

REPORT OF AUDIT
BOROUGH OF KENILWORTH
COUNTY OF UNION
DECEMBER 31, 2015

BOROUGH OF KENILWORTH, N.J.

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BOROUGH OF KENILWORTH

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

April 25, 2016

The Honorable Mayor and
Members of the Borough Council
Borough of Kenilworth
Kenilworth, New Jersey 07033

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 Kenilworth in the County of Union, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

The Length of Service Awards Program of the Borough of Kenilworth has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

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 Kenilworth 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 Kenilworth 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 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$581,586.15 and \$542,490.50 for 2015 and 2014, 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 balances sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Kenilworth’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

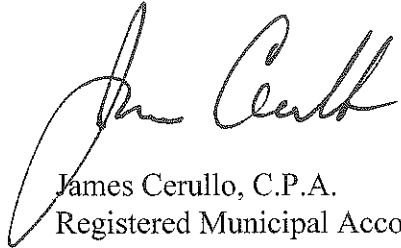
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2016 on our consideration of the Borough of Kenilworth’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

The Honorable Mayor and
Members of the Borough Council
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reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Kenilworth's internal control over financial reporting and compliance.

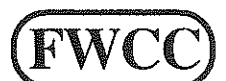


James Cerullo, C.P.A.
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Certified Public Accountants
Pompton Lakes, New Jersey

April 25, 2016



Borough of Kenilworth , N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 4,227,132.02	3,466,329.04
Change Fund	A-6	250.00	250.00
		<u>4,227,382.02</u>	<u>3,466,579.04</u>
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	<u>7,808.64</u>	<u>8,472.02</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	261,959.70	303,599.47
Tax Title Liens Receivable	A-10	24,900.24	19,192.51
Property Acquired for Taxes -			
Assessed Valuation	A-11	157,200.00	157,200.00
Revenue Accounts Receivable	A-12	14,583.57	15,049.29
Prepaid Local School Tax	A-19	424,291.86	394,020.88
Interfund Receivables:			
Dog License Fund	A-13	<u>3,210.70</u>	<u>2,589.25</u>
		<u>886,146.07</u>	<u>891,651.40</u>
		<u>5,121,336.73</u>	<u>4,366,702.46</u>
Federal and State Grant Fund:			
Cash	A-5	189,878.83	110,921.23
Grants Receivable	A-14	244,735.08	78,606.88
Interfund - Current Fund	A-15	3,566.63	
Interfund - Other Trust Fund (CDBG)	A-15		1,825.00
Interfund - General Capital Fund	A-15	<u>303,750.00</u>	
		<u>741,930.54</u>	<u>191,353.11</u>
Total Assets		<u>\$ 5,863,267.27</u>	<u>4,558,055.57</u>

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	928,705.97	765,461.96
Encumbrances Payable	A-17	114,195.45	151,719.29
Prepaid Taxes	A-18	160,014.68	101,935.73
Interfund - Federal and State Grant Fund	A-13	3,566.63	
Interfund - Community Development Fund	A-13	401.97	3,277.12
Accounts Payable	A-21	14,200.00	
Reserve for:			
Revaluation of Real Property	A-21	8,525.50	8,525.50
Preparation of Tax Map	A-21	4,826.88	4,826.88
Elevator Inspection Agency Fee	A-21	34,949.00	34,949.00
LOSAP Contributions	A-21	40,104.59	34,765.20
Purchase of Video Equipment	A-21	2,304.79	2,304.79
		<u>1,311,795.46</u>	<u>1,107,765.47</u>
Reserve for Receivables	Contra	886,146.07	891,651.40
Fund Balance	A-1	<u>2,923,395.20</u>	<u>2,367,285.59</u>
		<u>5,121,336.73</u>	<u>4,366,702.46</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	705,659.07	145,622.17
Unappropriated Reserve for Grants	A-23	34,271.47	45,730.94
Interfund - Other Trust Fund	A-15	2,000.00	
		<u>741,930.54</u>	<u>191,353.11</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,863,267.27</u>	<u>4,558,055.57</u>

See Accompanying Notes to Financial Statements.

Borough of Kenilworth, N.J.

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

for the Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 1,078,700.00	982,125.00
Miscellaneous Revenue Anticipated	A-2	2,955,828.16	2,688,154.20
Receipts from Delinquent Taxes	A-2	303,599.47	316,014.18
Receipts from Current Taxes	A-2	38,005,316.35	36,316,827.89
Non-Budget Revenue	A-2	46,992.90	21,483.68
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	600,611.03	529,973.39
Statutory Excess Dog License Fund	A-13	3,210.70	2,589.25
Interfunds Returned	A-13	2,589.25	99,637.46
Cancellation of Appropriated Grants			178,602.26
Total Revenues and Other Income		<u>42,996,847.86</u>	<u>41,135,407.31</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,550,704.00	5,525,132.00
Other Expenses	A-3	6,592,573.08	6,319,851.73
Capital Improvement Fund	A-3	445,000.00	40,000.00
Municipal Debt Service	A-3	1,011,751.79	950,305.69
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,150,750.00	1,115,500.00
Judgements	A-3		95,000.00
Local District School Tax	A-19	18,414,386.50	17,542,789.00
County Taxes including Added Taxes	A-20	7,769,370.32	7,359,321.83
Refund of Prior Year Revenues			3,277.12
Cancellation of Grants Receivable			829.00
Reserve for Prepaid Local School Taxes	A-19	424,291.86	394,020.88
Interfund Advances	A-13	3,210.70	2,589.25
Total Expenditures		<u>41,362,038.25</u>	<u>39,348,616.50</u>
Excess (Deficit) Revenue Over Expenditures		1,634,809.61	1,786,790.81
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		1,634,809.61	1,786,790.81
Fund Balance, January 1,	A	<u>2,367,285.59</u>	<u>1,562,619.78</u>
		4,002,095.20	3,349,410.59
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,078,700.00</u>	<u>982,125.00</u>
Fund Balance, December 31,	A	<u>\$ 2,923,395.20</u>	<u>2,367,285.59</u>

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2015

Page 1 of 3

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,078,700.00	1,078,700.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	19,000.00	19,050.00	50.00
Other	A-2	27,000.00	29,344.50	2,344.50
Fees and Permits				
Other	A-2	70,200.00	58,996.05	(11,203.95)
Fines and Costs:				
Municipal Court	A-12	130,000.00	186,707.62	56,707.62
Interest and Costs on Taxes	A-4	60,000.00	75,865.21	15,865.21
Interest on Investments	A-12	4,000.06	4,100.81	100.75
Cable T.V. Franchise Taxes	A-12	105,000.00	116,569.96	11,569.96
Trailer Storage Fees	A-12	5,000.00	6,900.00	1,900.00
Uniform Fire Safety Act (Local Fees)	A-12	16,000.00	14,830.00	(1,170.00)
Energy Receipts Tax	A-12	961,480.00	961,480.00	
Consolidated Municipal Property Tax Relief Aid	A-12	34,708.00	34,708.00	
Uniform Construction Code Fees	A-12	150,000.00	223,239.00	73,239.00
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-14	2,729.86	2,729.86	
Clean Communities Program	A-14	27,852.28	27,852.28	
Alcohol Education and Rehabilitation Fund	A-14	354.48	354.48	
Municipal Alliance on Alcoholism and Drug Abuse	A-14	18,255.00	18,255.00	
Union County Kids Recreation Grant	A-14	29,878.20	29,878.20	
Union County Infrastructure Grant	A-14	35,000.00	35,000.00	
Body Armor Replacement Program	A-14	5,382.18	5,382.18	
N.J. Transportation Trust Fund Authority Act	A-14	405,000.00	405,000.00	
Recycling Tonnage Grant	A-14	27,396.64	27,396.64	
Comcast Equipment Grant	A-14	50,000.00	50,000.00	
Other Special Items:				
Uniform Fire Safety Act	A-12	36,000.00	42,151.87	6,151.87
Hotel Occupancy Tax	A-12	55,000.00	100,799.62	45,799.62
Outside Police Duty Administrative Fees	A-12	9,000.00	14,095.00	5,095.00
Outside Police Duty Vehicle Fees	A-12	16,500.00	23,835.00	7,335.00
School Resource Officer	A-12	45,900.00	47,286.00	1,386.00
Prior Year Prepaid School Taxes	A	347,000.00	394,020.88	47,020.88
Total Miscellaneous Revenues	A-1	2,693,636.70	2,955,828.16	262,191.46
Receipts from Delinquent Taxes	A-1/A-2	295,000.00	303,599.47	8,599.47
Subtotal General Revenues		4,067,336.70	4,338,127.63	270,790.93
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		11,028,843.00	11,617,949.65	589,106.65
Minimum Library Tax		474,847.38	474,847.38	
Total Amount to be Raised by Taxes for Support of Budget	A-2	11,503,690.38	12,092,797.03	589,106.65
Budget Totals		15,571,027.08	16,430,924.66	859,897.58
Non-Budget Revenue	A-1/A-2		46,992.90	46,992.90
		\$ 15,571,027.08	16,477,917.56	906,890.48
		A-3		
Adopted Budget	A-3	15,258,164.38		
Appropriated by N.J.S. 40A:4-87	A-3	312,862.70		
		15,571,027.08		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Kenilworth , N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2015

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Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-9	\$ 38,005,316.35
Allocated to School and County Taxes	A-9	<u>26,727,519.32</u>
Balance for Support of Municipal Budget Appropriations		11,277,797.03
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>815,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,092,797.03</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-9	303,599.47
Tax Title Liens	A-10	<u> </u>
	A-2	<u>\$ 303,599.47</u>
Licenses - Other:		
Clerk	A-12	\$ 9,520.00
Board of Health	A-12	<u>19,824.50</u>
	A-2	<u>\$ 29,344.50</u>
Fees and Permits - Other:		
Clerk	A-12	1,495.00
Police	A-12	3,167.05
Street Opening Fees	A-12	33,500.00
Planning board	A-12	7,660.00
Variances / Tax Searches	A-12	200.00
Building / Zoning Fees	A-12	10,055.00
Board of Health	A-12	<u>2,919.00</u>
	A-2	<u>\$ 58,996.05</u>

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2015

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Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Clerk - Maps , Building Codes , etc.	A-12	\$	1,005.80
 Smoke Detector Inspections			6,025.00
DMV Fines			741.00
Senior Citizen & Veteran Deduction Handling Fee			1,638.27
Returned Check Fee			240.00
Copies			200.70
Interest on Assessments			3.49
Interlocal Administration Fee			1,000.00
Bid Specs			175.00
Worker's Compensation			17,588.57
Raritan Valley RR Lease			1,614.52
Homestead Rebate Reimbursement			554.40
Other Items			6,378.00
Industrial Waste Administrative Fee			5,724.00
Miscellaneous / Various Reimbursements			4,104.15
	A-4		45,987.10
			46,992.90

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.
Statement of Expenditures - Regulatory Basis

Page 1 of 7

	Current Fund				Unexpended Balance Cancelled
	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved
Year Ended December 31, 2015					
General Appropriations					
Operations - within "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$	3,750.00	3,750.00	2,833.34	916.66
Other Expenses		9,700.00	9,700.00	9,691.27	8.73
Municipal Clerk's Office					
Salaries and Wages		165,000.00	171,000.00	169,837.67	1,162.33
Other Expenses		51,050.00	53,050.00	52,269.32	780.68
Tax and Finance					
Salaries and Wages		185,000.00	179,000.00	168,954.86	10,045.14
Other Expenses		38,100.00	38,100.00	35,101.77	2,998.23
Payroll & Human Services					
Other Expenses		21,700.00	21,700.00	18,886.18	2,813.82
Auditing and Accounting Services					
Other Expenses		35,000.00	35,000.00	21,500.00	13,500.00
Assessment of Taxes					
Salaries and Wages		32,250.00	32,250.00	31,775.38	474.62
Other Expenses		12,725.00	10,725.00	5,173.60	5,551.40
Legal Services					
Other Expenses - Retainer		30,000.00	30,000.00	27,115.00	2,885.00
Other Expenses		60,000.00	60,000.00	37,271.51	22,728.49
Engineering Services and Costs					
Salaries and Wages		7,000.00	7,000.00	6,000.00	1,000.00
Other Expenses - Retainer		60,000.00	60,000.00	56,919.25	3,080.75
Other Expenses		32,500.00	32,500.00	26,672.42	5,827.58
MUNICIPAL LAND USE : (N.J.S. 40:55D-11)					
Planning Board					
Salaries and Wages		12,000.00	12,000.00	12,000.00	
Other Expenses		8,800.00	8,800.00	7,041.47	1,758.53
INSURANCE:					
Other Insurance Premiums		490,000.00	490,000.00	422,647.00	67,353.00
Employee Group Health Insurance		2,137,200.00	2,137,200.00	1,990,062.40	147,137.60
Health Benefit Waiver		29,000.00	29,000.00	24,509.72	4,490.28
Unemployment Compensation Insurance		20,000.00	20,000.00	20,000.00	
Municipal Court:					
Salaries and Wages		158,000.00	158,000.00	151,650.80	6,349.20
Other Expenses		12,545.00	12,545.00	10,902.39	1,642.61
Public Defender					
Salaries and Wages		4,000.00	4,000.00		4,000.00
PUBLIC SAFETY:					
Police					
Salaries and Wages		3,311,000.00	3,241,000.00	3,137,475.72	103,524.28
Other Expenses		174,550.00	174,550.00	159,130.22	15,419.78

Borough of Kenilworth, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Traffic Control and School Crossing Guards						
Salaries and Wages		180,000.00	180,000.00	162,853.28	17,146.72	
Other Expenses		40,250.00	40,250.00	38,489.33	1,760.67	
Emergency Management Services						
Salaries and Wages		4,100.00	4,100.00	3,998.40	101.60	
Other Expenses		20,000.00	20,000.00		20,000.00	
Contribution to First Aid/Rescue Squad		65,000.00	65,000.00	65,000.00		
Fire						
Salaries and Wages		5,610.00	5,610.00	5,607.44	2.56	
Other Expenses		298,590.00	298,590.00	286,949.18	11,640.82	
Fire Prevention Bureau						
Salaries and Wages		61,794.00	61,794.00	60,727.64	1,066.36	
Other Expenses		6,295.06	6,295.06	5,294.76	1,000.30	
Borough Prosecutor						
Salaries and Wages		16,000.00	16,000.00	15,000.00	1,000.00	
PUBLIC WORKS FUNCTIONS:						
Road Repairs and Maintenance						
Salaries and Wages		843,000.00	913,000.00	875,521.53	37,478.47	
Other Expenses		111,800.00	109,800.00	99,990.50	9,809.50	
Snow Removal						
Other Expenses		30,000.00	30,000.00	30,000.00		
SANITATION:						
Garbage and Trash Removal						
Salaries and Wages		258,000.00	258,000.00	241,741.19	16,258.81	
Other Expenses		34,500.00	34,500.00	34,302.78	197.22	
Recycling						
Other Expenses		192,000.00	192,000.00	139,622.88	52,377.12	
Public Buildings and Grounds						
Salaries and Wages		3,000.00	3,000.00		3,000.00	
Other Expenses		107,000.00	107,000.00	90,876.92	16,123.08	
Sewer System						
Other Expenses		33,400.00	33,400.00	15,502.40	17,897.60	
Shade Trees						
Other Expenses		35,000.00	35,000.00	34,500.00	500.00	

Borough of Kenilworth, N.J.

Statement of Expenditures - Regulatory Basis

		Current Fund		Year Ended December 31, 2015			
General Appropriations		Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Parks							
Other Expenses			4,000.00	4,000.00	3,344.41	655.59	
HEALTH AND WELFARE:							
Board of Health							
Salaries and Wages			68,000.00	68,000.00	61,743.96	6,256.04	
Other Expenses			27,022.00	27,022.00	18,101.12	8,920.88	
Dog and Cat Regulation							
Other Expenses			13,000.00	13,000.00	10,250.00	2,750.00	
Administration of Public Assistance							
Salaries and Wages			16,000.00	16,000.00	15,484.41	515.59	
Other Expenses			2,350.00	2,350.00	1,112.88	1,237.12	
Senior Citizens' Transportation							
Salaries and Wages			20,000.00	20,000.00	15,012.48	4,987.52	
Other Expenses			4,000.00	4,000.00	880.39	3,119.61	
Senior Citizen Director							
Salaries and Wages			8,000.00	8,000.00	6,498.49	1,501.51	
Other Expenses			8,000.00	8,000.00	8,000.00		
RECREATION AND EDUCATION:							
Parks and Playgrounds							
Salaries and Wages			6,000.00	6,000.00	4,999.20	1,000.80	
Other Expenses			26,100.00	28,100.00	27,642.03	457.97	
OTHER COMMON OPERATING FUNCTIONS:							
Celebration of Public Events Anniversary or Holiday							
Other Expenses			27,500.00	27,500.00	27,500.00		
Beautification							
Other Expenses			2,000.00	2,000.00	2,000.00		

Borough of Kenilworth, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund					
		Year Ended December 31, 2015					
		Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
General Appropriations							
UNIFORM CONSTRUCTION CODE:							
Construction Code Official							
Salaries and Wages			92,000.00	92,000.00	91,712.50	287.50	
Other Expenses			7,100.00	7,100.00	3,988.09	3,111.91	
Building Inspector							
Salaries and Wages			32,000.00	32,000.00	27,961.35	4,038.65	
Other Expenses			500.00	500.00		500.00	
Plumbing Inspector							
Salaries and Wages			17,000.00	17,000.00	12,743.40	4,256.60	
Other Expenses			200.00	200.00	138.00	62.00	
Electrical Inspector							
Salaries and Wages			16,000.00	16,000.00	14,638.80	1,361.20	
Other Expenses			200.00	200.00		200.00	
Fire Protection Official							
Salaries and Wages			16,000.00	16,000.00	14,131.80	1,868.20	
Other Expenses			200.00	200.00	180.00	20.00	
Zoning Enforcement Officer							
Salaries and Wages			10,200.00	10,200.00	10,014.40	185.60	
Other Expenses			5,700.00	5,700.00	5,075.43	624.57	
UNCLASSIFIED:							
Utility Expenses/Bulk Purchases							
Utilities			300,000.00	300,000.00	224,678.37	75,321.63	
Street Lighting			114,000.00	114,000.00	106,438.39	7,561.61	
Fire Hydrant Service			133,000.00	133,000.00	130,437.50	2,562.50	
Solid Waste Disposal Costs			275,000.00	275,000.00	260,533.44	14,466.56	
Total Operations within "CAPS"			10,697,281.06	10,697,281.06	9,916,640.36	780,640.70	
Total Operations Including Contingent within "CAPS"			10,697,281.06	10,697,281.06	9,916,640.36	780,640.70	
Detail:							
Salaries and Wages	A-1		5,550,704.00	5,550,704.00	5,320,918.04	229,785.96	
Other Expenses	A-1		5,146,577.06	5,146,577.06	4,595,722.32	550,854.74	
PROOF:			10,697,281.06	10,697,281.06	9,916,640.36	780,640.70	

Borough of Kenilworth, N.J.
Statement of Expenditures - Regulatory Basis

Page 5 of 7

Current Fund						
Year Ended December 31, 2015						
	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System		265,000.00	265,000.00	264,818.00	182.00	
Social Security System (O.A.S.I.)		260,000.00	260,000.00	245,971.09	14,028.91	
Police and Firemen's Retirement System		617,000.00	617,000.00	616,875.00	125.00	
Defined Contribution Retirement Plan		8,750.00	8,750.00	4,628.07	4,121.93	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,150,750.00	1,150,750.00	1,132,292.16	18,457.84	
<u>Total General Appropriations for Municipal Purposes within "CAPS"</u>						
		11,848,031.06	11,848,031.06	11,048,932.52	799,098.54	
Operations - Excluded from "CAPS"						
Employee Group Health Insurance		34,300.00	34,300.00	474,847.38	34,300.00	
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		50,000.00	474,847.38	50,000.00		
Other Expenses			50,000.00			
Railway Valley Sewer Authority						
Share of Costs		600,000.00	600,000.00	590,830.00	9,170.00	
Emergency Services Volunteer Length of Services Award Program (P.L. 1997, c.388)		45,000.00	45,000.00		45,000.00	
Reserve for Tax Appeals		40,000.00	40,000.00		40,000.00	
Public and Private Programs Offset by Revenues						
Clean Communities Program		27,852.28	27,852.28	27,852.28		
Union County Municipal Alliance Grant Program						
State Share		18,255.00	18,255.00	18,255.00		
Municipal Share		5,000.00	5,000.00	3,862.57	1,137.43	
Drunk Driving Enforcement Fund - Police		2,729.86	2,729.86	2,729.86		
Alcohol Education and Rehab. Fund - Municipal Court		354.48	354.48	354.48		
Recycling Tonnage Grant		27,396.64	27,396.64	27,396.64		
Union County Kids Trust Recreation Grant		29,878.20	29,878.20	29,878.20		
Comcast Equipment Grant		50,000.00	50,000.00	50,000.00		
County of Union Infrastructure and Municipal Aid Grant		35,000.00	35,000.00	35,000.00		
N.J. Division of Criminal Justice - Body Armor Grant		5,382.18	5,382.18	5,382.18		
Total Operations - Excluded from "CAPS"		1,445,996.02	1,445,996.02	1,316,388.59	129,607.43	

Borough of Kenilworth, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund					
		Year Ended December 31, 2015					
		Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Detail:							
Other Expenses		A-1	1,445,996.02	1,445,996.02	1,316,388.59	129,607.43	
PROOF:			<u>1,445,996.02</u>	<u>1,445,996.02</u>	<u>1,316,388.59</u>	<u>129,607.43</u>	
Capital Improvements:							
Capital Improvement Fund			40,000.00	40,000.00	40,000.00		
New Jersey Transportation Trust Fund Authority Act			405,000.00	405,000.00	405,000.00		
Total Capital Improvements Excluded from "CAPS"		A-1	<u>445,000.00</u>	<u>445,000.00</u>	<u>445,000.00</u>		
Municipal Debt Service:							
Payment of Bond Principal			790,000.00	790,000.00	790,000.00		
Interest on Bonds			210,000.00	210,000.00	206,600.00		3,400.00
Interest on Notes			17,000.00	17,000.00	15,151.79		1,848.21
Total Municipal Debt Service-Excluded from "CAPS"		A-1	<u>1,017,000.00</u>	<u>1,017,000.00</u>	<u>1,011,751.79</u>		<u>5,248.21</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"			<u>2,907,996.02</u>	<u>2,907,996.02</u>	<u>2,773,140.38</u>	<u>129,607.43</u>	<u>5,248.21</u>
Subtotal General Appropriations			<u>14,756,027.08</u>	<u>14,756,027.08</u>	<u>13,822,072.90</u>	<u>928,705.97</u>	<u>5,248.21</u>
Reserve for Uncollected Taxes			<u>815,000.00</u>	<u>815,000.00</u>	<u>815,000.00</u>		
Total General Appropriations			<u>\$ 15,571,027.08</u>	<u>15,571,027.08</u>	<u>14,637,072.90</u>	<u>928,705.97</u>	<u>5,248.21</u>
				A-2		A	
Adopted Budget		A-2		15,258,164.38			
Appropriated by N.J.S. 40A:4-87		A-2		<u>312,862.70</u>			
				<u>15,571,027.08</u>			

Borough of Kenilworth , N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			13,106,028.81		
Encumbrances Payable	A-17			114,195.45		
Reserve for Uncollected Taxes	A-2			815,000.00		
Reserve for Grants	A-22			<u>601,848.64</u>		
				<u>\$ 14,637,072.90</u>		

See Accompanying Notes to Financial Statements.

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

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Assessment Fund:			
Cash	B-2/B-3	\$ 43,212.46	36,971.83
Assessments Receivable	B-4	10,491.87	16,732.50
		<u>53,704.33</u>	<u>53,704.33</u>
Dog License Fund:			
Cash	B-2	13,530.10	13,232.05
		<u>13,530.10</u>	<u>13,232.05</u>
Other Trust Funds:			
Cash - Other	B-2	653,935.62	818,451.72
Cash - Unemployment Insurance	B-2	58,630.88	66,789.30
Cash - Payroll	B-2	(372.64)	1,167.80
Other Receivable	B-6	6,593.15	7,005.65
Due from Union County Comm. Develop.	B-7	68,011.87	50,091.35
Interfund - State & Federal Grant Fund (Other)	B-8	2,000.00	
Interfund - Current Fund (Community Dev.)	B-8	401.97	3,277.12
		<u>789,200.85</u>	<u>946,782.94</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	533,286.15	518,340.50
Contributions Receivable	B-17	48,300.00	24,150.00
		<u>581,586.15</u>	<u>542,490.50</u>
Total Assets		\$ <u>1,438,021.43</u>	<u>1,556,209.82</u>

See Accompanying Notes to Financial Statements.

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

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Fund:			
Interfund - General Capital Fund	B-8	\$ 33,000.00	
Bond Anticipation Notes	B-9	17,000.00	50,000.00
Fund Balance	B-1	3,704.33	3,704.33
		<u>53,704.33</u>	<u>53,704.33</u>
Dog License Fund:			
Interfund - Current Fund	B-8	3,210.70	2,589.25
Reserve for Dog Fund Expenditures	B-10	10,310.00	10,603.40
Due to / (from) State Department of Health	B-11	9.40	39.40
		<u>13,530.10</u>	<u>13,232.05</u>
Other Trust Fund:			
Cash - Community Development	B-2	7,621.79	4,247.77
Interfund - Current Fund (Other)	B-8		
Interfund - Grant Fund (Community Dev.)	B-8		1,825.00
Other Trust Funds	B-12	650,477.31	814,705.91
Payroll Deductions Payable	B-13	(372.64)	1,167.80
Reserve for:			
Community Development	B-14	60,792.05	47,295.70
Unemployment Insurance	B-15	58,630.88	66,789.30
Beautification	B-16	8,848.18	7,548.18
Youth Commission	B-16	3,037.53	3,037.53
Park Revitalization	B-16	165.75	165.75
		<u>789,200.85</u>	<u>946,782.94</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-18	581,586.15	542,490.50
		<u>581,586.15</u>	<u>542,490.50</u>
Total Liabilities, Reserves & Fund Balance		\$ <u>1,438,021.43</u>	<u>1,556,209.82</u>

See Accompanying Notes to Financial Statements.

Exhibit B-1

Borough of Kenilworth , N.J.
Schedule of Fund Balance - Regulatory Basis
Assessment Trust Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> B	\$ <u>3,704.33</u>
Balance - December 31, 2015	B	\$ <u>3,704.33</u>

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2/C-3	\$ 1,936,729.63	1,327,546.14
Due from State of New Jersey - Transportation Trust Fund	C-4	47,500.00	47,500.00
Deferred Charges to Future Taxation:			
Funded	C-5	7,245,000.00	8,035,000.00
Unfunded	C-6	2,567,941.22	1,604,041.22
Prospective Assessments Raised by Taxation	C-7	5,100.00	
Due from Assessment Trust Fund	C-8	33,000.00	
Total Assets		\$ 11,835,270.85	11,014,087.36
<u>Liabilities, Reserves and Fund Balance</u>			
Due to Grant Fund	C-9	303,750.00	
General Serial Bonds	C-10	7,245,000.00	8,035,000.00
Bond Anticipation Notes	C-11	2,198,000.00	1,469,400.00
Improvement Authorizations:			
Funded	C-12	490,227.55	510,329.53
Unfunded	C-12	1,245,747.88	642,812.41
Capital Improvement Fund	C-13	32,168.81	41,268.81
Reserve for:			
Debt Service	C-14	11,506.23	11,506.23
Prospective Assessments Raised by Taxation	Contra	5,100.00	
Fund Balance	C-1	303,770.38	303,770.38
Total Liabilities, Reserves and Fund Balance		\$ 11,835,270.85	11,014,087.36

Footnote: There was Authorized but not Issued Debt at December 31, 2015 and 2014 of \$369,941.22 and \$134,641.22 respectively per Exhibit C-15.

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - December 31, 2014	C	\$ 303,770.38	75,549.05
Increased by:			
Funded Improvement Authorization Cancelled			270,516.06
Cancellation of Reserve			16,490.00
Premium on Sale of Notes			5,257.12
		<u>303,770.38</u>	<u>367,812.23</u>
Decreased by:			
Cancellation of Receivable			64,041.85
			<u>64,041.85</u>
Balance - December 31, 2015	C/C-3	\$ <u>303,770.38</u>	<u>303,770.38</u>

See Accompanying Notes to Financial Statements.

Borough of Kenilworth , N.J.
Comparative Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	\$ 11,162.40	19,568.90
Cash - Community Fund	E-7	<u>9,409.72</u>	<u>3,809.72</u>
Total Assets		<u>\$ 20,572.12</u>	<u>23,378.62</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-6	11,162.40	19,568.90
Reserve for Community Fund	E-7	<u>9,409.72</u>	<u>3,809.72</u>
Total Liabilities		<u>\$ 20,572.12</u>	<u>23,378.62</u>

See Accompanying Notes to Financial Statements.

GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit F

Borough of Kenilworth , N.J.

Comparative Statement of General Fixed Assets

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Land	\$ 4,517,100.00	\$ 4,517,100.00
Buildings	2,259,849.11	2,259,849.11
Machinery and Equipment	<u>6,116,015.82</u>	<u>6,058,290.32</u>
	<u>\$ 12,892,964.93</u>	<u>\$ 12,835,239.43</u>
 Investment in Fixed Assets	 <u>\$ 12,892,964.93</u>	 <u>\$ 12,835,239.43</u>

See accompanying notes to financial statements.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of Kenilworth have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Kenilworth (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Volunteer Fire Department, First Aid Squad and the Free Public Library which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with the handling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Dog License Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Kenilworth. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund	Trust Funds
Public Assistance Fund	

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, the budget was amended by \$312,862.70 for additional grants received by the Borough. In addition, several budget transfers were approved by the governing body.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at costs which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Fixed Assets - The Borough of Kenilworth has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Basis of Accounting, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

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

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

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

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Basis of Accounting, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

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

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

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Basis of Accounting, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Recent Accounting Pronouncements, (continued)

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

C. Basic Financial Statements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$-0- of the Borough's bank balance of \$7,295,748.38 was exposed to custodial credit risk and \$-0- of the Borough's bank balance of \$5,830,495.15 at December 31, 2014 was exposed to custodial credit risk.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Investments

Investment Rate Risk

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

Credit Risk

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

New Jersey Cash Management Fund - all investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Concentration of Credit Risk

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

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

Unaudited Investments

As more fully described in Note 14, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amounted to \$533,286.15 and \$518,340.50, respectively.

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

	<u>2015</u>	<u>2014</u>
Money Market	\$53,363.06	\$50,555.82
Fixed	59,926.47	53,871.05
Growth	277,518.97	262,489.18
Growth and Income	56,344.61	77,939.04
All Others	<u>86,133.04</u>	<u>73,485.41</u>
Total	<u>\$533,286.15</u>	<u>\$518,340.50</u>

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$8,035,000.00	\$	\$790,000.00	\$7,245,000.00	\$820,000.00
Other Liabilities - Compensated Absences Payable	<u>627,410.34</u>	<u>131,198.22</u>	<u> </u>	<u>758,608.56</u>	<u> </u>
	<u>\$8,662,410.34</u>	<u>\$131,198.22</u>	<u>\$790,000.00</u>	<u>\$8,003,608.56</u>	<u>\$820,000.00</u>

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Municipal Debt

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$9,443,000.00	\$9,504,400.00	\$8,755,000.00
Assessment:			
Bonds and Notes	<u>17,000.00</u>	<u>50,000.00</u>	<u>70,000.00</u>
Total Issued	9,460,000.00	9,554,400.00	8,825,000.00
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes	<u>18,014.36</u>	<u>44,773.73</u>	<u>34,214.48</u>
	<u>9,441,985.64</u>	<u>9,509,626.27</u>	<u>8,790,785.52</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	242,800.00	109,400.00	893,710.00
Assessment:			
Bonds and Notes	<u>127,141.22</u>	<u>25,241.22</u>	<u>25,241.22</u>
Total Authorized But Not Issued	<u>369,941.22</u>	<u>134,641.22</u>	<u>918,951.22</u>
Net Bonds and Notes Issued and			
Authorized But Not Issued	<u>\$9,811,926.86</u>	<u>\$9,644,267.49</u>	<u>\$9,709,736.74</u>

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statements

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 .705%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$13,530,000.00	\$13,530,000.00	\$0.00
General Debt	<u>9,829,941.22</u>	<u>18,014.36</u>	<u>9,811,926.86</u>
	<u>\$23,359,941.22</u>	<u>\$13,548,014.36</u>	<u>\$9,811,926.86</u>

Net Debt \$9,811,926.86 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,392,095,156.33 equals .705%.

Borrowing Power under N.J.S. 40A:2-6 as Amended

3 ½% of Equalized Valuation Basis (Municipal)	\$48,723,330.47
Net Debt	<u>9,811,926.86</u>
Remaining Borrowing Power	<u>\$38,911,403.61</u>

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

<u>Paid by Current Fund</u>	<u>Amount Outstanding</u>
\$3,126,000.00 of General Serial Bonds - issued August 15, 2003, due through August 15, 2018 with variable interest rates from 3.25% to 4.00%	\$646,000.00
\$3,429,000.00 of General Serial Bonds - issued February 15, 2007, due through February 15, 2021 with variable interest rates from 3.75% to 4.00%	1,559,000.00
\$5,600,000.00 of General Serial Bonds - issued March 1, 2013, due through March 1, 2026 with variable interest rates from 1.50% to 2.25%	<u>5,040,000.00</u>
	<u>\$7,245,000.00</u>

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$369,941.22</u>
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Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

General			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$820,000.00	\$182,650.00	\$1,002,650.00
2017	850,000.00	158,250.00	1,008,250.00
2018	876,000.00	133,437.50	1,009,437.50
2019	750,000.00	106,497.50	856,497.50
2020	750,000.00	86,297.50	836,297.50
2021	749,000.00	66,097.50	815,097.50
2022	490,000.00	45,937.50	535,937.50
2023	490,000.00	36,137.50	526,137.50
2024	490,000.00	26,337.50	516,337.50
2025	490,000.00	16,231.25	506,231.25
2026	<u>490,000.00</u>	<u>5,512.50</u>	<u>495,512.50</u>
	<u>\$7,245,000.00</u>	<u>\$863,386.25</u>	<u>\$8,108,386.25</u>

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2015, the Borough had \$2,215,000.00 in outstanding Bond Anticipation Notes consisting of \$2,198,000.00 General Capital Bond Anticipation Notes and \$17,000.00 in outstanding assessment trust bond anticipation notes that mature on December 9, 2016 at an interest rate of .70%.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Securities, LLC	\$1,519,400.00	\$	\$1,519,400.00	\$0.00
PNC Bank	<u>0.00</u>	<u>2,215,000.00</u>		<u>2,215,000.00</u>
	<u>\$1,519,400.00</u>	<u>\$2,215,000.00</u>	<u>\$1,519,400.00</u>	<u>\$2,215,000.00</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

None

NOTE 6. DEFERRED SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Kenilworth has elected to defer local school district taxes as follows:

	<u>Balance December 31,</u>	
	<u>2015</u>	<u>2014</u>
Balance of Tax	\$9,054,782.64	\$8,541,291.12
Deferred	<u>9,479,074.50</u>	<u>8,935,312.00</u>
Tax Payable/(Prepaid)	<u>(\$424,291.86)</u>	<u>(\$394,020.88)</u>

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems: (continued)

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

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems: (continued)

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

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

Contribution Requirements

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements, (continued)

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$264,818.00	\$616,875.00	\$4,628.07
2014	247,259.00	607,453.00	4,975.74
2013	245,217.00	619,955.00	4,686.10

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

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$7,791,676.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0347098942 percent, which was an increase/(decrease) of 0.0025868189 percent from its proportion measured as of June 30, 2014.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2015, the Borough recognized pension expense of \$264,818.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$185,882.00	\$
Changes of assumptions	836,764.00	
Net difference between projected and actual earnings on pension plan investments		125,275.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	410,902.00	91,255.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$1,433,548.00</u>	<u>\$216,530.00</u>

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

Year ended June 30:	
2016	\$163,367.00
2017	163,367.00
2018	163,367.00
2019	260,188.00
2020	147,083.00

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Additional Information

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough s Proportion	0.0321230753%	0.0347098942%

Actuarial Assumptions

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

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

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Mortality Rates

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

Long-Term Rate of Return

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

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

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

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

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

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$9,684,100.00	\$7,791,676.00	\$6,205,081.00

Pension Plan Fiduciary Net Position

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Borough had a liability of \$13,666,360.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0820481402 percent, which was an increase/(decrease) of 0.0017330974 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$616,875.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$117,897.00
Changes of assumptions	2,523,150.00	
Net difference between projected and actual earnings on pension plan investments		237,851.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	190,105.00	264,678.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$2,713,255.00</u>	<u>\$620,426.00</u>

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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

Year ended June 30:	
2016	\$411,633.00
2017	411,633.00
2018	411,633.00
2019	674,936.00
2020	257,587.00

Additional Information

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	0.0803150428%	0.0820481402%

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

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

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

Mortality Rates

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

Long-Term Rate of Return

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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

Discount Rate

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

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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

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

	<u>June 30, 2014</u>		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the pension liability	\$19,596,597.00	\$13,666,360.00	\$11,006,541.00

Pension Plan Fiduciary Net Position

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

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Borough of Kenilworth contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within a state administered pension system including 20 years with the Borough shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of Kenilworth on a monthly basis.

The Borough of Kenilworth contributions to SHBP for post-retirement benefits for the years ended December 31, 2015 and 2014 were \$646,185.23 and \$590,567.01, respectively, which equaled the required contributions for each year. There were 34 retired participants eligible at December 31, 2015 and 32 at December 31, 2014.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9. FUND BALANCES

Fund balances as of December 31, 2015 and 2014 that have been anticipated as revenue in the 2015 and 2014 budgets are as follows:

	<u>2016 Budget</u>	<u>2015 Budget</u>
Current Fund	<u>\$1,344,766.06</u>	<u>\$1,078,700.00</u>

NOTE 10. FIXED ASSETS

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

	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2015</u>
Land	\$4,517,100.00	\$	\$	\$4,517,100.00
Buildings and Improvements	2,259,849.11			2,259,849.11
Machinery and Equipment	<u>6,058,290.32</u>	<u>57,725.50</u>	<u>0.00</u>	<u>6,116,015.82</u>
	<u>\$12,835,239.43</u>	<u>\$57,725.50</u>	<u>\$0.00</u>	<u>\$12,892,964.93</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick pay over the life of their working careers up to a maximum of 150 days. Of the days accumulated one-third will be paid as terminal leave upon retirement.

The estimated current cost of such unpaid compensation is \$758,608.56. This amount which could be material to the financial statements, is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year it is used.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 12. INTERFUND BALANCES AND ACTIVITY

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

\$33,000.00	Due to the General Capital Fund from the Assessment Trust Fund for Assessment Bond Anticipation Notes paid by the Capital Fund
2,000.00	Due to the Other Trust Fund from the Grant Fund for Trust deposited in the Grant Fund in error.
3,210.70	Due to the Current Fund from the Dog License Fund for statutory excess in Dog License Fund.
<u>401.97</u>	Due to the Community Development Fund from the Current Fund for Current Fund bills paid by the Community Development Fund.
<u>\$38,612.67</u>	

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

NOTE 13. OPERATING LEASES

The Borough had no commitments under operating leases for the year ended December 31, 2015.

NOTE 14. CAPITAL LEASES

The Borough is leasing a vehicle under a five year capital lease. The balance remaining at December 31, 2015 is \$8,523.64. Lease payments made during the year ended December 31, 2015 was \$3,864.74. Future lease payments are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$4,694.76	\$4,123.68	\$571.08
2016	<u>4,694.76</u>	<u>4,399.96</u>	<u>294.80</u>
	<u>\$9,389.52</u>	<u>\$8,523.64</u>	<u>\$865.88</u>

NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On January 17, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 350 service points based on criteria established by Borough Ordinance No. 2000-17. The Borough's contribution shall be included in the current years budget.

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

We have reviewed the plan for the year ended December 31, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 16. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2015 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

BOROUGH OF KENILWORTH, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 16. RISK MANAGEMENT, (continued)

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Fund are available at the office of the Fund's Executive Director, NIP Group, Inc., Woodbridge, New Jersey.

NOTE 17. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$160,014.68</u>	<u>\$101,935.73</u>
Cash Liability for Taxes Collected in Advance	<u>\$160,014.68</u>	<u>\$101,935.73</u>

NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES

The Borough is involved in suits in the normal course of business. These cases, if decided against the Borough, would be paid for by its insurance carrier or with funds raised by future taxation.

The Borough attorney has advised us of the following claim:

PENDING AND PROSPECTIVE CLAIMS

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would either be funded by insurance or raised by future taxation.

NOTE 19. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 25, 2016, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate:</u>	<u>4.668</u>	<u>4.475</u>	<u>4.382</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.347	1.331	1.273
Municipal Library	.058	.056	.064
County	.921	.874	.899
County Open Space	.026	.025	.027
Local School	2.316	2.189	2.119

Assessed Valuation:

2015	\$818,767,022		
2014		\$816,387,022	
2013			\$812,433,427

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$38,283,874.93	\$38,005,316.35	99.27%
2014	36,638,154.60	36,316,827.89	99.12
2013	35,711,990.09	35,386,142.45	99.08

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.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$24,900.24	\$261,959.70	\$286,859.94	.750%
2014	19,192.51	303,599.47	322,791.98	.881
2013	14,896.11	316,553.42	331,449.53	.928

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

No properties have been acquired in 2015 by foreclosure or deed as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2015	\$157,200.00
2014	157,200.00
2013	157,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$2,923,395.20	\$1,344,766.06
2014	2,367,285.59	1,078,700.00
2013	1,562,619.78	982,125.00
2012	1,888,286.26	1,182,125.00
2011	2,087,781.24	1,225,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount Of Bond</u>
Fred Pugliese	Mayor	
Anthony DeLuca, Jr.	Councilman	
Toni Giordano	Councilwoman to May 13, 2015	
Brian Joho	Councilman	
Sal Candarella	Councilman from May 13, 2015	
Nick Mascaro	Councilman	
Rich LoForte	Councilman	
Scott Pentz	Councilman to November 3, 2015	
Kay Ceceri	Councilwoman from November 3, 2015	
Harvey Fruchter, Esq.	Attorney	
Robert Ordway	Chief Financial Officer, Tax Collector/Treasurer	\$170,000.00
Laura Reinertsen	Borough Clerk	
Joanne Szelingiewicz	Court Administrator	\$20,000.00
Paul Parsons	Tax Assessor	
Thomas Vitale	Judge	\$20,000.00
Paulette Drogan	Welfare Director	
Jon Henry Barr, III	Prosecutor	
Harbour Consultants	Engineer	

The bonds in force which were in corporate form were examined and were properly executed.

In addition to the separate surety bonds covering the Collector-Treasurer, Magistrate and Clerk of Municipal Court, there was a Public Employees Faithful Performance Blanket Position Bond covering other officials and employees for a sum of \$10,000.00 each.

SCHEDULE A

BOROUGH OF KENILWORTH, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Original Grant Period		Balance Jan. 1, 2015	Receipts	Expended	Adjustments	Balance Dec. 31, 2015	Memo Cumulative Total Expenditures
				From	To						
Department of Housing and Urban Development	Community Development Block Grant										
		14.218	1,500.00	9/1/2014	8/31/2015	(1,475.00)	1,500.00	25.00			1,500.00
		14.218	1,500.00	9/1/2015	8/31/2016			1,704.00		(1,704.00)	1,500.00
		14.218	9,700.00	9/1/2015	8/31/2016			5,937.64		(5,937.64)	5,937.64
		14.218	2,000.00	9/1/2015	8/31/2016		188.13	188.28		19.85	188.28
		14.218	6,400.00	9/1/2014	8/31/2015	(816.25)	2,390.60	1,574.35			6,400.00
		14.218	4,800.00	9/1/2014	8/31/2015		4,800.00	4,800.00			4,800.00
		14.218	2,000.00	9/1/2014	8/31/2015	(504.40)	850.75	346.35			1,450.00
		14.218	20,000.00	9/1/2014	8/31/2015		20,000.00	20,000.00			20,000.00
		14.218	20,000.00	9/1/2013	8/31/2014						
14.218	35,000.00	9/1/2015	8/31/2016								
Division of Highway Safety											
Pass Through Funds: U.S. Department of Transportation	Drive Sober or Get Pulled Over	20.601	4,400.00			700.00	2,800.00	700.00		2,800.00	4,400.00
			2,800.00								
Department of Law & Public Safety											
Pass Through Funds: Department of Homeland Security	FEMA -Hazard Mitigation Program	97.039	69,000.00								
							(2,095.65)	35,255.62		(4,821.79)	46,155.92

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133.

BOROUGH OF KENILWORTH, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2015

State Funding Department	State Program	State Grant (Award) No.	Award Amount	Balance Jan. 1, 2015	Receipts	Expended	Adjustments	Balance Dec. 31, 2015	Memo Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900-04	13,444.34	10,426.08		7,000.30		3,425.78	* 10,018.56
	Clean Communities Program	4900-765-042-4900-04	12,556.83	12,556.83				12,556.83	* 12,556.83
	Clean Communities Program	4900-765-042-4900-04	15,295.45		15,295.45			15,295.45	* 15,295.45
	Recycling Tonnage Grant	4900-752-042-4900	20,826.40	13,386.73		10,775.79		2,610.94	* 18,215.46
	Recycling Tonnage Grant	4900-752-042-4900	16,158.16	16,158.16				16,158.16	* 16,158.16
	Recycling Tonnage Grant	4900-752-042-4900	17,986.87	17,986.87				17,986.87	* 17,986.87
	Recycling Tonnage Grant	4900-752-042-4900	27,396.64	27,396.64				27,396.64	* 27,396.64
		4900-752-042-4900	31,176.80		31,176.80			31,176.80	* 31,176.80
Department of Law and Public Safety	Body Armor Fund	1020-718-066-1020	3,239.96	2,768.19				2,768.19	* 471.77
	Body Armor Fund	1020-718-066-1020	2,693.13	2,693.13				2,693.13	* 2,693.13
	Body Armor Fund	1020-718-066-1020	2,689.05		2,689.05			2,689.05	* 2,689.05
	Drunk Driving Enforcement Fund	1110-101-030000-129040	4,881.52	1,981.52		1,981.52		4,881.52	* 4,881.52
	Drunk Driving Enforcement Fund	1110-101-030000-129040	2,729.86	2,729.86		650.48		2,079.38	* 650.48
Pass Through County of Union	Municipal Alliance on Alcoholism and Drug Abuse	15-ALL-103	18,255.00		8,648.12	18,255.00		(9,606.88)	* 18,255.00
		14-ALL-103	17,744.00	(7,824.23)	9,606.88	1,782.65			* 17,744.00
Department of Community Affairs	Alcohol, Education & Rehab Fund	9735-760-060000	3,976.79	3,976.79		666.00		3,310.79	* 666.00
	Alcohol, Education & Rehab Fund	9735-760-060000	324.87	324.87				324.87	* 324.87
	Alcohol, Education & Rehab Fund	9735-760-060000	703.82	703.82				703.82	* 703.82
	Alcohol, Education & Rehab Fund	9735-760-060000	1,887.71	1,887.71				1,887.71	* 1,887.71
	Alcohol, Education & Rehab Fund	9735-760-060000	377.74	377.74				377.74	* 377.74
	Alcohol, Education & Rehab Fund	9735-760-060000	1,161.04	1,161.04				1,161.04	* 1,161.04
	Alcohol, Education & Rehab Fund	9735-760-060000	354.48	354.48				354.48	* 354.48
	Alcohol, Education & Rehab Fund	9735-760-060000	294.67		294.67			294.67	* 294.67
Department of Human Services	General Assistance Program	7500-150-158010-60	15,732.50	16,933.59	7,806.00	15,732.50		9,007.09	* 15,732.50
Department of Transportation	Municipal Aid Program - Improvement of Lafayette Avenue	6320-480-078-6320	190,000.00	(47,500.00)	225,000.00			(47,500.00)	* 190,000.00
	Various Streets 2014	6320-480-078-6320	225,000.00		78,750.00			225,000.00	* 225,000.00
	Various Streets 2015	6320-480-078-6320	180,000.00					78,750.00	* 78,750.00
				78,479.82	379,266.97	56,844.24		400,902.55	* 276,635.29

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

Borough of Kenilworth , N.J.
Schedule of Cash - Collector-Treasurer
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2014	A		\$ 3,466,329.04
Increased by Receipts:			
Interest and Costs on Taxes	A-2	75,865.21	
Miscellaneous Revenue Not Anticipated	A-2	45,987.10	
Petty Cash	A-7	250.00	
Due From State - Senior Citizen and Veteran Deductions	A-8	81,913.38	
Taxes Receivable	A-9	38,125,730.09	
Revenue Accounts Receivable	A-12	1,885,099.23	
Interfunds	A-13	6,557.85	
Prepaid Taxes	A-18	160,014.68	
Various Cash Liabilities and Reserves	A-21	36,184.92	
			<u>40,417,602.46</u>
			<u>43,883,931.50</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	13,106,028.81	
Interfunds	A-13	3,277.12	
Appropriation Reserves	A-16	302,370.22	
Petty Cash	A-7	250.00	
Local District School Taxes	A-19	18,444,657.48	
County Taxes Payable	A-20	7,769,370.32	
Various Cash Liabilities and Reserves	A-21	30,845.53	
			<u>39,656,799.48</u>
Balance - December 31, 2015	A		\$ <u><u>4,227,132.02</u></u>

Borough of Kenilworth , N.J.
Schedule of Cash - Collector-Treasurer
Grant Fund
Year Ended December 31, 2015

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2014	A	\$	110,921.23
Increased by Receipts:			
Grants Receivable	A-14	389,989.50	
Interfunds	A-15	3,825.00	
Unappropriated Reserve for Grants	A-23	<u>34,271.47</u>	
			<u>428,085.97</u>
			<u>539,007.20</u>
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-22	41,811.74	
Interfunds	A-15	<u>307,316.63</u>	
			<u>349,128.37</u>
Balance - December 31, 2015	A	\$	<u><u>189,878.83</u></u>

Exhibit A-6

Borough of Kenilworth , N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ <u>250.00</u>
Balance - December 31, 2015	A	\$ <u>250.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Court		<u>150.00</u>
		\$ <u>250.00</u>

Exhibit A-7

Schedule of Cash - Petty Cash
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	\$ <u>250.00</u>
Decreased by:		
Returned to Treasurer	A-4	\$ <u>250.00</u>

Borough of Kenilworth , N.J.

**Schedule of Amount Due From State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014 (Due From)	A	\$	8,472.02
Increased by:			
Senior Citizens' Deductions Per Tax Billing		\$	19,250.00
Veterans' Deductions Per Tax Billing			<u>64,500.00</u>
			83,750.00
Less:			
Senior Citizens' and Veterans' Disallowed	A-9		<u>2,500.00</u>
			<u>81,250.00</u>
			89,722.02
Decreased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4		<u>81,913.38</u>
Balance - December 31, 2015 (Due from)	A	\$	<u><u>7,808.64</u></u>

Borough of Kenilworth, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2015
				2014	2015				
2013	239.90				239.90				
2014	\$ 303,359.57				305,609.57	(2,250.00)			
	303,599.47				305,849.47	(2,250.00)			
2015		38,220,044.16	63,830.77	101,935.73	37,819,880.62	83,500.00	4,364.58	12,234.30	261,959.70
\$	303,599.47	38,220,044.16	63,830.77	101,935.73	38,125,730.09	81,250.00	4,364.58	12,234.30	261,959.70
	A			A-2/A-18	A-2/A-4	A-2/A-8	A-10		A

Analysis of Tax Levy

Tax yield:	Ref.
General Property Tax	38,190,639.40
Public Utility Tax	29,404.76
Added Tax (R.S. 54:4-63.1 et seq.)	63,830.77
	\$ 38,283,874.93

Tax Levy:	
Local District School Tax	
County Tax	A-19
County Open Space Tax	A-20
Added County Taxes including Open Space	A-20
	\$ 7,539,577.15
	216,852.81
	12,940.36
	26,727,519.32
Local Tax for Municipal Purposes	
Additional Taxes	A-2
	11,503,690.38
	52,665.23
	11,556,355.61
	\$ 38,283,874.93

Exhibit A-10**Borough of Kenilworth , N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2015**

Balance - December 31, 2014	<u>Ref.</u> A	\$ 19,192.51
Increased by:		
Interest/Penalty		1,343.15
Transfer from Taxes Receivable	A-9	<u>4,364.58</u>
Balance - December 31, 2015	A	\$ <u>24,900.24</u>

Exhibit A-11**Schedule of Property Acquired for
Taxes Assessed Valuation****Current Fund****Year Ended December 31, 2015**

Balance - December 31, 2014	<u>Ref.</u> A	\$ <u>157,200.00</u>
Balance - December 31, 2015	A	\$ <u>157,200.00</u>

Borough of Kenilworth, N.J.

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Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	Ref.	Balance Dec. 31, 2014	Accrued	Collected	Balance Dec. 31, 2015
Clerk:					
Licenses:	A-2	\$	19,050.00	19,050.00	
Alcoholic beverages	A-2		9,520.00	9,520.00	
Other	A-2		1,495.00	1,495.00	
Fees and Permits	A-2		1,005.80	1,005.80	
Misc. - Maps, Building Codes, etc.					
Board of Health:					
Licenses	A-2		19,824.50	19,824.50	
Fees and Permits	A-2		2,919.00	2,919.00	
Fire Prevention Bureau:					
Uniform Fire Safety Act (Local Fees)	A-2		14,830.00	14,830.00	
Police Department:					
Fees and Permits	A-2		3,167.05	3,167.05	
Municipal Court :					
Fines and Costs	A-2	15,049.29	186,241.90	186,707.62	14,583.57
Uniform Construction Code:					
Fees and Permits	A-2		223,239.00	223,239.00	
Trailer Storage Fees	A-2		6,900.00	6,900.00	
Planning Board					
Fees and Permits	A-2		7,660.00	7,660.00	
Street Opening Fees	A-2		33,500.00	33,500.00	
Variances / Tax Search Fees	A-2		200.00	200.00	
Building / Zoning Miscellaneous Fees	A-2		10,055.00	10,055.00	
Energy Receipts Tax	A-2		961,480.00	961,480.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		34,708.00	34,708.00	

Borough of Kenilworth, N.J.

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Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	Ref.	Balance Dec. 31, 2014	Accrued	Collected	Balance Dec. 31, 2015
Cable T.V. Franchise Fee	A-2		116,569.96	116,569.96	
Uniform Fire Safety Act (Life Hazard Use)	A-2		42,151.87	42,151.87	
Hotel Occupancy Tax	A-2		100,799.62	100,799.62	
Outside Police Duty Administrative Fees	A-2		14,095.00	14,095.00	
Outside Police Duty Vehicle Fees	A-2		23,835.00	23,835.00	
School Resource Officer	A-2		47,286.00	47,286.00	
Interest on Investments and Deposits	A-2		4,100.81	4,100.81	
		\$ 15,049.29	1,884,633.51	1,885,099.23	14,583.57
		<u>A</u>			<u>A</u>
Receipts	A-4			1,885,099.23	
				<u>1,885,099.23</u>	

Borough of Kenilworth , N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2015</u>
Dog License Trust	A	\$ 2,589.25	3,210.70	2,589.25	3,210.70
Community Development Trust	A	(3,277.12)	3,277.12	401.97	(401.97)
Federal and State Grant Fund	A			3,566.63	(3,566.63)
		<u>\$ (687.87)</u>	<u>6,487.82</u>	<u>6,557.85</u>	<u>(757.90)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	2,589.25			3,210.70
Due from Current Fund		<u>(3,277.12)</u>			<u>(3,968.60)</u>
		<u>(687.87)</u>			<u>(757.90)</u>
Statutory Excess in Dog License Trust	A-1		3,210.70		
Disbursed	A-4		3,277.12		
Received	A-4			6,557.85	
			<u>6,487.82</u>	<u>6,557.85</u>	

Borough of Kenilworth , N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, 2014	Budget Revenue	Received	Cancelled	Balance, Dec. 31, 2015
Clean Communities Grant	\$	27,852.28	27,852.28		
Drunk Driving Enforcement Fund		2,729.86	2,729.86		
Municipal Alliance on Alcoholism and Drug Abuse	9,606.88	18,255.00	18,255.00		9,606.88
Alcohol Education and Rehabilitation Fund		354.48	354.48		
Recycling Tonnage Grant		27,396.64	27,396.64		
N.J. Division of Criminal Justice - Body Armor		5,382.18	5,382.18		
Comcast Equipment Grant		50,000.00	50,000.00		
NJ Transportation Trust Fund		405,000.00	303,750.00		101,250.00
Union County Kids Recreation Grant		29,878.20			29,878.20
Union County Infrastructure Grant		35,000.00			35,000.00
Hazard Mitigation Program Grant	69,000.00				69,000.00
	<u>\$ 78,606.88</u>	<u>601,848.64</u>	<u>435,720.44</u>		<u>244,735.08</u>
	A	A-2			A
Transfer from Unappropriated Reserve for Grants	<u>Ref.</u>		45,730.94		
Receipts	A-23		389,989.50		
	A-5		<u>435,720.44</u>		

Schedule of Interfunds Receivable/(Payable)

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Fund</u>	Due From/(To) Balance Dec. 31, 2014	Increased	Decreased	Cancelled	Due From/(To) Balance Dec. 31, 2015
Current Fund	\$	3,566.63			3,566.63
Other Trust Fund (CDBG)	1,825.00		1,825.00		
Other Trust Fund (Other)			2,000.00		(2,000.00)
General Capital Fund		303,750.00			303,750.00
	<u>\$ 1,825.00</u>	<u>307,316.63</u>	<u>3,825.00</u>		<u>305,316.63</u>
	A	A-5	A-5		A

Borough of Kenilworth, N.J.

Schedule of Appropriation Reserves

Current Fund

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Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Mayor and Council	\$ 1,468.74	1,468.74		1,468.74
Municipal Clerk's Office	24,329.63	24,329.63		24,329.63
Tax and Finance	4,624.88	4,624.88		4,624.88
Assessment of Taxes	1,684.42	1,684.42		1,684.42
Engineering Services and Costs	675.00	675.00	575.00	100.00
Planning Board	958.37	958.37	958.37	
Police	120,540.88	120,540.88	3,171.21	117,369.67
Traffic Control and School Crossing Guards	781.59	781.59		781.59
Emergency Management Services	1.47	1.47		1.47
Fire	173.00	173.00		173.00
Fire Prevention Bureau	425.96	425.96		425.96
Borough Prosecutor	1,000.00	1,000.00		1,000.00
Road Repairs and Maintenance	14,223.11	14,223.11	224.21	13,998.90
Garbage and Trash Removal	12,128.86	12,128.86	972.84	11,156.02
Public Buildings and Grounds	23,334.53	23,334.53		23,334.53
Board of Health	635.68	635.68		635.68
Administration of Public Assistance	819.98	819.98		819.98
Senior Citizen Transportation	8,428.17	8,428.17	(4,171.83)	12,600.00
Senior Citizen Director	2,163.45	2,163.45	(428.26)	2,591.71
Municipal Court	335.40	335.40		335.40
Public Defender	4,000.00	4,000.00		4,000.00
Parks and Playgrounds	1,000.73	1,000.73		1,000.73
Construction Code Official	544.91	544.91		544.91
Plumbing Inspector	3,437.28	3,437.28	210.00	3,227.28
Electrical Inspector	416.13	416.13		416.13
Fire Protection Official	1,903.29	1,903.29		1,903.29
Building Inspector	8,030.28	8,030.28		8,030.28
Zoning Enforcement Officer	179.60	179.60		179.60
Total Salaries and Wages Within "CAPS"	<u>238,245.34</u>	<u>238,245.34</u>	<u>1,511.54</u>	<u>236,733.80</u>
Other Expenses Within "CAPS":				
Mayor and Council	2,716.94	3,186.86	912.08	2,274.78
Municipal Clerk's Office	4,111.20	4,298.93	187.73	4,111.20
Tax and Finance	11,503.88	12,755.88	2,161.00	10,594.88
Payroll & Human Services	546.22	546.22		546.22
Auditing and Accounting Services	9,750.00	9,750.00	9,750.00	
Assessment of Taxes	783.43	2,590.69	1,860.00	730.69
Legal Services and Costs	57,703.65	57,703.65	4,096.79	53,606.86
Engineering Services and Costs	18,379.96	20,796.21	7,416.25	13,379.96
Planning Board	3,825.69	3,825.69		3,825.69
Other Insurance	11,416.05	11,416.05	(243.00)	11,659.05
Group Insurance	33,557.53	33,557.53	33,557.53	
Municipal Court	2,635.11	2,635.11	318.62	2,316.49
Police	5,068.85	19,114.22	16,874.87	2,239.35
Traffic Control and School Crossing Guards	810.20	2,309.70	1,546.04	763.66

Borough of Kenilworth, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 2 of 3

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Emergency Management Services	17,121.40	31,321.40	14,200.00	17,121.40
Fire	10,318.79	18,475.47	17,499.39	976.08
Road Repairs and Maintenance	4,525.98	31,535.23	26,021.04	5,514.19
Snow Removal	927.33	927.33		927.33
Garbage and Trash Removal	6,238.73	6,309.52	112.79	6,196.73
Solid Waste Disposal Costs	20,500.23	20,500.23	15,910.30	4,589.93
Recycling	58,506.31	70,366.72	15,071.67	55,295.05
Public Buildings and Grounds	239.44	3,051.50	3,034.31	17.19
Sewer System	15,998.99	15,998.99		15,998.99
Shade Trees	2,000.00	2,000.00		2,000.00
Parks	2,133.87	2,133.87		2,133.87
Board of Health	8,181.01	8,727.93	1,430.80	7,297.13
Dog and Cat Regulation	1,567.00	1,567.00	409.00	1,158.00
Administration of Public Assistance	1,583.34	1,583.34		1,583.34
Senior Citizen Transportation	3,107.45	3,107.45	300.00	2,807.45
Senior Citizen Director	79.25	79.25	46.00	33.25
Parks and Playground	3,064.52	3,164.52	3,007.18	157.34
Construction Code Official	4,351.88	4,351.88		4,351.88
Building Inspector	500.00	500.00		500.00
Plumbing Inspector	200.00	200.00		200.00
Electrical Inspector	200.00	200.00		200.00
Fire Protection Official	200.00	200.00		200.00
Zoning Enforcement Officer	200.00	200.00		200.00
Street Lighting	12,707.50	12,707.50	9,869.32	2,838.18
Utilities	29,142.52	46,267.74	17,611.70	28,656.04
Fire Hydrant Service	14,062.50	14,062.50	10,812.50	3,250.00
Total Other expenses Within "CAPS"	<u>380,466.75</u>	<u>484,026.11</u>	<u>213,773.91</u>	<u>270,252.20</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	3,870.80	3,870.80	2,382.33	1,488.47
Social Security System (O.A.S.I.)	5,822.36	5,822.36		5,822.36
Defined Contribution Retirement Plan	<u>3,812.26</u>	<u>3,826.68</u>	<u>2,869.42</u>	<u>957.26</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>13,505.42</u>	<u>13,519.84</u>	<u>5,251.75</u>	<u>8,268.09</u>
Total Reserves Within "CAPS"	<u>632,217.51</u>	<u>735,791.29</u>	<u>220,537.20</u>	<u>515,254.09</u>
Other Expenses Excluded From "CAPS":				
Rahway Valley Sewer Authority Share of Costs	1,441.02	1,441.02		1,441.02
Reserve for Tax Appeals	33,000.00	33,000.00	11,975.11	21,024.89
Emergency Services Volunteer Length of Serv.	45,000.00	45,000.00	28,750.00	16,250.00
Maintenance of Free Public Library		48,145.51	48,145.51	
Employee Group Health Insurance	49,582.00	49,582.00	7,162.40	42,419.60

Borough of Kenilworth , N.J.

Schedule of Appropriation Reserves

Current Fund

Page 3 of 3

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Encumbrances and Transfers	Paid or Charged	Balance Lapsed
Municipal Alliance - Municipal Share	4,221.43	4,221.43		4,221.43
Total Other Expenses Excluded from "CAPS"	133,244.45	181,389.96	96,033.02	85,356.94
Total Reserves Excluded from "CAPS"	133,244.45	181,389.96	96,033.02	85,356.94
Total Reserves	\$ 765,461.96	917,181.25	316,570.22	600,611.03
	A			A-1
Appropriation Reserves	Ref. Above	765,461.96		
Transfer from Encumbrances Payable	A-17	151,719.29		
		917,181.25		
Transfer to Accounts Payable	A-21		14,200.00	
Disbursed	A-4		302,370.22	
			316,570.22	

Borough of Kenilworth , N.J.
Schedule of Encumbrances Payable
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> A	\$ 151,719.29
Increased by:		
Transfer from Current Appropriations	A-3	<u>114,195.45</u>
		265,914.74
Decreased by:		
Transfer to Appropriation Reserves	A-16	<u>151,719.29</u>
Balance - December 31, 2015	A	\$ <u><u>114,195.45</u></u>

Schedule of Prepaid Taxes
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	A	\$ 101,935.73
Increased by:		
Receipts - Prepaid 2016 Taxes	A-4	<u>160,014.68</u>
		261,950.41
Decreased by:		
Applied to 2015 Taxes	A-9	<u>101,935.73</u>
Balance - December 31, 2015	A	\$ <u><u>160,014.68</u></u>

Borough of Kenilworth , N.J.
Schedule of Local District School Tax
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014			
School Tax Payable / (Prepaid)	A/A-1	(394,020.88)	
School Tax Deferred		<u>8,935,312.00</u>	
			8,541,291.12
Increased by:			
Levy School Year - July 1, 2015			
to June 30, 2016	A-9		<u>18,958,149.00</u>
			27,499,440.12
Decreased by:			
Payments	A-4		<u>18,444,657.48</u>
Balance - December 31, 2015			
School Tax Payable / (Prepaid)	A/A-1	(424,291.86)	
School Tax Deferred		<u>9,479,074.50</u>	
			<u>9,054,782.64</u>
2015 Liability for Local			
District School Tax:			
Tax Paid			18,444,657.48
School Taxes Payable / (Prepaid) December 31, 2015		(424,291.86)	
			<u>18,020,365.62</u>
Less: School Taxes Payable / (Prepaid) December 31, 2014			<u>(394,020.88)</u>
Amount Charged to 2015 Operations	A-1		<u>18,414,386.50</u>

Exhibit A-20

Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Increased by:			
Levy - General	A-1/A-9	\$ 7,539,577.15	
Levy - Open Space	A-1/A-9	216,852.81	
Added and Omitted Taxes	A-1/A-9	<u>12,940.36</u>	
			<u>7,769,370.32</u>
Decreased by:			
Payments	A-4		<u>7,769,370.32</u>

Current Fund

Year Ended December 31, 2015

<u>Liabilities and Reserves</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2015
<u>Liabilities:</u>			
Tax Overpayments	30,845.53	30,845.53	14,200.00
Accounts Payable	14,200.00		
<u>Reserves for:</u>			
Master Plan Update			
Revaluation of Real Property			8,525.50
Preparation of Tax Map			4,826.88
Elevator Inspection Agency Fees			34,949.00
Purchase of Video Equipment			2,304.79
LOSAP Contributions	5,339.39		40,104.59
	<u>50,384.92</u>	<u>30,845.53</u>	<u>104,910.76</u>
	<u>A</u>		<u>A</u>
<u>Transfer from Appropriation Reserves</u>			
Receipts	14,200.00		
Disbursed	36,184.92	30,845.53	
	<u>50,384.92</u>	<u>30,845.53</u>	
	<u>A</u>		

Borough of Kenilworth, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Balance, Dec. 31, 2014</u>	<u>Transfer From 2015 Budget</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2015</u>
Body Armor Grant	\$ 2,768.19	5,382.18			8,150.37
Drunk Driving Enforcement Fund	1,981.52	2,729.86	2,632.00		2,079.38
Municipal Alliance on Alcoholism and Drug Abuse					
- State Share	1,782.65	18,255.00	20,037.65		
- Local Share					
Alcohol Education and Rehabilitation Fund	8,431.97	354.48	666.00		8,120.45
Clean Communities Grant	10,426.08	27,852.28	7,000.30		31,278.06
Municipal Stormwater Regulation					
Statewide Local Domestic Preparedness Grant					
Senior Citizen Program Grant		29,878.20			29,878.20
Union County Kids Recreation Grant		35,000.00			35,000.00
Union County Infrastructure Grant					
Bullet Proof Vest Partnership Program		405,000.00			405,000.00
NJ Transportation Trust Fund					
Homeland Security Fire Act Grant					
Union County Recycling Grant	3,000.00		700.00		3,000.00
Drive Sober or Get Pulled Over	700.00				
Recycling Tonnage Grant	47,531.76	27,396.64	10,775.79		64,152.61
Hazard Mitigation Grant Program	69,000.00				69,000.00
Comcast Equipment Grant		50,000.00			50,000.00
	\$ 145,622.17	601,848.64	41,811.74		705,659.07
	<u>A</u>		<u>A-5</u>		<u>A</u>

Borough of Kenilworth , N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, <u>2014</u>	Transfer To 2015 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2015</u>
Drunk Driving Enforcement Fund	\$ 2,729.86	2,729.86		
Clean Communities	12,556.83	12,556.83		
Alcohol Education and Rehabilitation Fund	354.48	354.48	294.67	294.67
Recycling Tonnage Grant	27,396.64	27,396.64	31,176.80	31,176.80
Drive Sober or Get Pulled Over			2,800.00	2,800.00
Body Armor Replacement	2,693.13	2,693.13		
	<u>\$ 45,730.94</u>	<u>45,730.94</u>	<u>34,271.47</u>	<u>34,271.47</u>
	A	A-14	A-5	A

Borough of Kenilworth, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	Ref.	Assessment Trust Fund	Dog License Fund	Other Trust Funds	Emergency Services Volunteers LOSAP
Balance - December 31, 2014	B	\$ 36,971.83	13,232.05	882,161.05	518,340.50
Increase by Receipts:					
Assessments Receivable	B-4	6,240.63			
Interfunds	B-8	33,000.00		3,277.12	
Dog License Fees	B-5		5,265.80		
State Share of Dog License Fees	B-5		973.20		
Other Receivable	B-6			412.50	
Grants Receivable - Community Development	B-7			29,729.48	
Other Trust Funds	B-12			834,208.75	
Payroll Deductions Payable	B-13			7,292,013.23	
Reserve for Unemployment Insurance	B-15			28,735.56	
Reserve for Beautification	B-16			2,000.00	
LOSAP Contributions	B-17				28,750.00
Net Assets Available for Benefits	B-18				(6,989.94)
Total Receipts		39,240.63	6,239.00	8,190,376.64	21,760.06
		76,212.46	19,471.05	9,072,537.69	540,100.56
Decreased by Disbursements:					
Interfund - Current Fund	B-8		2,589.25		
Interfunds	B-8			4,226.97	
Bond Anticipation Notes	B-19	33,000.00			
Reserve for Dog Expenditures	B-10		2,348.50		
Due State Department of Health	B-11		1,003.20		
Other Trust Funds	B-12			998,437.35	
Payroll Deductions Payable	B-13			7,293,553.67	
Reserve for Community Development	B-14			34,153.65	
Reserve for Unemployment Insurance	B-15			36,893.98	
Reserve for Beautification	B-16			700.00	
Net Assets Available for Benefits	B-18				6,814.41
Total Disbursements		33,000.00	5,940.95	8,367,965.62	6,814.41
Balance - December 31, 2015	B	\$ 43,212.46	13,530.10	704,572.07	533,286.15
Analysis Other Trust Funds:					
Other				653,935.62	
Community Development				(7,621.79)	
Unemployment Insurance				58,630.88	
Payroll				(372.64)	
				704,572.07	

Borough of Kenilworth , N.J.
Analysis of Assessment Cash
Assessment Trust Fund
Year Ended December 31, 2015

Ref.

Assessment Bond Anticipation Notes:

Ordinance 2011-08		\$ 6,508.13
Interfund - General Capital		33,000.00
Fund Balance	B-1	<u>3,704.33</u>
		\$ <u>43,212.46</u>
		B

Borough of Kenilworth, N.J.

Schedule of Assessments Receivable

Trust Funds

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date of Confir- mation	Annual Install- ments	Due Dates	Balance Dec. 31, 2014	Collected	Balance Dec. 31, 2015	Bond Antic- ipation Notes	Balance Pledged to	
									Capital Fund	Reserve
11-08	Curbing - Roosevelt Lane	01/09/13	5	06/06/13-17	\$ 16,732.50	6,240.63	10,491.87	10,491.87		
					<u>\$ 16,732.50</u>	<u>6,240.63</u>	<u>10,491.87</u>	<u>10,491.87</u>		
					B	B-2	B			

Borough of Kenilworth , N.J.
Schedule of Cash Dog Licenses Collector

Trust Funds

Year Ended December 31, 2015

Ref.

Increased by:

Dog License Fees - Borough Share	B-11	\$	5,265.80	
State Fees Collected	B-12		<u>973.20</u>	
				<u>6,239.00</u>

Decreased by:

Dog License Fees Paid to Treasurer	B-2		5,265.80	
State Fees Paid to Treasurer	B-2		<u>973.20</u>	
				<u>\$ 6,239.00</u>

Schedule of Other Receivable

Trust Funds

Year Ended December 31, 2015

Ref.

Balance - December 31, 2014	B	\$	7,005.65	
Decreased by:				
Receipts	B-2		<u>412.50</u>	
Balance - December 31, 2015	B	\$	<u>6,593.15</u>	

Borough of Kenilworth, N.J.
Schedule of Due From Union County
Community Development Block Grants
Other Trust Funds

Year Ended December 31, 2015

	<u>Grant</u>	<u>Period</u>	Balance Dec. 31, 2014	Grant Awarded	Received	Canceled	Balance Dec. 31, 2015
14-231	Senior Citizen Chronic Illness	9/1/14 - 8/31/15	1,500.00		1,500.00		1,500.00
15-231	Senior Citizen Chronic Illness	9/1/15 - 8/31/16		1,500.00			
14-232	Senior Citizen Program	9/1/14 - 8/31/15	2,390.60		2,390.60		9,700.00
15-232	Senior Citizen Program	9/1/15 - 8/31/16		9,700.00			
14-233	Senior Citizen Transportation	9/1/14 - 8/31/15	4,800.00		4,800.00		
14-399	Senior Citizen Handyman Program	9/1/14 - 8/31/15	1,400.75		850.75	550.00	1,811.87
15-399	Senior Citizen Handyman Program	9/1/15 - 8/31/16		2,000.00	188.13		20,000.00
13-015	Oswald Nitschke House - Barrier	9/1/13 - 8/31/14	20,000.00				
14-128	ADA Curb/Ramp Imp.	9/1/14 - 8/31/15	20,000.00		20,000.00		35,000.00
15-128	ADA Curb/Ramp Imp.	9/1/15 - 8/31/16		35,000.00			
			<u>\$ 50,091.35</u>	<u>48,200.00</u>	<u>29,729.48</u>	<u>550.00</u>	<u>68,011.87</u>
			<u>B</u>	<u>B-15</u>	<u>B-2</u>	<u>B-15</u>	<u>B</u>

Borough of Kenilworth , N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2015

	Due to/(from) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2015</u>
INTERFUND - CURRENT FUND				
Dog License Trust	\$ 2,589.25	3,210.70	2,589.25	3,210.70
Community Development Trust	(3,277.12)	3,277.12	401.97	(401.97)
INTERFUND - GRANT FUND			2,000.00	(2,000.00)
Community Development Trust	1,825.00		1,825.00	
Assessment Trust		33,000.00		33,000.00
	<u>\$ 1,137.13</u>	<u>39,487.82</u>	<u>6,816.22</u>	<u>33,808.73</u>
	B	B-2	B-2	B

Borough of Kenilworth , N.J.
Reserve for Dog Fund Expenditures
Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 10,603.40
Increased by:		
Dog License Fees	B-5	<u>5,265.80</u>
		15,869.20
Decreased by:		
Expenditures R.S. 4:19-1511	B-2	2,348.50
Statutory Excess	B-8	<u>3,210.70</u>
		<u>5,559.20</u>
Balance - December 31, 2015	B	<u><u>\$ 10,310.00</u></u>

License Fees Collected

<u>Year</u>	
2014	\$ 5,149.20
2013	<u>5,160.80</u>
	<u><u>\$ 10,310.00</u></u>

Schedule of Due (from) / to State Department of Health

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 39.40
Increased by:		
State Fees Collected	B-5	<u>\$ 973.20</u>
		1,012.60
Decreased by:		
Paid to State	B-2	<u>\$ 1,003.20</u>
Balance - December 31, 2015	B	<u><u>\$ 9.40</u></u>

Borough of Kenilworth , N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Tax Sale Premiums	\$ 267,200.00	247,200.00	213,200.00	301,200.00
State Building Surcharge Fees	1,695.00	19,459.00	17,138.00	4,016.00
Conservation Fund	88.37			88.37
Performance Deposits	60,297.80	2,500.00	43,686.00	19,111.80
Inflow Infiltration	47,754.62	4,125.00	250.00	51,629.62
Traffic Light Maintenance Fund	486.09			486.09
Donations for Police Equipment	55,851.09	676.50	50,650.00	5,877.59
Doantions Police		2,000.00		2,000.00
Donations for Fire Equipment		20,000.00	5,246.30	14,753.70
Forfeited Funds Police - County	119,449.57	1,005.56		120,455.13
Forfeited Funds Police - Federal	3,734.37		1,770.00	1,964.37
Due to State - Marriage Surcharge Fees	350.00	1,325.00	1,425.00	250.00
Municipal Court - P.O.A.A.	1,306.90	246.00		1,552.90
Recreation Programs	7,702.60	80,740.99	67,191.72	21,251.87
Paving and Sewer Maintenance Escrow	7,482.50			7,482.50
Escrow Deposits	44,048.34	49,873.50	76,260.49	17,661.35
Fire Prevention Penalties	500.00			500.00
Municipal Alliance Donations	729.85			729.85
Pride in Kenilworth Donations	2,452.81	24,438.18	25,782.55	1,108.44
Street Opening Deposits	13,500.00			13,500.00
Building Department Escrow Deposits	22,695.20			22,695.20
County Environmental Health Act	864.15			864.15
Maintenance Deposits	56,919.04		56,544.04	375.00
Insurance Safety Award	2,500.00	1,500.00	1,866.44	2,133.56
Public Defender Fees	8,604.00	3,011.50	6,290.00	5,325.50
Outside Police Duty		208,722.50	208,722.50	
Board of Health Clinics	20,974.62			20,974.62
Donations for National Night Out	20.00			20.00
Tase Grant	1,814.50			1,814.50
Centennial / Public Events	6,441.11	22,056.24	20,590.78	7,906.57
Unidentified	86.67			86.67
Employee Flex Spending Account	(539.18)	1,848.60	1,812.95	(503.53)
Outside Lien Redemptions	59,695.89	140,314.69	200,010.58	
Snow Reserve		3,165.49		3,165.49
	<u>\$ 814,705.91</u>	<u>834,208.75</u>	<u>998,437.35</u>	<u>650,477.31</u>
	B	B-2	B-2	B

Borough of Kenilworth, N.J.

Schedule of Payroll Deductions

Trust Funds

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Receipts	Disbursed	Balance Dec. 31, 2015
Federal Withholding		691,379.81	691,379.81	
Social Security / Medicare		527,734.81	527,734.61	0.20
State Withholding		207,829.26	207,829.26	
Unemployment Insurance	687.05	6,260.50	6,286.25	661.30
PBA Dues		12,000.00	11,990.00	10.00
Pensions, Loans Etc.	889.68	497,321.50	501,819.36	(3,608.18)
Contributions Medical	478.48	245,784.86	245,615.74	647.60
DCRP/Other		9,927.80	9,646.26	281.54
Union Dues	124.00	9,583.00	9,623.00	84.00
Flex Spending Account	32.42	1,848.60	1,848.60	32.42
Other		896.06	(1,402.38)	2,298.44
Miscellaneous	(688.31)	556.05		(132.26)
Due Unemployment Trust	(777.66)	8,735.56	8,735.56	(777.66)
State Pension Payment		881,693.00	881,693.00	
Garnishment/Child Support		6,188.00	6,188.00	
Deferred Compensation		130,130.00	130,394.55	(264.55)
AFLAC	422.14	26,729.47	26,757.10	394.51
Roth IRA		890.00	890.00	
Net Payroll Checks/Direct Deposit		4,026,524.95	4,026,524.95	
	\$ 1,167.80	7,292,013.23	7,293,553.67	(372.64)
	B	B-2	B-2	B

Borough of Kenilworth, N.J.

Schedule of Reserve for

Community Development Block Grants

Other Trust Funds

Year Ended December 31, 2015

	Grant	Period	Balance Dec. 31, 2014	Grant Awarded	Paid or Charged	Canceled	Balance Dec. 31, 2015
14-231	Senior Citizen Chronic Illness	9/1/14 - 8/31/15	\$ 25.00		25.00		
15-231	Senior Citizen Chronic Illness	9/1/15 - 8/31/16		1,500.00	229.00		1,271.00
14-232	Senior Citizen Program	9/1/14 - 8/31/15	1,574.35		1,574.35		
15-232	Senior Citizen Program	9/1/15 - 8/31/16		9,700.00	6,990.82		2,709.18
14-233	Senior Citizen Transportation	9/1/14 - 8/31/15	4,800.00		4,800.00		
14-399	Senior Citizen Handyman Program	9/1/14 - 8/31/15	896.35		346.35	550.00	
15-399	Senior Citizen Handyman Program	9/1/15 - 8/31/16		2,000.00	188.13		1,811.87
13-015	Oswald Nitschke House - Barrier	9/1/13 - 8/31/14	20,000.00				20,000.00
14-128	ADA Curb/Ramp Imp.	9/1/14 - 8/31/15	20,000.00		20,000.00		
15-128	ADA Curb/Ramp Imp.	9/1/15 - 8/31/16		35,000.00			35,000.00
			<u>\$ 47,295.70</u>	<u>48,200.00</u>	<u>34,153.65</u>	<u>550.00</u>	<u>60,792.05</u>
			<u>B</u>	<u>B-7</u>	<u>B-2</u>	<u>B-7</u>	<u>B</u>

Borough of Kenilworth , N.J.
Schedule of Reserve for Unemployment Insurance
Trust Funds
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 66,789.30
Increased by:		
Budget Appropriation		\$ 20,000.00
Deductions from Employees		8,735.56
	B-2	<u>28,735.56</u>
		95,524.86
Decreased by:		
Disbursed	B-2	<u>36,893.98</u>
Balance - December 31, 2015	B	<u><u>\$ 58,630.88</u></u>

Borough of Kenilworth , N.J.
Schedule of Other Trust Reserves
Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Beautification</u>	<u>Youth Commission</u>	<u>Park Revitalization</u>
Balance - December 31, 2014	B	\$ 7,548.18	3,037.53	165.75
Increased by:				
Receipts - Donations	B-2	<u>2,000.00</u> <u>2,000.00</u>	<u> </u>	<u> </u>
		9,548.18	3,037.53	165.75
Decreased by:				
Disbursements	B-2	<u>700.00</u>	<u> </u>	<u> </u>
Balance - December 31, 2015	B	<u>\$ 8,848.18</u>	<u>3,037.53</u>	<u>165.75</u>

Exhibit B-17

LOSAP Contribution Receivable
Trust Funds
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 24,150.00
Increased by:		
Borough Contributions - Current Year Earned		48,300.00
Borough Contributions - Additional Prior Year Earned	B-19	<u>4,600.00</u>
		52,900.00
		<u>77,050.00</u>
Decreased by:		
Received	B-2	<u>28,750.00</u>
Balance - December 31, 2015	B	<u>\$ 48,300.00</u>

Borough of Kenilworth , N.J.

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

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		\$ 542,490.50
Increased by:			
Borough Contributions	B-18	52,900.00	
Appreciation	B-2	<u>(6,989.94)</u>	
			45,910.06
			<u>588,400.56</u>
Decreased by:			
Withdrawals		5,339.41	
Administrative Charges		<u>1,475.00</u>	
	B-2		<u>6,814.41</u>
Balance - December 31, 2015	B		<u>\$ 581,586.15</u>

Borough of Kenilworth , N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C	\$	1,327,546.14
Increased by Receipts:			
Interfund - State and Federal Grant Fund	C-9	303,750.00	
Bond Anticipation Notes	C-11	2,198,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-13	<u>40,000.00</u>	
			<u>2,541,750.00</u>
			3,869,296.14
Decreased by Disbursements:			
Interfund - Assessment Trust Fund	C-8	33,000.00	
Improvement Authorizations	C-12	430,166.51	
Bond Anticipation Notes	C-11	<u>1,469,400.00</u>	
			<u>1,932,566.51</u>
Balance - December 31, 2015	C	\$	<u><u>1,936,729.63</u></u>

Borough of Kenilworth , N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Fund Balance	C-1	\$ 303,770.38
Due from New Jersey Transportation Trust Fund	C-4	(47,500.00)
Due from Assessment Trust Fund	C-8	(33,000.00)
Due to State and Federal Grant Fund	C-10	303,750.00
Capital Improvement Fund	C-13	32,168.81
Reserve for Debt Service	C-14	11,506.23

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
11-06	Various Improvements or Purposes	116,671.90
12-06	Various Improvements or Purposes	368,455.65
13-05	Various Improvements or Purposes	119,602.73
13-09	Various Improvements or Purposes	28,733.35
14-06	Various Improvements or Purposes	183,063.57
14-08	Various Improvements or Purposes	(26,211.18)
15-04	Various Improvements or Purposes	570,618.19
15-07	Construction of Curbs - Various Streets	5,100.00
		<u>\$ 1,936,729.63</u>
		C

Borough of Kenilworth, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2015

	<u>Balance, Dec. 31, 2014</u>	<u>Grants Approved</u>	<u>Cash Received</u>	<u>Cancelled</u>	<u>Balance, Dec. 31, 2015</u>
	\$ 47,500.00				47,500.00
	<u>\$ 47,500.00</u>				<u>47,500.00</u>
	<u>C</u>				<u>C/C-3</u>

New Jersey Transportation Trust Fund:
Ord. 13-09 - Improvement of Lafayette Avenue

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

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 8,035,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-9	<u>790,000.00</u>
Balance - December 31, 2015	C	<u>\$ 7,245,000.00</u>

Borough of Kenilworth, N.J.
Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Balance, Dec. 31, 2014	2015 Authorizations	Reduction	Balance, Dec. 31, 2015	Analysis of Balance - Dec. 31, 2015		
						Financed by	Expended	Unexpended Improvement Authorization
						Bond Anticipation Notes		
<u>General Improvements:</u>								
13-05	Various Improvements or Purposes	\$ 550,000.00			550,000.00			
13-09	Various Improvements or Purposes	334,000.00			334,000.00			
14-06	Various Improvements or Purposes	656,800.00			656,800.00			71,400.00
14-08	Various Improvements or Purposes	38,000.00			38,000.00		26,211.18	11,788.82
15-04	Various Improvements or Purposes		862,000.00		862,000.00			133,400.00
<u>Local Improvements:</u>								
11-08	Construction of Curbing - Roosevelt Lane	25,241.22			25,241.22			25,241.22
15-07	Construction of Curbing - Various Streets		101,900.00		101,900.00			101,900.00
		<u>\$ 1,604,041.22</u>	<u>963,900.00</u>		<u>2,567,941.22</u>	<u>2,198,000.00</u>	<u>26,211.18</u>	<u>343,730.04</u>
		<u>C</u>	<u>C-11</u>		<u>C</u>			
						Improvement Authorizations - Unfunded		
						1,245,747.88		
						Less: Unexpended Proceed of Bond		
						Anticipation Notes		
						Ord. 13-05	119,602.73	
						Ord. 13-09	28,733.35	
						Ord. 14-06	183,063.57	
						Ord. 15-04	570,618.19	
							<u>902,017.84</u>	<u>902,017.84</u>
							<u>343,730.04</u>	<u>343,730.04</u>

Borough of Kenilworth , N.J.

Schedule of Prospective Assessments Raised By Taxation

General Capital Fund

Year Ended December 31, 2015

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2014</u>
Construction of Curbs - Various Streets	15-07	\$ 5,100.00	
		\$ 5,100.00	
		<u>C</u>	<u>C</u>

Borough of Kenilworth , N.J.

Schedule of Interfund Assessment Trust Fund

General Capital Fund

Year Ended December 31, 2015

		<u>Ref.</u>	
Balance - December 31, 2014	Due from	C	\$
Increased by:			
Disbursed		C-2	<u>33,000.00</u>
Balance - December 31, 2015	Due from	C	<u>\$ 33,000.00</u>

Schedule of Interfund - State and Federal Grant Fund

General Capital Fund

Year Ended December 31, 2015

		<u>Ref.</u>	
Balance - December 31, 2014 - Due to		C	\$
Increased by:			
Receipts		C-2	<u>\$ 303,750.00</u>
Balance - December 31, 2015 - Due to		C/C-3	<u>\$ 303,750.00</u>

Borough of Kenilworth, N.J.
Schedule of General Serial Bonds Payable
General Capital Fund
Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
General Improve. Bonds of 2003	8/15/2003	\$ 3,126,000.00	8-15-2016/17	215,000.00	4.00%	861,000.00	215,000.00	646,000.00
			8-15-2018	216,000.00	4.00%			
General Improve. Bonds of 2007	2/15/2007	3,429,000.00	11-15-2016/20	260,000.00	4.00%	1,819,000.00	260,000.00	1,559,000.00
			11-15-2021	259,000.00	4.00%			
General Improve. Bonds of 2013	3/1/2013	5,600,000.00	3-01-2016	345,000.00	1.50%	5,355,000.00	315,000.00	5,040,000.00
			3-01-2017	375,000.00	1.50%			
			3-01-2018	400,000.00	1.50%			
			3-01-2019/24	490,000.00	2.00%			
			3-01-2025	490,000.00	2.125%			
			3-01-2026	490,000.00	2.25%			
\$ 8,035,000.00							790,000.00	7,245,000.00
C							C-5	C

Borough of Kenilworth, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
2013-05	Various Capital Improvements	550,000.00	12/12/14	12/11/15	12/09/16	0.70%	550,000.00	550,000.00	550,000.00	550,000.00
2013-09	Various Capital Improvements	334,000.00	12/12/14	12/11/15	12/09/16	0.70%	334,000.00	334,000.00	334,000.00	334,000.00
2014-06	Various Capital Improvements	585,400.00	12/12/14	12/11/15	12/09/16	0.70%	585,400.00	585,400.00	585,400.00	585,400.00
2015-04	Various Capital Improvements	728,600.00	12/11/15	12/11/15	12/09/16	0.70%		728,600.00		728,600.00
							<u>\$ 1,469,400.00</u>	<u>2,198,000.00</u>	<u>1,469,400.00</u>	<u>2,198,000.00</u>
							C			C
					Notes Issued	Ref.		728,600.00		
					Renewals	C-2/C-15		1,469,400.00	1,469,400.00	
						C-2		<u>2,198,000.00</u>	<u>1,469,400.00</u>	

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

Page 1 of 1

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2014		2015 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2015		
				Funded	Unfunded				Funded	Unfunded	
General Improvements:											
11-06	Various Capital Improvements or Purposes	07-13-11	1,430,000.00	\$ 140,409.40			23,737.50		116,671.90		
12-06	Various Capital Improvements or Purposes	04-11-11	1,000,000.00	369,920.13			1,464.48		368,455.65		
13-05	Various Capital Improvements or Purposes	05-22-13	580,000.00		151,770.23		32,167.50			119,602.73	
13-09	Various Capital Improvements or Purposes	07-24-13	541,500.00		41,583.35		12,850.00			28,733.35	
14-06	Various Capital Improvements or Purposes	05-14-14	690,000.00		397,824.49		143,360.92			254,463.57	
14-08	Various Capital Improvements or Purposes	07-09-14	40,000.00		26,393.12		14,604.30			11,788.82	
15-04	Various Capital Improvements or Purposes	05-13-15	906,000.00			906,000.00	201,981.81			704,018.19	
Local Improvements:											
11-08	Construction of Curbing - Roosevelt Lane	11-09-11	65,000.00		25,241.22					25,241.22	
15-07	Construction of Curbing - Various Streets	11-10-15	107,000.00			107,000.00			5,100.00	101,900.00	
				\$ 510,329.53	642,812.41	1,013,000.00	430,166.51		490,227.55	1,245,747.88	
				C	C		C-2		C	C	
				Capital Improvement Fund		Ref					
				Deferred Charges to Future Taxation - Unfunded		C-12	49,100.00				
						C-6/C-15	963,900.00				
							1,013,000.00				

Exhibit C-13

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

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 41,268.81
Increased by:		
Budget Appropriation	C-2	<u>40,000.00</u>
		81,268.81
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>49,100.00</u>
Balance - December 31, 2015	C/C-3	<u><u>\$ 32,168.81</u></u>

Exhibit C-14

Schedule of Reserve for Debt Service
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ <u>11,506.23</u>
Balance - December 31, 2015	C/C-3	\$ <u><u>11,506.23</u></u>

Borough of Kenilworth, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2014 Capital Fund</u>	<u>2015 Authorizations</u>	<u>Notes Issued</u>	<u>Authorizations Cancelled</u>	<u>Balance, Dec. 31, 2015 Capital Fund</u>
	<u>General improvements:</u>					
14-06	Various Improvements or Purposes	\$ 71,400.00				71,400.00
14-08	Various Improvements or Purposes	38,000.00				38,000.00
15-04	Various Improvements or Purposes		862,000.00	728,600.00		133,400.00
	<u>Local improvements:</u>					
11-08	Construction of Curbs - Roosevelt Lane	25,241.22	101,900.00			25,241.22
15-07	Construction of Curbs - Various Streets					101,900.00
		<u>\$ 134,641.22</u>	<u>963,900.00</u>	<u>728,600.00</u>		<u>369,941.22</u>
		Footnote C	C-11	C-10		Footnote C

Borough of Kenilworth , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2014	E	\$ 19,568.90	2,635.31	16,933.59
Increased by Receipts:				
State Aid		7,500.00		7,500.00
Other		281.00		281.00
Supplemental Security Income				
		<u>7,781.00</u>		<u>7,781.00</u>
		<u>27,349.90</u>	<u>2,635.31</u>	<u>24,714.59</u>
Decreased by Disbursements:				
Public Assistance - 2015		16,187.50	480.00	15,707.50
Supplemental Security Income				
		<u>16,187.50</u>	<u>480.00</u>	<u>15,707.50</u>
Balance - December 31, 2015	E	\$ <u>11,162.40</u>	<u>2,155.31</u>	<u>9,007.09</u>

Borough of Kenilworth , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2015	E-1	\$ <u>11,162.40</u>
Increased by:		
Cash Receipts Record		<u>7,162.13</u>
		<u>7,162.13</u>
		<u>18,324.53</u>
Decreased by:		
Cash Disbursements Record		
- 2016 Assistance		<u>5,573.00</u>
		<u>5,573.00</u>
Balance - March 31, 2016		\$ <u><u>12,751.53</u></u>

<u>Reconciliation - March 31, 2016</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
PNC Bank	2,155.31	10,596.22	12,751.53
Add: Bank Error			
Less: Outstanding Checks			
Balance - March 31, 2016	<u><u>2,155.31</u></u>	<u><u>10,596.22</u></u>	<u><u>12,751.53</u></u>

Borough of Kenilworth , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2015

Balance - December 31, 2014	\$ 19,568.90
Increased by Receipts:	
Cash Receipts Record	<u>7,781.00</u>
	<u>27,349.90</u>
Decreased by Disbursements:	
Public Assistance - 2015	<u>16,187.50</u>
	<u>16,187.50</u>
Balance - December 31, 2015	\$ <u><u>11,162.40</u></u>

<u>Reconciliation - December 31, 2015</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
PNC Bank	2,155.31	9,007.09	11,162.40
Add: Bank Error			
Less: Outstanding Checks	<u> </u>	<u> </u>	<u> </u>
Balance, December 31, 2015	<u><u>2,155.31</u></u>	<u><u>9,007.09</u></u>	<u><u>11,162.40</u></u>

Borough of Kenilworth , N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2015

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 7,500.00		7,500.00
Less: Refunds to the State			
Net State Aid Payments	<u>7,500.00</u>		<u>7,500.00</u>
Interest Earned			
Supplemental Security Income			
State/Municipal Refund			
Client Refund			
Refunds - State Matched Assistance	<u>281.00</u>		<u>281.00</u>
Total Revenues (P.A.T.F.)	<u>7,781.00</u>		<u>7,781.00</u>
Total Receipts	<u>\$ 7,781.00</u>		<u>7,781.00</u>

Schedule of Expenditures - Cash Basis
Public Assistance Fund
Year Ended December 31, 2015

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 7,497.00		7,497.00
Other:			
Temporary Rental Assistance	<u>8,210.50</u>		<u>8,210.50</u>
Total Payments Reported	<u>15,707.50</u>		<u>15,707.50</u>
Assistance Ineligible for State Aid	480.00	480.00	
Interfund Transfers			
SSI Payments:			
Reimbursement to Clients			
	<u>480.00</u>	<u>480.00</u>	
Total Disbursements (P.A.T.F.)	<u>\$ 16,187.50</u>	<u>480.00</u>	<u>15,707.50</u>

Borough of Kenilworth , N.J.
Schedule of Reserve for Public Assistance
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	\$ 19,568.90
Increased by Receipts:		
Other		281.00
		<u>7,781.00</u>
		<u>27,349.90</u>
Decreased by Disbursements:		
Public Assistance		16,187.50
		<u>16,187.50</u>
Balance - December 31, 2015	E	\$ <u>11,162.40</u>
Analysis of Balance		
P.A.T.F. Account #1		2,155.31
P.A.T.F. Account #2		9,007.09
		<u>11,162.40</u>

Exhibit E-7

Schedule of Reserve for Community Fund
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	\$ 3,809.72
Increased by Receipts:		
Other - Donations		5,600.00
		<u>9,409.72</u>
Decreased by Disbursements:		
Other - Goodwill Expenditures		<u> </u>
Balance - December 31, 2015	E	\$ <u>9,409.72</u>

BOROUGH OF KENILWORTH

PART II

LETTER ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and
Members of the Borough Council
Borough of Kenilworth
Kenilworth, New Jersey 07033

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Kenilworth in the County of Union as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated April 25, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Kenilworth in the accompany comments and recommendations section of this report.

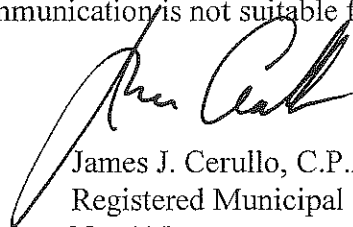
Compliance and Other Matters

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

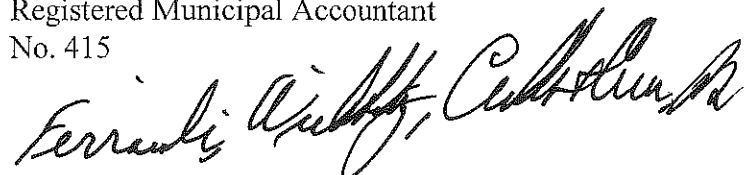
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Kenilworth in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Kenilworth'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 Borough of Kenilworth's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



James J. Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



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

April 25, 2016



GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010 the threshold was increased to \$36,000.00 and on July 1, 2015 increased to \$40,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations." The Borough increased the bid threshold to \$36,000.00 and \$40,000.00, respectively, as allowed by law for having a qualified purchasing agent.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

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

The minutes indicate that bids were requested by public advertising for the following item:

Roadway Improvement Program

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Chapter 75 of the Public Laws of 1991 of the State of New Jersey authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent, and

WHEREAS, the provisions of said statute provides that the rate of interest to be so charged may be fixed at a rate not to exceed 8% per annum on the first \$1,500. of delinquency, and a rate of 18% per annum on any amount in excess of \$1,500.

WHEREAS, the statute further provides that the governing body may provide that no interest shall be charged if payment is made within the tenth calendar day following the date which the same became payable, and

WHEREAS, (N.J.S.A. 54:4-67 AS AMENDED) also provides that the governing body may fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000. who fails to pay that delinquency prior to the end of the (calendar) fiscal year which shall not exceed (6%) six percent; and

WHEREAS, the Governing Body of the Borough of Kenilworth deems that implementation of Chapter 75 of the P.L. of 1991 (N.J.S.A. 54:4-67) the same is desirable and appropriate;

NOW THEREFORE BE IT RESOLVED, by the Governing Body of the Borough of Kenilworth that pursuant to the authority granted to it by N.J.S.A. 54:4-67, AS AMENDED that the rate of interest be set in the amount of 8% on the first 1,500. of the delinquency and at the rate of 18% on any amount in excess of \$1,500 provided payment is not made within the grace period of ten days from the date payable and that the penalty on amounts due in excess of \$10,000 at the close of the (calendar) fiscal year be set at 6% of the amount of the delinquency.

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 25, 2015, and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2015	2
2014	2
2013	1

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.

The results of the test, which was made as of December 31, 2015, is not yet known, but a separate report will be rendered if any irregularities were developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

OTHER COMMENTS

Purchasing

In several instances, Political Contribution Disclosure forms were not on file for vendors exceeding \$17,500.00.

Outside Offices

Building Department

In two instances, the written permits differed from the inputted computer permit. Therefore, we are unable to determine if the correct DCA fee was charged since both figures were different.

In a few instances, we were unable to determine how their computer priced out their electric fee and in one instance, electric fees were charged incorrectly.

Permit fee log reports are not always in agreement with cash receipts report. This appears to be a program error.

Payroll

In a few instances, employees earning over \$5,000 were not enrolled in Pension.

In one instance, an employee was overpaid.

In a few instances, employees health benefit contribution calculations were not done properly. In most cases, the incorrect premium and incorrect calculation status chart was used.

Payroll account has negative cash balance and deficits in several payroll deductions.

RECOMMENDATIONS

1. That Political Contribution Disclosure forms be requested from vendors exceeding \$17,500.00.
2. The building permits data inputted into the computer system be in agreement with the building permit application.
3. That electric permit fees charged be in accordance with the fee ordinance.
4. That permit fee log reports be agreed to cash receipts report.
5. That employees earning over \$5,000 be enrolled in pension system.
6. That employees annual salary be doubled checked for accuracy.
7. That employees share of health benefits be calculated correctly.
8. That corrective action be taken to eliminate the deficits in the payroll account.

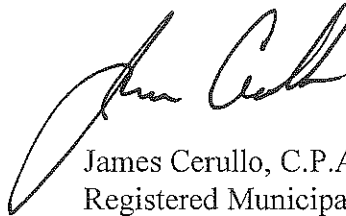
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all with the exception of those marked with an "*".

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

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,



James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



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