241,393.75	676,393.75
2026-2030	515,000.00	170,143.75	685,143.75
2031-2035	595,000.00	80,546.88	675,546.88
2036	120,000.00	2,400.00	122,400.00
	<u>\$ 1,955,000.00</u>	<u>\$ 744,345.58</u>	<u>\$ 2,699,345.58</u>

BOROUGH OF PAULSBORO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 21: SUBSEQUENT EVENTS (CONTINUED)

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and July 1, 2016, 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

It is the Borough of Paulsboro Counsel's opinion there exists no litigation or contingent liability that may be pending against the Borough of Paulsboro that would have an adverse effect on the financial position in the future.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0183610748%	0.0204505033%	0.0178154796%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,121,693	\$ 3,828,894	\$ 3,404,892
Borough's Covered-Employee Payroll	1,216,858	1,287,978	1,366,247
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	338.72%	297.28%	249.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	157,856	\$ 168,591	\$ 134,236
Contributions in Relation to the Contractually Required Contribution	157,856	168,591	134,236
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,216,858	\$ 1,287,978	\$ 1,366,247
Contributions as a Percentage of Covered-Employee Payroll	12.97%	13.09%	9.83%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0421158448%	0.0406675667%	0.0373413254%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,015,032	\$ 5,115,603	\$ 4,964,192
Borough's Covered-Employee Payroll	1,415,902	1,349,784	1,255,216
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	495.45%	378.99%	395.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%	58.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 342,339	\$ 312,355	\$ 272,434
Contributions in Relation to the Contractually Required Contribution	342,339	312,355	272,434
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,415,902	\$ 1,349,784	\$ 1,255,216
Contributions as a Percentage of Covered-Employee Payroll	24.18%	23.14%	21.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Three Fiscal Years
Special Funding Situation

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0421158448%	0.0406675667%	0.0373413254%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 615,195	\$ 550,864	\$ 462,723
Borough's Covered-Employee Payroll	1,415,902	1,349,784	1,255,216
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	43.45%	40.81%	36.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%	58.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Borough.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by Local Employers under Chapter 8, PL 2000, Chapter 318, PL 2001, Chapter 86, PL 2001, Chapter 511, PL 1991, Chapter 109, PL 1979, Chapter 247, PL 1993, and Chapter 201, PL 2001.

Schedule of Borough Contributions - PFRS
Last Three Fiscal Years
Special Funding Situation

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 32,024	\$ 22,873	\$ 18,219
Contributions in Relation to the Contractually Required Contribution	32,024	22,873	18,219
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>
Borough's Covered-Employee Payroll	\$ 1,415,902	\$ 1,349,784	\$ 1,255,216
Contributions as a Percentage of Covered-Employee Payroll	2.26%	1.69%	1.45%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

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, 2015, 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 July 1, 2016, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the Length of Service Award Program (LOSAP), financial statements as part of our audit of the Borough of Clayton's financial statements.

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 2015-001 and 2015-002 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 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, 2015-014, and 2015-015 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 will be addressed in their corrective action plan.

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

July 1, 2016

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund	Payroll Account
Balance December 31, 2014	A	<u>\$ 2,919,914.09</u>		<u>\$ 18,344.20</u>
Increased by Receipts:				
Tax Receivable	A-7	12,165,616.85		
Tax Title Liens Receivable	A-8	61,291.93		
Prepaid Taxes	A	72,237.05		
Tax Overpayments		260,977.07		
Due from Outside Lien Holders		550,273.08		
Grants Receivable	A-5		\$ 227,498.07	
Revenue Accounts Receivable	A-10	1,580,079.29		
Due Federal and State Grant Fund	A-4	100,312.02		
Escheated Payroll Checks Due State	A			3,857.21
Net Payroll				1,055,170.66
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-13	63,000.00		
Election Workers Payable		12,638.00		
Due Animal Control Trust Fund		273.05		
Due Developer's Escrow Trust Fund		4.19		
Due Park & Recreation Trust Fund		1,853.00		
Due General Capital Fund		818,574.86		
Due Water and Sewer Operating Fund	D-5	125,463.68		
Due Water and Sewer Capital Fund		558,800.00		
Due Accumulated Absence Trust Fund		23,194.00		
Due Payroll Agency - Flexible Spending Trust		2,000.00		59.23
Due Payroll Agency Trust Fund		122,562.08		
Total Receipts		<u>16,519,150.15</u>	<u>227,498.07</u>	<u>1,059,087.10</u>
		<u>19,439,064.24</u>	<u>227,498.07</u>	<u>1,077,431.30</u>

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund	Payroll Account
Current Year Budget Appropriations	A-3	6,397,993.75		
Appropriation Reserves	A-11	41,366.63		
Accounts Payable		497.07		
Encumbrances Payable	A-12	117,302.81	5,815.54	
Reserve for Local Grants	A-16	28,056.25		
Reserve for Grants - Appropriated	A-17		100,331.35	
Due Gill Memorial Library		18,294.75		
Due Outside Lien Holders		578,930.57		
County Taxes Payable	A-7	2,379,118.55		
County Open Space Taxes Payable	A-7	160,336.98		
Due County Added & Omitted Taxes		191.44		
Due Water & Sewer Operating Fund	D-5	25,859.37		
Due Water and Sewer Capital Fund		1,099,743.00		
Due Developer's Escrow Trust Fund		49.49		
Due Recycling Trust Fund		0.60		
Due Off-Duty Police Trust Fund		4,818.21		
Due Payroll Agency Trust		23,137.14		17,200.36
Due Payroll Agency - Flexible Spending Trust		2,500.28		
Tax Overpayments		14,126.68		
Due Current Fund	A-4		100,312.02	
Net Payroll				1,055,170.66
Due General Capital Fund		1,207,406.08		
Election Workers Payable		8,775.00		
Local District School Tax	A-14	5,696,371.38		
Total Disbursements		17,804,876.03	206,458.91	1,072,371.02
Balance December 31, 2015	A	\$ 1,634,188.21	\$ 21,039.16	\$ 5,060.28

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2014	Budget Revenue Realized	Received	Transfer from Unappropriated	Balance Dec. 31, 2015
Federal Grants:					
Small Cities - Community Development Block Grant	\$ 68,164.20		\$ 44,950.90		\$ 23,213.30
State Grants:					
New Jersey DOT - Billings Avenue - Phase V	68,872.45				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		124,126.43		55,873.57
New Jersey DOT - Thomson Avenue		\$ 170,000.00			170,000.00
Recycling Tonnage		9,050.70		\$ 9,050.70	
Clean Communities Program		13,689.25	13,689.25		
Safe & Secure		28,633.00	28,633.00		
Police Body Armor		3,312.97	2,015.49		1,297.48
Municipal Alliance Youth Service	13,816.00	18,781.00	14,083.00		18,514.00
Municipal Stormwater Regulation Program	4,234.00				4,234.00
Municipal Court Alcohol Education		827.12		827.12	
	<u>\$ 504,234.95</u>	<u>\$ 244,294.04</u>	<u>\$ 227,498.07</u>	<u>\$ 9,877.82</u>	<u>\$ 511,153.10</u>
Ref.	A	A-2	A-4	A-15	A

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

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
01/18/11	Preparation of Tax Maps	\$ 48,000.00	\$ 9,600.00	\$ 19,200.00	\$ 9,600.00	\$ 9,600.00
			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, 2014			2014	2015				Dec. 31, 2015
1996	\$ 170.04								\$ 170.04
2009	1,617.84				\$ 913.73				704.11
2010	2,412.46								2,412.46
2011	2,400.22								2,400.22
2012	1,647.47								1,647.47
2013	6,583.63							\$ 4,240.30	2,343.33
2014	403,629.32		\$ 1,500.00		151,793.26		\$ 212,747.24	35,008.29	5,580.53
	<u>418,460.98</u>		<u>1,500.00</u>		<u>152,706.99</u>		<u>212,747.24</u>	<u>39,248.59</u>	<u>15,258.16</u>
2015		\$ 13,137,060.31		\$ 50,342.58	12,077,308.47	\$ 252,802.27	27,341.35	121,002.82	608,262.82
	<u>\$ 418,460.98</u>	<u>\$ 13,137,060.31</u>	<u>\$ 1,500.00</u>	<u>\$ 50,342.58</u>	<u>\$ 12,230,015.46</u>	<u>\$ 252,802.27</u>	<u>\$ 240,088.59</u>	<u>\$ 160,251.41</u>	<u>\$ 623,520.98</u>
Ref.	A			A				A-8	A
		Cash		Ref.	\$ 12,165,616.85				
		Due to State of New Jersey		A-4	64,398.61				
				A-13	<u>\$ 12,230,015.46</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		\$ 53,086.51	
General Property Tax		13,083,244.67	
		<hr/>	
			\$ 13,136,331.18
Added Taxes (54:4-63.1 et. seq.)			729.13
			<hr/>
			<u>\$ 13,137,060.31</u>

Tax Levied

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 5,696,372.00
County Taxes:			
County Tax (Abstract)	A-1	\$ 2,379,118.55	
County Open Space (Abstract)	A-1	160,336.98	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)	A-1	141.28	
		<hr/>	
Total County Taxes			2,539,596.81
Local Tax for Municipal Purposes	A-2	4,769,078.00	
Minimum Library Tax	A-2	128,022.00	
Add: Additional Taxes Levied		3,991.50	
		<hr/>	
			4,901,091.50
			<hr/>
			<u>\$ 13,137,060.31</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2014	Ref. A	<u>\$ 261,527.36</u>
Increased by:		
Transfers from Taxes Receivable	A-7	160,251.41
Interest and Costs on Tax Sale		<u>9,385.18</u>
		<u>169,636.59</u>
		<u>431,163.95</u>
Decreased by:		
Cash Receipts	A-4	<u>61,291.93</u>
Balance December 31, 2015	A	<u><u>\$ 369,872.02</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2014	Ref. A	<u>\$ 1,009,700.00</u>
Balance December 31, 2015	A	<u><u>\$ 1,009,700.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued	Collected	Balance Dec. 31, 2015
Miscellaneous Revenue Anticipated				
Licenses				
Alcoholic Beverages		\$ 7,950.24	\$ 7,950.24	
Other	\$ 20.00	13,211.00	12,581.00	\$ 650.00
Fees and Permits	390.00	22,752.07	22,697.07	445.00
Fines and Costs:				
Municipal Court	5,468.42	112,157.88	109,774.83	7,851.47
Interest and Costs on Taxes		102,179.88	102,179.88	
Interest on Investments & Deposits		1,290.48	1,290.48	
Landlord Licensing		52,935.00	52,935.00	
Consolidated Municipal Property Tax Relief		113,856.00	113,856.00	
Energy Receipts Tax		447,956.00	447,956.00	
Cable TV Franchise Fee		15,652.46	15,652.46	
SJ Port Lease Payments		500,000.00	500,000.00	
JIF Safety Incentive		8,618.75	8,618.75	
Exxon-Mobil Summer Work Program		30,000.00	30,000.00	
Miscellaneous Revenue Not Anticipated				
Senior Citizen & Homestead Rebate Administration Fee		1,657.80	1,657.80	
Uniform Construction Code Official		4,658.00	4,658.00	
Miscellaneous		9,695.83	9,695.83	
Vacant/Abandoned Property		73,415.00	73,415.00	
Prior Year Voided Check		9,596.96	9,596.96	
Insurance Dividend		11,874.50	11,874.50	
Uniform Fire Safety Act - LEA Rebate		11,189.49	11,189.49	
Rental Income		32,500.00	32,500.00	
	<u>\$ 5,878.42</u>	<u>\$ 1,583,147.34</u>	<u>\$ 1,580,079.29</u>	<u>\$ 8,946.47</u>
Ref.	A		A-4	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Municipal Clerk	\$ 1.76	\$ 96.76		\$ 96.76
Financial Administration	19,458.21	16,574.21		16,574.21
Collection of Taxes	8,713.31	11,597.31		11,597.31
Other Expenses:				
General Administration	16,664.94	16,664.94	\$ 4,480.16	12,184.78
Grant Consultant	5,541.25	5,541.25	3,155.00	2,386.25
Redevelopment Consultant	4,627.82	4,627.82	147.10	4,480.72
Municipal Clerk:				
Miscellaneous Other Expenses	2,028.54	1,933.54		1,933.54
Financial Administration:				
Compilation of Fixed Assets	1,000.00	1,000.00	1,000.00	
Group Health Insurance for Employees	361,095.05	361,095.05	1,002.88	360,092.17
Fire	2,133.88	2,133.88	450.50	1,683.38
Police:				
Miscellaneous Other Expenses	6,139.58	6,139.58	1,616.73	4,522.85
Public Building & Grounds - Miscellaneous	14,838.92	14,838.92	1,593.22	13,245.70
Vehicle Maintenance	10,687.96	10,687.96	656.34	10,031.62
Road Repair and Maintenance	13,858.14	13,858.14	3,638.01	10,220.13
Recreation Services	1,311.36	1,311.36	400.00	911.36
Electricity	20,624.13	20,624.13	43.15	20,580.98
Solid Waste Collection	19,735.00	21,735.00	21,061.25	673.75
Sanitary Landfill	30,711.59	28,711.59	2,406.25	26,305.34
Other Accounts - No Change	298,192.57	298,192.57		298,192.57
Total Expenditures within "CAPS"	837,364.01	837,364.01	41,650.59	795,713.42
Other Expenses:				
Maintenance of Free Public Library	44,122.53	44,122.53	44,122.53	
Other Accounts - No Change	26,001.52	26,001.52		26,001.52
	70,124.05	70,124.05	44,122.53	26,001.52
	\$ 907,488.06	\$ 907,488.06	\$ 85,773.12	\$ 821,714.94
Ref.	A			A-1

Encumbered	Ref.	
Due Paulsboro Library	A-12	\$ 283.96
Paid	A-4	44,122.53
		41,366.63
		\$ 85,773.12

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2014	A	\$ 157,052.03	\$ 22,454.79
Increased by:			
Charges to Appropriation	A-3	38,282.23	
Charges to Appropriation Reserves	A-11	283.96	
Charges to Outside Lien Holders		1,174.68	
Charges to Reserve for Grants - Appropriated	A-17		309.50
		<u>196,792.90</u>	<u>22,764.29</u>
Decreased by:			
Payments	A-4	117,302.81	5,815.54
Canceled	A-1	13,323.78	
Transfer to Accounts Payable		26,313.66	
Transfer to Reserve for Grants - Appropriated	A-17		16,639.25
Balance December 31, 2015	A	<u>\$ 39,852.65</u>	<u>\$ 309.50</u>

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

Balance December 31, 2014	Ref. A		\$ 4,917.78
Increased by:			
Receipts	A-4		63,000.00
			<u>67,917.78</u>
Decreased by:			
Deductions Per Tax Duplicate		\$ 63,500.00	
Deductions Allowed by Collector		1,500.00	
Deductions Disallowed by Collector		(601.39)	
		<u>64,398.61</u>	
Prior Year Deductions Disallowed by Collector	A-7 A-1	(1,500.00)	
			<u>62,898.61</u>
Balance December 31, 2015	A		<u>\$ 5,019.17</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2014:		
School Tax Payable	A	\$ 2,583.18
Increased by:		
Levy Calendar Year	A-7	5,696,372.00
		<u>5,698,955.18</u>
Decreased by:		
Payments	A-4	5,696,371.38
Balance December 31, 2015:		
School Tax Payable	A	<u>\$ 2,583.80</u>
Tax Liability for Local District School Tax:		
Tax Paid	A-14	\$ 5,696,371.38
Add: Tax Payable December 31, 2015	A-14	2,583.80
Less: Tax Payable December 31, 2014	A-14	(2,583.18)
Amount Charged to Operations	A-1	<u>\$ 5,696,372.00</u>

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2014	Realized
Clean Communities		
Recycling Tonnage Grant	\$ 9,050.70	\$ 9,050.70
Municipal Court Alcohol Education	827.12	827.12
	<u>\$ 9,877.82</u>	<u>\$ 9,877.82</u>
Ref.	A	A-5

SCHEDULE OF RESERVE FOR LOCAL GRANTS

	Balance Dec. 31, 2014	Transferred from Budget Appropriation	Paid or Charged	Balance Dec. 31, 2015
Exxon-Mobil Summer Work Program	\$ 35,481.72	\$ 30,000.00	\$ 28,056.25	\$ 37,425.47
Comcast Technology Grant	6,182.94			6,182.94
	<u>\$ 41,664.66</u>	<u>\$ 30,000.00</u>	<u>\$ 28,056.25</u>	<u>\$ 43,608.41</u>
Ref.	A	A-3	A-4	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grant	Balance Dec. 31, 2014	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Encumbrance Canceled	Balance Dec. 31, 2015
Federal Grants:						
Community Development Block Grant	\$ 17,887.20					\$ 17,887.20
Total Federal Grants	17,887.20					17,887.20
State Grants:						
New Jersey Transportation Trust - East End 2003	86,513.95				\$ 16,639.25	103,153.20
New Jersey DOT - Billings Avenue Phase V	22,120.77		\$ 9,096.19			13,024.58
New Jersey DOT - Beacon Avenue	17,299.86		5,912.20			11,387.66
New Jersey DOT - Thomson Avenue		\$ 170,000.00	30,564.62			139,435.38
Clean Communities - 2015		13,689.25				13,689.25
Clean Communities - 2013 & 2014	20,382.09		13,689.25			6,692.84
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	2,335.94		240.00	\$ 309.50		1,786.44
Recycling Tonnage Grant	30,094.94	9,050.70				39,145.64
Municipal Alliance Program	20,452.22	23,476.25	10,262.12			33,666.35
Safe & Secure		28,633.00	28,633.00			
Body Armor Grant	1,933.97	3,312.97	1,933.97			3,312.97
Special Legislative Grant	100,000.00					100,000.00
Municipal Court Alcohol Education	1,199.20	827.12				2,026.32
Total State Grants	349,007.87	248,989.29	100,331.35	309.50	16,639.25	513,995.56
Total Federal and State Grants	\$ 366,895.07	\$ 248,989.29	\$ 100,331.35	\$ 309.50	\$ 16,639.25	\$ 531,882.76
Ref.	A	A-3	A-4	A-12	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, 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
Increased by Receipts:																
Interest Earned		0.67	24.86	31.85	73.08	0.37	47.08	67.84	15.92	13.63	33.75	0.02	4.49	27.94	20.24	4.35
Dog License Fees:																
Municipal Share	B-2	2,026.40														
Planning Board Escrow Fees			76,982.39													
Park & Recreation Fees				28,820.58												
Payroll Deductions and Taxes							1,882,241.33									
Net Payroll							1,029,443.18									
Tax Sale Premiums	B-3				125,000.00											
POAA Fess						32.00										
Off-Duty Police									42,900.22							
Accumulated Absence										60,000.00						
Affordable Housing														2,082.00		
Donations - Community Events												7,901.00				
Law Enforcement Forfeiture																6,854.00
Due Water & Sewer Capital Fund							150,000.00									
Due Current Fund			49.49				45,639.59		0.60	4,818.21						
Total Receipts		2,027.07	77,056.74	28,852.43	125,073.08	32.37	2,957,371.18	150,067.84	16.52	47,732.06	60,033.75	0.02	7,905.49	27.94	2,102.24	6,858.35
Decreased by Disbursements:																
Expenditures Under RS 4:19-15.11	B-2	2,267.40														
Encumbrances Payable			8,188.94	419.37											23,686.00	
Planning Board Escrow Fees			43,144.67													
Park & Recreation Fees				42,552.88												
Payroll Deductions and Taxes							1,904,834.64									
Net Payroll							1,029,443.18									
Tax Sale Premiums	B-3				273,200.00											
Recycling Fees								250.00								
Off-Duty Police									43,047.69							
Accumulated Absence										37,849.68						
Donations - Community Events												14,477.00				
Regional Contribution Agreements													25,138.75	44,170.75		
Law Enforcement Forfeiture																4,045.00
Due RCA - Woolwich													(1,950.00)	1,950.00		
Due Utility Operating Fund	A						33,543.97									
Due Current Fund		273.72	29.05	1,884.85	73.08	0.37	121,711.08	67.84	15.92	13.63	23,227.75	0.02	4.49			
Total Disbursements		2,541.12	51,362.66	44,857.10	273,273.08	0.37	3,089,532.87	67.84	265.92	43,061.32	61,077.43	0.02	14,481.49	23,188.75	69,806.75	4,045.00
Balance December 31, 2015	B	\$ 1,952.00	\$ 80,355.72	\$ 105,155.80	\$ 260,300.00	\$ 1,318.00	\$ 59,597.58	\$ 265,646.08	\$ 54,243.78	\$ 49,524.34	\$ 125,285.52	\$ 100.00	\$ 12,837.48	\$ 90,196.88	\$ 56,922.01	\$ 14,723.37

EXHIBIT B-2

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014	Ref. B	\$ 2,268.00
Increased by:		
Municipal Share of Dog License Fees	B-1	2,026.40
Due from Municipal Clerk		20.80
		<hr/> 4,315.2
Decreased by:		
Expenditures Under RS 4:19-15.11: Cash	B-1	2,267.40
		<hr/> 2,267.40
Balance December 31, 2015	B	<hr/> <hr/> \$ 2,047.80

License Fees Collected

Year	Amount
2013	\$ 1,302.00
2014	2,236.80
	<hr/> \$ 3,538.80

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2014	Ref. B	\$ 408,500.00
Increased by:		
Deposits Received at Tax Sale	B-1	125,000.00
		<hr/> 533,500.00
Decreased by:		
Premiums Refunded	B-1	273,200.00
Encumbrances Payable		1,300.00
Fund Forfeited to Current		6,800.00
		<hr/> 281,300.00
Balance December 31, 2015	B	<hr/> <hr/> \$ 252,200.00

GENERAL CAPITAL FUND

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2014	Ref. C	<u>\$ (88,221.61)</u>
Increased by:		
Bond Anticipation Note	C-9	204,250.00
Budget Appropriation		
Capital Improvement Fund	C-5	40,000.00
Due from Gill Memorial Library	C-3	1,046,798.00
Due from Utility Operating Fund	C-3	92,339.05
Due from Utility Capital Fund	C-3	92,000.00
Due Current Fund	C-3	410,481.04
Total receipts		<u>1,885,868.09</u>
		<u>1,797,646.48</u>
Decreased by:		
Improvement Authorizations	C-7	1,290,878.89
Encumbrances Payable	C-3	191,202.84
Due from Utility Capital Fund	C-3	92,000.00
Due Current Fund	C-3	21,649.82
Total Disbursements		<u>1,595,731.55</u>
Balance December 31, 2015	C	<u><u>\$ 201,914.93</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers	Balance Dec. 31, 2015
		Bond Anticipation Notes	Miscellaneous	Miscellaneous	Improvement Authorization		
Fund Balance	\$ 12,918.28						\$ 12,918.28
Capital Improvement Fund	122,023.21		\$ 40,000.00			\$ (33,500.00)	128,523.21
Due from Utility Operating Fund	(339.05)		92,339.05				92,000.00
Due from Utility Capital Fund	(92,000.00)		92,000.00	\$ 92,000.00			(92,000.00)
Due Current Fund	(44,413.04)		410,481.04	21,649.82		(50,000.00)	294,418.18
Reserve for:							
Debt Service						50,000.00	50,000.00
Reconstruction Storm Inlet	10,000.00						10,000.00
Encumbrances Payable	191,202.84			191,202.84		130,340.19	130,340.19
Due from Gill Memorial Library	(741,616.00)		741,616.00				
Improvement Authorizations:							
Ordinance							
Number							
13-05 Construction of a Parking Lot	15,108.56				\$ 5,847.52		9,261.04
06-10 Phase II Streetscape Project	13,338.98				5,278.47		8,060.51
2011-11 Improvements to Gill Memorial Library	128,341.78		305,182.00		517,161.96		(83,638.18)
2014-3 Renovations and Improvements to Gill Memorial Library	159,623.00				350,571.81	(9,600.00)	(200,548.81)
2014-5 Various Capital Improvements and Various Capital Equipment	121,803.76				105,373.03	(16,381.06)	49.67
2014-9 Reconstruction of Beacon Avenue	5,036.07				5,036.07		
2014-10 Various Capital Improvements for the Police Department	10,750.00	\$ 204,250.00			193,789.19		21,210.81
2015-08 Various Capital Improvements					107,820.84	(87,240.19)	(195,061.03)
Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Miscellaneous Borough Equipment						16,381.06	16,381.06
	<u>\$ (88,221.61)</u>	<u>\$ 204,250.00</u>	<u>\$ 1,681,618.09</u>	<u>\$ 304,852.66</u>	<u>\$ 1,290,878.89</u>		<u>\$ 201,914.93</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, 2014	Ref. C	\$ 2,769,012.62
Decreased by:		
Payment of Serial Bonds	C-10	225,000.00
Payment of Loan Payable	C-8	6,355.66
Balance December 31, 2015	C	<u>\$ 2,537,656.96</u>

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	Ref. C	\$ 122,023.21
Increased by:		
Budget Appropriation	C-2	40,000.00
		<u>162,023.21</u>
Decreased by:		
Financed Improvement Authorizations	C-7	33,500.00
Balance December 31, 2015	C	<u>\$ 128,523.21</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2014		Authorization	Paid or Charged	Reappropriate	Encumbrance	Balance
				Funded	Unfunded					December 31, 2015
										Unfunded
13-05	Construction of a Parking Lot	09/06/05	\$ 100,000.00		\$ 15,108.56		\$ 5,847.52			\$ 9,261.04
06-10	Phase II Streetscape Project	04/19/10	425,090.00		13,338.98		5,278.47			8,060.51
2011-11	Improvements to Gill Memorial Library	07/05/11	1,014,038.00	\$ 128,341.78	390,800.00		517,161.96			1,979.82
2014-3	Renovations and Improvements to Gill Memorial Library	05/06/14	473,560.00	159,623.00	313,937.00		350,571.81		\$ 9,600.00	113,388.19
2014-5	Various Capital Improvements and Various Capital Equipment	06/17/14	460,000.00		121,803.76		105,373.03	\$ (16,381.06)		49.67
2014-9	Reconstruction of Beacon Avenue	11/05/14	32,150.00	5,036.07			5,036.07			
2014-10	Various Capital Improvements for the Police Department	12/02/14	215,000.00	10,750.00	204,250.00		193,789.19			21,210.81
2015-08	Various Capital Improvements	09/01/15	670,000.00			\$ 670,000.00	107,820.84		120,740.19	441,438.97
	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Miscellaneous Borough Equipment	11/16/15	16,381.06					16,381.06		16,381.06
				<u>\$ 303,750.85</u>	<u>\$ 1,059,238.30</u>	<u>\$ 670,000.00</u>	<u>\$ 1,290,878.89</u>		<u>\$ 130,340.19</u>	<u>\$ 611,770.07</u>
Ref.				C	C		C-2		C	C
Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund					Ref.					
					C-6	\$ 636,500.00				
					C-5	33,500.00				
						<u>\$ 670,000.00</u>				

SCHEDULE OF BERKADIA LOAN PAYABLE

Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
Construction of Municipal Building	12/01/80	\$ 300,000.00	5.00%	\$ 89,012.62	\$ 6,355.66	\$ 82,656.96
			Ref.	C	C-4	C

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance		Balance	
						Dec. 31, 2014	Increased	Decreased	Dec. 31, 2015
13-05	Construction of a Parking Lot	11/28/2006	7/6/2015	7/1/2016	0.57%	\$ 20,000.00		\$ 5,000.00	\$ 15,000.00
14-06	Acquisition of Real Property - BP	7/25/2007	7/6/2015	7/1/2016	0.57%	1,217,300.00		16,550.00	1,200,750.00
14-06	Acquisition of Real Property - BP	7/23/2008	7/6/2015	7/1/2016	0.57%	71,200.00		950.00	70,250.00
06-10	Phase II Streetscape Project	9/23/2010	7/6/2015	7/1/2016	0.57%	83,850.00		11,200.00	72,650.00
13-06	Acquisition of Real Property	12/17/2010	7/6/2015	7/1/2016	0.57%	74,600.00		6,250.00	68,350.00
2011-08	Acquisition of Real Property within BP Oil Downtown Redevelopment Area	7/15/2011	7/6/2015	7/1/2016	0.57%	625,900.00		8,100.00	617,800.00
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	8/19/2015	7/1/2016	0.94%	360,000.00			360,000.00
2014-5	Various Capital Improvements and Various Capital Equipment	8/21/2014	8/19/2015	7/1/2016	0.94%	437,000.00			437,000.00
2013-10	Repair to Stormwater Collection System	7/8/2014	7/6/2015	7/1/2016	0.57%	31,000.00			31,000.00
06-10	Phase II Streetscape Project	6/13/2014	7/6/2015	7/1/2016	0.57%	75,000.00			75,000.00
2014-10	Various Capital Improvements for the Police Department	2/18/2015	7/6/2015	7/1/2016	0.57%		\$ 204,250.00		204,250.00
						<u>\$ 3,000,850.00</u>	<u>\$ 204,250.00</u>	<u>\$ 53,050.00</u>	<u>\$ 3,152,050.00</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, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount					
07/15/09	General Obligation Tax Refunding Bonds	\$ 3,575,000.00	7/15/16	\$ 235,000.00					
			7/15/17	240,000.00					
			7/15/18	250,000.00					
			7/15/19	260,000.00					
			7/15/20	270,000.00					
			7/15/21	280,000.00					
			7/15/22	295,000.00					
			7/15/23	305,000.00					
			7/15/24	320,000.00					
						\$ 2,680,000.00	\$ 225,000.00	\$ 2,455,000.00	
					Ref.	C	C-4	C	

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Authorized	Notes Issued	Library Receipt	Grant Received	Balance Dec. 31, 2015
2011-11	Improvements to Gill Memorial Library	\$ 390,800.00			\$ 5,182.00	\$ 300,000.00	\$ 85,618.00
2014-3	Renovations and Improvements to Gill Memorial Library	313,937.00					313,937.00
2014-10	Various Capital Improvements for the Police Department	204,250.00		\$ 204,250.00			
2015-08	Various Capital Improvements		\$ 636,500.00				636,500.00
		<u>\$ 908,987.00</u>	<u>\$ 636,500.00</u>	<u>\$ 204,250.00</u>	<u>\$ 5,182.00</u>	<u>\$ 300,000.00</u>	<u>\$ 1,036,055.00</u>
Ref.			C-7	C-9	C-2	C-7	

WATER & SEWER UTILITY FUND

EXHIBIT D-5

SCHEDULE OF WATER & SEWER UTILITY FUND CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2014	D	\$ 993,710.64	\$ 856,335.80
Increased by:			
Consumer Accounts Receivable	D-7	1,356,048.68	
Utility Liens Receivable	D-8	17,302.40	
Interest on Investments	D-3	252.28	276.86
Miscellaneous Revenues	D-3	149,796.67	
Budget Appropriation:			
Capital Improvement Fund	D-13		80,000.00
Utility Rent Overpayments	D	861.56	
Due from Utility Capital Fund	D-5	45,996.15	
USDA Loan	D-17		411,100.00
Due Current Fund	A-4	25,859.37	
Due Payroll Agency Trust Fund		33,543.97	
Due Utility Operating Fund	D-5		10,926.78
Reserve for Debt Service	D-6		540,948.94
Due General Capital Fund	D-6		2,355,500.00
Total Receipts		1,629,661.08	3,398,752.58
		2,623,371.72	4,255,088.38
Decreased by:			
Budget Appropriations	D-4	1,516,092.63	
Appropriation Reserve	D-11	47,792.10	
Encumbrances Payable	D-12	92,727.32	125,810.50
Accrued Interest on Loans	D-14	66,590.71	
Accrued Interest on Notes	D-14	19,562.30	
Improvement Authorizations	D-15		16,581.78
Preliminary Expenses	D-6		157,404.65
Reserve for Debt Service	D-16		20,400.00
Bond Anticipation Notes	D-16		411,100.00
Bond Anticipation Notes	D-16		127,300.00
Due Current Fund	A-4	125,463.68	66,829.04
Due Off-Duty Police Trust		38.40	
Due Insurance Trust Fund			150,000.00
Due General Capital Fund		92,339.05	2,363,150.00
Due Utility Capital Fund	D-5	10,926.78	
Due Utility Operating Fund	D-5		45,996.15
Total Disbursements		1,971,532.97	3,484,572.12
Balance December 31, 2015	D	\$ 651,838.75	\$ 770,516.26

ANALYSIS OF WATER & SEWER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2014	Receipts		Disbursements			Balance Dec. 31, 2015
		Bond Anticipation Note/Loan	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers	
Fund Balance	\$ 17,173.73						\$ 17,173.73
Capital Improvement Fund	184,636.30		\$ 80,000.00			\$ (170,000.00)	94,636.30
Due Insurance Trust Fund	150,000.00				\$ 150,000.00		
Due Utility Operating Fund	(10,926.78)		11,203.64		45,996.15		(45,719.29)
Due General Capital Fund	92,000.00	\$ 2,355,500.00			2,363,150.00	7,650.00	92,000.00
Due Current Fund					66,829.04	533,293.00	466,463.96
Encumbrances Payable	244,930.59				125,810.50	(119,120.09)	
Reserve for Debt Service	20,394.06		540,948.94		20,400.00	(540,943.00)	
Preliminary Expense - Thomson Avenue					157,404.65	170,000.00	12,595.35
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	107,207.15	411,100.00		\$ 143,881.78	411,100.00	119,120.09	82,445.46
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	37,054.53						37,054.53
	\$ 856,335.80	\$ 2,766,600.00	\$ 632,152.58	\$ 143,881.78	\$ 3,340,690.34		\$ 770,516.26
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, 2014	D	\$ 151,421.47	\$ 155,044.08	\$ 306,465.55
Increased by:				
Utility Rents Levied		704,793.73	749,668.85	1,454,462.58
		856,215.20	904,712.93	1,760,928.13
Decreased by:				
Collections	D-5	653,579.44	702,469.24	1,356,048.68
Overpayments Applied	D-3	24.77	997.75	1,022.52
Canceled		6,435.76	8,976.17	15,411.93
Senior Citizen Discount		5,291.00		5,291.00
Transfers to Utility Liens	D-8	17,383.94	16,430.95	33,814.89
		682,714.91	728,874.11	1,411,589.02
Balance December 31, 2015	D	\$ 173,500.29	\$ 175,838.82	\$ 349,339.11

EXHIBIT D-8

SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	Water	Sewer	Total
Balance December 31, 2014	D	\$ 15,770.57	\$ 16,568.24	\$ 32,338.81
Increased by:				
Transfer from Consumer Accounts Receivable	D-7	17,383.94	16,430.95	33,814.89
Interest and Costs on Sale		1,700.39	1,302.11	3,002.50
		19,084.33	17,733.06	36,817.39
Decreased by:				
Collections	D-5	8,907.79	8,394.61	17,302.40
Balance December 31, 2015		\$ 25,947.11	\$ 25,906.69	\$ 51,853.80

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2014	Additions by: Ordinance	Balance Dec. 31, 2015
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	\$ 67,945.47	7,307,094.71
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	81,003.03		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	1,890,254.54	2,018,806.83
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>\$ 12,398,169.64</u>	<u>\$ 1,958,200.01</u>	<u>\$ 14,356,369.65</u>
Ref.	D	D-10	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Costs to	Balance
		Date	Amount	Dec. 31, 2014	Fixed Capital	Dec. 31, 2015
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	\$ 1,890,254.54	209,745.46
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	67,945.47	37,054.53
				<u>\$ 2,218,866.22</u>	<u>\$ 1,958,200.01</u>	<u>\$ 260,666.21</u>
				Ref. D	D-9	D

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Other Expenses	\$ 60,698.08	\$ 30,698.08	\$ 6,205.03	\$ 24,493.05
Engineering Fees	14,409.36	44,409.36	41,587.07	2,822.29
Other Accounts - No Change	48,277.12	48,277.12		48,277.12
	<u>\$ 123,384.56</u>	<u>\$ 123,384.56</u>	<u>\$ 47,792.10</u>	<u>\$ 75,592.46</u>
Ref.	D		D-5	D-1

EXHIBIT D-12

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2014	D	<u>\$ 96,710.58</u>	<u>\$ 244,930.59</u>
Increased by:			
Charges to:			
Current Year Appropriations	D-4	45,102.31	
		<u>141,812.89</u>	244,930.59
Decreased by:			
Cash Disbursements	D-5	92,727.32	125,810.50
Canceled	D-15		119,120.09
		<u>92,727.32</u>	<u>244,930.59</u>
Balance December 31, 2015	D	<u>\$ 49,085.57</u>	

EXHIBIT D-13

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	Ref. D	\$ 184,636.30
Increased by:		
Budget Appropriation	D-5	80,000.00
		<u>264,636.30</u>
Decreased by:		
Preliminary Expenses - Thomson Avenue		170,000.00
Balance December 31, 2015	D	<u>\$ 94,636.30</u>

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

	Ref.	Loans	Notes
Balance December 31, 2014	D	\$ 2,415.56	\$ 10,479.19
Increased by:			
Budget Appropriation for:			
Interest on Bonds and Notes	D-4	70,769.26	9,780.13
		73,184.82	20,259.32
Decreased by:			
Payments	D-5	66,590.71	19,562.30
Balance December 31, 2015	D	\$ 6,594.11	\$ 697.02

Analysis of Accrued Interest December 31, 2015

Principal Outstanding Dec. 31, 2015	Interest Rate	From	To	Days	Amount
\$ 2,666,895.77	2.000%	12/18/2015	12/31/2015	13	\$ 1,926.09
617,097.40	2.000%	12/18/2015	12/31/2015	13	445.68
411,100.00	2.125%	07/07/2015	12/31/2015	174	4,222.34
<u>1,028,197.40</u>					<u>6,594.11</u>
148,000.00	0.570%	07/06/2015	12/31/2015	174	407.74
105,000.00	0.570%	07/06/2015	12/31/2015	174	289.28
<u>253,000.00</u>					<u>697.02</u>
<u>\$ 1,281,197.40</u>					<u>\$ 7,291.13</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2014 Unfunded	Paid or Charged	Encumbrance Canceled	Balance Dec. 31, 2015 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	107,207.15	\$ 143,881.78	\$ 119,120.09	82,445.46
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	37,054.53			37,054.53
				<u>\$ 158,127.90</u>	<u>\$ 143,881.78</u>	<u>\$ 119,120.09</u>	<u>\$ 133,366.21</u>
				Ref. D		D-12	D
Disbursed				Ref. D-5	\$ 16,581.78		
Repayment Bond Anticipation Note				D-16	127,300.00		
				D-5	<u>\$ 143,881.78</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, 2014	Decreased	Balance Dec. 31, 2015
18-04	Renovations to Well #7	1/11/2005	07/08/14	07/07/15	1.00%	\$ 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%	1,099,743.00	1,099,743.00	
2012-07	Sewer Improvements	11/19/2012	07/06/15	07/01/16	0.57%	150,000.00	2,000.00	\$ 148,000.00
2014-1	Improvements to Water Treatment Plant	07/08/14	07/06/15	07/01/16	0.57%	105,000.00		105,000.00
						<u>\$ 1,371,743.00</u>	<u>\$ 1,118,743.00</u>	<u>\$ 253,000.00</u>
						Ref.	D	D
							D-4	\$ 19,000.00
							D-17	411,100.00
								127,300.00
								561,343.00
							<u>\$ 1,118,743.00</u>	

SCHEDULE OF USDA LOAN PAYABLE

Ordinance Number	Purpose	Date of Loan	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
2011-06	Water Treatment System	06/18/12	06/18/52	2.000%	\$ 2,716,126.18		\$ 49,230.41	\$ 2,666,895.77
2011-06	Water Treatment System	06/18/12	06/18/52	2.000%	628,490.28		11,392.88	617,097.40
2010-11	Elevated Water Tank	07/07/15	07/07/55	2.125%		\$ 411,100.00		411,100.00
					<u>\$ 3,344,616.46</u>	<u>\$ 411,100.00</u>	<u>\$ 60,623.29</u>	<u>\$ 3,695,093.17</u>
				Ref.	D	D-5		D

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE FUND CASH - TREASURER

Balance December 31, 2014	Ref. E	\$ 44,800.89
Increased by:		
Interest Earned		<u>0.28</u>
Balance December 31, 2015	E	<u><u>\$ 44,801.17</u></u>

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015

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:

Backhoe
Reconstruction Spruce Street
Solid Waste & Recyclable Materials Collection & Disposal

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 6, 2015, 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 2015 be and the same is hereby fixed at eight percent (8%) 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 2015 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 13, 2015, 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>
2015	56
2014	39
2013	26
2012	48
2011	42

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

	2015	2014	2013	2012
Tax Rate	3.6230	3.2580	3.2930	5.1500
Apportionment of Tax Rate				
Municipal	1.3150	1.2940	1.2720	1.9720
Municipal Library	0.0350	0.0340	0.0370	0.0600
County	0.6570	0.5940	0.6280	0.9240
County Open Space	0.0450	0.0420	0.0460	0.0730
Local School	1.5710	1.2940	1.3100	2.1210
Assessed Valuation	362,581,564	396,233,759	400,515,510	248,858,617

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.

	2015	2014	2013	2012
Tax Levy	\$13,137,060.31	\$13,346,166.47	\$13,191,487.39	\$12,818,004.96
Cash Collections	12,380,453.32	12,860,378.87	12,567,495.06	12,104,735.66
Percentage of Collections	94.24%	96.36%	95.27%	94.44%

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.

	2015	2014	2013	2012
Amount of Tax Title Liens	\$ 369,872.02	\$ 261,527.36	\$ 186,707.81	\$ 280,097.11
Delinquent Taxes	623,520.98	418,460.98	548,313.60	694,336.62
Total Delinquent	<u>\$ 993,393.00</u>	<u>\$ 679,988.34</u>	<u>\$ 735,021.41</u>	<u>\$ 974,433.73</u>
Percentage of Tax Levy	7.56%	5.10%	5.57%	7.60%

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:

	2015	2014	2013	2012
Property Acquired for Taxes (Assessed Valuation)	<u>1,009,700</u>	<u>1,009,700</u>	<u>1,009,700</u>	<u>494,600</u>

WATER AND SEWER RENTS

WATER & SEWER	2015	2014	2013	2012
Balance January 1	\$ 338,804.36	\$ 336,873.41	\$ 416,689.38	\$439,833.74
Levy & Interest & Costs	1,457,465.08	1,466,646.20	1,490,618.43	1,575,241.93
Cash Collections	1,374,373.60	1,446,313.42	1,532,787.77	1,474,524.84
Percentage of Collections	76.51%	80.19%	80.36%	73.17%

OVERLAPPING DEBT AS OF DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Paulsboro School District	\$ 3,132,000.00	100.00%	\$ 3,132,000.00
County of Gloucester	242,588,532.27	1.52%	<u>3,686,279.57</u>
Subtotal, Overlapping Debt			6,818,279.57
Borough of Paulsboro			<u>6,725,761.96</u>
Direct and Overlapping Debt			<u><u>\$ 13,544,041.53</u></u>

OTHER COMMENTS

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 required journal entries to lapse appropriation reserves, 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.
2. The Current Fund, Utility Operating, and Payroll Agency bank accounts were not properly reconciled.
3. Cash transfers between funds were posted to the general ledger in amounts that differed from the actual amount transferred.
4. The monthly Cash Management Reports, required by NJSA40A:5-14(e), were not prepared for the months of May through December. The reports filed for January through April were incorrect.
5. The CFO opened a bank account entitled the "Claims Account." There was no record of governing body approval to open the account.
6. Interfund loans that should have been cleared by December 31, 2015, existed at year end.
7. There were six line items in the 2015 current fund budget overexpended by a total of \$7,001.19. There was one line item in the 2015 water and sewer budget overexpended by a total of \$4,222.26. Line item transfers that would have provided sufficient budget appropriation were not approved by the governing body between November 1, 2015 and December 31, 2015, as required by statute and, therefore, were disallowed resulting in the overexpenditures.
8. The CFO did not provide a certification of availability of funds as required by NJAC 5:30-5.4(a)(1) for any contracts awarded through the public bid process.
9. The CFO did not provide the statements of accounting for Developers' Escrow required by NJSA 40:55D-53.2.

Chief Financial Officer (Continued):

10. The CFO did not make the December 1, 2015, payment due on the Berkadia Loan in the amount of \$8,709.00. The past due payment was made in 2016.
11. Employees were paid in excess of the 2015 salary ordinance. Year 2015 was a 53-week pay period year. The employees were due the wage, however, the salary ordinance was never amended to include the extra pay period that fell within the 2015 calendar year.
12. The Borough approved the purchase of bleachers, body cameras, Ford Police Interceptors, a Ford F250 vehicle, and police equipment from a vendor approved as a state contract vendor for these items. NJSA 40A:11-12a and NJAC 5:34-7.29(c), requires the governing body to approve the state contract purchases by the adoption of a resolution. The resolution was not adopted.
13. The Borough approved the purchase of a brush chipper from a vendor, approved as a national cooperative contract, at a cost of \$50,926.00. The requirements of statute and the guidance provided in Local Finance Notice 2012-10 require a costs savings determination to be made. The documentation provided for this purchase did not include evidence that the costs savings determination was made.
14. Bid documents supporting the contract for Reconstruction of Spruce Street were not made available for audit.
15. The fixed asset register submitted for audit was found to be incomplete.

Federal and State Grants:

No findings.

STATUS OF PRIOR RECOMMENDATIONS

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.

Status: Corrective Action taken.

*2014-002: Finding: The required journal entries to lapse appropriation reserves, 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.

Status: Corrective action has not been taken.

*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.

Status: Corrective action taken.

- 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.
- Status: Corrective action taken.
- 2014-005: There were interfund loans existing as of year-end that should be cleared.
- Status: Corrective action has not been taken.
- *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.
- Status: Corrective action has not been taken.
- *2014-007: Finding: The monthly Cash Management Report required by NJSA40A:5-14(e) was not prepared for any month during the year 2014.
- Status: Corrective Action has not been taken.
- 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.
- Status: Corrective Action taken in May 2016.
- 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.
- Status: Corrective action has not been taken.
- 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.
- Status: Corrective Action taken.

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES

*2015-001: Finding: The required journal entries to lapse appropriation reserves, 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.

*2015-002: The bank accounts, for Current Fund, Utility Operating, Payroll Account, and Payroll Agency were not properly reconciled.

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

SIGNIFICANT DEFICIENCIES

2015-003: Finding: Cash transfers between funds were posted to the general ledger in amounts that differed from the actual amount transferred.

Recommendation: CFO take greater care in posting transfers to the general ledger.

*2015-004: Finding: The monthly Cash Management Reports, required by NJSA40A:5-14(e), were not prepared for the months of May through December. The reports filed for January through April were incorrect.

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

2015-005: Finding: The CFO opened a bank account entitled the "Claims Account." There was no record of governing body approval to open the account.

Recommendation: Governing body approval be obtained prior to opening a new bank account.

*2015-006: Finding: Interfund loans that should have been cleared by December 31, 2015, existed at year-end.

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

*2015-007: Finding: There were six line items in the 2015 current fund budget overexpended by a total of \$7,001.19. There was one line item in the 2015 water and sewer budget overexpended by a total of \$4,222.26. Line item transfers that would have provided sufficient budget appropriation were not approved by the governing body between November 1, 2015 and December 31, 2015, as required by statute and, therefore, were disallowed resulting in the overexpenditures.

Recommendation: The CFO ensure sufficient appropriations are available in budget line items prior to encumbering/expending funds; and, if not, secure the transfer resolution within the prescribed statutory period.

SIGNIFICANT DEFICIENCIES (CONTINUED)

*2015-008: Finding: The CFO did not provide a certification of availability of funds as required by NJAC 5:30-5.4(a)(1) for any contracts awarded through the public bid process.

Recommendation: The Chief Financial Officer provide the certification of availability of funds prior to the award of contracts.

2015-009: Finding: The CFO did not provide the statements of accounting for Developers' Escrow required by NJSA 40:55D-53.2.

Recommendation: Developer Escrow statements be prepared and sent to the Applicant's in accordance with NJSA: 40:55D-53.2.

2015-010: Finding: The CFO did not make the December 1, 2015, payment due on the Berkadia Loan in the amount of \$8,709.00. The past due payment was made in 2016.

Recommendation: The CFO insure that payments on indebtedness are made when due.

2015-011: Finding: Employees were paid in excess of the 2015 salary ordinance. Year 2015 contained a 53-week pay period year. The employees were due the wage, however, the salary ordinance was never amended to include the extra pay period that fell within the 2015 calendar year.

Recommendation: Employees be paid in accordance with the salary ordinance.

2015-012: Finding: The Borough approved the purchase of bleachers, body cameras, Ford Police Interceptors, a Ford F250 vehicle, and police equipment from a vendor approved as a state contract vendor for these items. NJSA 40A:11-12a and NJAC 5:34-7.29(c), requires the governing body to approve the state contract purchases by the adoption of a resolution. The resolution was not adopted.

Recommendation: The purchase of goods and services through a state contract be approved by resolution pursuant to NJSA 40A:11-12a and NJAC 5:34-7.29(c).

2015-013: Finding: The Borough approved the purchase of a brush chipper from a vendor, approved as a national cooperative contract, at a cost of \$50,926.00. The requirements of statute and the guidance provided in Local Finance Notice 2012-10 require a costs savings determination to be made. The documentation provided for this purchase did not include evidence that the costs savings determination was made.

Recommendation: The Borough develop internal control procedures for purchases made through a national cooperative contract to ensure compliance with P.L. 2011, c.139.

2015-014: Finding: Bid documents supporting the contract for Reconstruction of Spruce Street were not made available for audit

Recommendation: Bid documents be on file and available for audit.

SIGNIFICANT DEFICIENCIES (CONTINUED)

*2015-015: Finding: The fixed asset register submitted for audit was found to be incomplete.

Recommendation: The CFO maintain the fixed asset register to include all property and equipment owned by the municipality.

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

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