

Report of Audit
on the
Financial Statements
of the
Borough of Kenilworth
in the
County of Union
New Jersey
for the
Year Ended
December 31, 2016

BOROUGH OF KENILWORTH

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BOROUGH OF KENILWORTH

PART I

INDEPENDENT AUDITOR'S REPORT ON
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FINANCIAL STATEMENTS – REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2016 AND 2015



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Kenilworth, as of December 31, 2016 and 2015, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 regulatory 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 regulatory 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 and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough of Kenilworth'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 Borough of Kenilworth'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 regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory 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 the various individual funds and account group of the Borough of Kenilworth as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2016 and 2015, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2016 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.

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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 regulatory financial statements, supplementary information and schedules of expenditures of federal and state financial assistance and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory 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 and the schedules of expenditures of federal and state financial assistance and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Prior Period Financial Statements

The financial statements - regulatory basis of the Borough of Kenilworth as of December 31, 2015, and for the year then ended, were audited by other auditors whose report dated April 25, 2016, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an except for qualified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017 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 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.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 19, 2017

CURRENT FUND

"A"

BOROUGH OF KENILWORTH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2015</u>
<u>ASSETS</u>			
Current Fund			
Cash	A-4	\$ 5,646,211.92	\$ 4,227,132.02
Cash - Change Fund	A-12	250.00	250.00
Due State of New Jersey - Senior Citizens and Veterans Deductions	A-6	7,861.38	7,808.64
		<u>\$ 5,654,323.30</u>	<u>\$ 4,235,190.66</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 317,783.11	\$ 261,959.70
Tax Title Liens Receivable	A-8	29,383.57	24,900.24
Property Acquired for Taxes - Assessed Value	A-9	157,200.00	157,200.00
Revenue Accounts Receivable	A-10	12,684.31	14,583.57
Interfunds Receivable	A-13	31,227.70	3,210.70
Prepaid Local School Tax	A-2	425,037.88	424,291.86
	A	<u>\$ 973,316.57</u>	<u>\$ 886,146.07</u>
Deferred Charges:			
Special Emergency N.J.S.A. 40A:4-55	A-26	\$ 75,000.00	\$
		<u>\$ 75,000.00</u>	<u>\$</u>
		<u>\$ 6,702,639.87</u>	<u>\$ 5,121,336.73</u>
Grant Fund:			
Cash	A-4	\$ 172,955.97	\$ 189,878.83
Grants Receivable	A-24	480,456.70	244,735.08
Interfunds Receivable	A-27	307,316.63	307,316.63
Deferred Charge	A-26	23,675.98	
		<u>\$ 984,405.28</u>	<u>\$ 741,930.54</u>
		<u>\$ 7,687,045.15</u>	<u>\$ 5,863,267.27</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 1,192,419.78	\$ 928,705.97
Accounts Payable	A-21	88,848.60	14,200.00
Encumbrances Payable	A-28	236,575.63	114,195.45
Prepaid Taxes	A-16	157,533.41	160,014.68
Tax Overpayments	A-17	4,335.05	
Interfunds Payable	A-13	477,231.63	3,968.60
County Taxes Payable	A-18	19,130.23	
Reserve for LOSAP Contribution	A-14	40,104.59	40,104.59
Reserve for Elevator Inspection Agency Fee	A-29	34,949.00	34,949.00
Reserve for Tax Map	A-25	4,826.88	4,826.88
Reserve for Revaluation	A-15	8,525.50	8,525.50
Reserve for Master Plan	A-31	68,805.00	
Reserve for Tax Appeals	A-30	50,000.00	
Reserve for Purchase of Video Equipment	A-22	2,304.79	2,304.79
		<u>\$ 2,385,590.09</u>	<u>\$ 1,311,795.46</u>
Reserve for Receivables	A	973,316.57	886,146.07
Fund Balance	A-1	<u>3,343,733.21</u>	<u>2,923,395.20</u>
Grant Fund:			
Reserve for:			
Grants-Appropriated	A-20	879,529.77	705,659.07
Grants-Unappropriated	A-23	48,747.95	34,271.47
Interfunds Payable	A-27	2,000.00	2,000.00
Accounts Payable	A-28	54,127.56	
		<u>984,405.28</u>	<u>741,930.54</u>
		<u>\$ 7,687,045.15</u>	<u>\$ 5,863,267.27</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-2	\$ 1,344,766.06	\$ 1,078,700.00
Miscellaneous Revenue Anticipated	A-2	2,944,853.01	2,955,828.16
Receipts From Delinquent Taxes	A-2	266,829.43	303,599.47
Receipts From Current Taxes	A-2	39,045,993.06	38,005,316.35
Non-Budget Revenue	A-2	80,997.30	46,992.90
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	584,787.08	600,611.03
Statutory Excess Dog License Fund			3,210.70
Interfunds Returned			2,589.25
<u>Total Income</u>		<u>\$ 44,268,225.94</u>	<u>\$ 42,996,847.86</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS"	A-3	\$ 11,103,857.06	\$ 10,697,281.06
Deferred Charges and Statutory			
Expenditures-Municipal	A-3	1,234,000.00	1,150,750.00
Operations Excluded From "CAPS"	A-3	1,517,495.38	1,445,996.02
Capital Improvement Fund	A-3	40,000.00	445,000.00
Municipal Debt Service	A-3	1,018,068.86	1,011,751.79
County Taxes	A-18	7,596,130.46	7,769,370.32
County Share of Added and Omitted Taxes	A-18	19,130.23	
Local District School Tax	A-19	19,596,385.00	18,414,386.50
Reserve for Prepaid Local School Taxes	A-19	425,037.88	424,291.86
Interfunds Advanced		28,017.00	3,210.70
<u>Total Expenditures</u>		<u>\$ 42,578,121.87</u>	<u>\$ 41,362,038.25</u>
Excess in Revenue		\$ 1,690,104.07	\$ 1,634,809.61
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>75,000.00</u>	
Statutory Excess to Fund Balance		\$ 1,765,104.07	\$ 1,634,809.61
Fund Balance, January 1	A	<u>2,923,395.20</u>	<u>2,367,285.59</u>
		<u>\$ 4,688,499.27</u>	<u>\$ 4,002,095.20</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>1,344,766.06</u>	<u>1,078,700.00</u>
Fund Balance, December 31	A	<u>\$ 3,343,733.21</u>	<u>\$ 2,923,395.20</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

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

			ANTICIPATED		
			SPECIAL		
			N.J.S.		
			40A:4-87		
	REF.	BUDGET		REALIZED	EXCESS/ DEFICIT
Fund Balance Appropriated	A-1	\$ 1,344,766.06		\$ 1,344,766.06	
Miscellaneous:					
Licenses:					
Alcoholic Beverage	A-10	\$ 19,000.00		\$ 19,897.50	\$ 897.50
Other	A-2	28,000.00		30,272.00	2,272.00
Fees and Permits:					
Other	A-2	55,200.00		80,227.11	25,027.11
Fines and Costs-Municipal Court	A-10	180,000.00		181,840.24	1,840.24
Interest and Costs on Taxes	A-5:A-10	65,000.00		57,391.47	(7,608.53)
Interest on Investments	A-10	4,000.00		4,625.71	625.71
Cable T.V. Franchise Tax	A-10	115,000.00		122,061.62	7,061.62
Uniform Construction Code Fees	A-10	210,000.00		470,963.20	260,963.20
Trailer Storage Fees	A-10	5,000.00		6,900.00	1,900.00
Consolidated Municipal Property Tax Relief Act	A-10	34,708.00		34,708.00	
Energy Receipts Tax	A-10	961,480.00		961,480.00	
Federal Bulletproof Vest	A-24		2,212.50	2,212.50	
Clean Communities Program	A-24		17,520.72	17,520.72	
FEMA Reimbursement	A-24		18,116.00	18,116.00	
Body Armor Replacement Fund	A-24		2,585.16	2,585.16	
Department of Transportation Grant	A-24		185,000.00	185,000.00	
UC Infrastructure Grant	A-24		75,000.00	75,000.00	
Click it or Ticket	A-24		5,000.00	5,000.00	
Uniform Fire Safety Act - Local Fees	A-10	14,800.00		13,929.00	(871.00)
Uniform Fire Safety Act	A-10	42,000.00		33,516.61	(8,483.39)
Hotel Occupancy Tax	A-10	100,000.00		104,450.31	4,450.31
Prepaid School Tax	A	347,000.00		424,291.86	77,291.86
Outside Police Duty Administrative Fees	A-10	13,000.00		16,372.50	3,372.50
Outside Police Duty Use of Vehicles Fees	A-10	22,000.00		28,260.00	6,260.00
School Resource Officer	A-10	47,000.00		48,231.50	1,231.50
	A-1	\$ 2,263,188.00	\$ 305,434.38	\$ 2,944,853.01	\$ 376,230.63
Receipts From Delinquent Taxes	A-1:A-7	\$ 250,000.00		\$ 266,829.43	\$ 16,829.43
Property Tax for Support of Municipal Budget					
Appropriations-Local Tax for Municipal Purposes	A-2:A-7	\$ 11,028,843.00		\$ 11,548,990.37	\$ 520,147.37
Minimum Library Tax	A-2:A-7	462,121.00		462,121.00	
		\$ 11,490,964.00		\$ 12,011,111.37	\$ 520,147.37
<u>Budget Totals</u>		\$ 15,348,918.06	\$ 305,434.38	\$ 16,567,559.87	\$ 913,207.43
Non-Budget Revenues	A-1:A-2			80,997.30	80,997.30
		\$ 15,348,918.06	\$ 305,434.38	\$ 16,648,557.17	\$ 994,204.73
	REF.	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

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

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Collections on a Cash Basis	A-7	\$ 39,095,993.06
Less: Reserve for Tax Appeals	A-30	50,000.00
Revenue From Collections	A-1	<u>39,045,993.06</u>
Allocated to:		
School and County Taxes		<u>27,849,881.69</u>
Support of Municipal Budget Appropriations		\$ 11,196,111.37
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>815,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,011,111.37</u>
Licenses:		
Clerk	A-10	\$ 8,490.00
Board of Health	A-10	21,282.00
Police	A-10	<u>500.00</u>
	A-2	<u>\$ 30,272.00</u>
Fees and Permits Other:		
Police Department	A-10	\$ 5,131.11
Fire Department	A-10	6,100.00
Street Opening	A-10	44,500.00
Planning Board	A-10	3,400.00
Building / Zoning	A-10	17,105.00
Board of Health	A-10	2,766.00
Clerk	A-10	<u>1,225.00</u>
	A-2	<u>\$ 80,227.11</u>
<u>ANALYSIS OF NON-BUDGET REVENUE</u>		
Miscellaneous Revenue Not Anticipated:		
Reimbursement of Prior Year Costs		\$ 5,250.19
Storm Reimbursement		37,699.00
Tax Premiums		20,000.00
Senior Citizens and Veterans Due State - Administrative Fee		1,601.44
Miscellaneous		10,144.83
Workers Compensation Reimbursement		2,809.29
Excess Animal Control Fees		<u>3,492.55</u>
	A-2:A-4	<u>\$ 80,997.30</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

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

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL GOVERNMENT					
Payroll and Human Resources:					
Salaries and Wages	\$ 22,000.00	\$ 25,000.00	\$ 21,838.76	\$ 3,161.24	\$
Other Expenses	37,000.00	37,000.00	425.00	36,575.00	
Mayor and Council:					
Salaries and Wages	3,750.00	3,750.00	3,708.34	41.66	
Other Expenses	11,000.00	11,000.00	9,414.91	1,585.09	
Municipal Clerk:					
Salaries and Wages	165,000.00	165,000.00	158,059.94	6,940.06	
Other Expenses	48,300.00	48,300.00	34,934.63	13,365.37	
Financial Administration (Treasury):					
Salaries and Wages	185,000.00	185,000.00	182,215.45	2,784.55	
Other Expenses	53,100.00	53,100.00	34,647.40	18,452.60	
Assessment of Taxes:					
Salaries and Wages	33,000.00	33,000.00	32,410.56	589.44	
Other Expenses	12,725.00	12,725.00	7,464.99	5,260.01	
Other Expenses-Tax Map		75,000.00	75,000.00		
Public Defender:					
Salaries and Wages	3,000.00	3,000.00		3,000.00	
Legal Services and Costs:					
Other Expenses - Retainer	32,500.00	32,500.00	27,573.33	4,926.67	
Other Expenses	65,000.00	65,000.00	18,241.41	46,758.59	
Engineering Services and Costs:					
Salaries and Wages	7,000.00	7,000.00	6,000.00	1,000.00	
Other Expenses	66,000.00	66,000.00	61,025.00	4,975.00	
Other Expenses- Retainer	55,500.00	55,500.00	48,690.00	6,810.00	
Municipal Court:					
Salaries and Wages	178,000.00	178,000.00	159,278.14	18,721.86	
Other Expenses	12,345.00	12,345.00	10,554.90	1,790.10	
Public Grounds and Buildings:					
Salaries and Wages	1,100.00	1,100.00		1,100.00	
Other Expenses	107,000.00	107,000.00	77,864.91	29,135.09	
Planning Board:					
Salaries and Wages	12,000.00	12,000.00	12,000.00		
Other Expenses	9,550.00	9,550.00	4,266.66	5,283.34	
Shade Tree Commission:					
Other Expenses	35,000.00	35,000.00	35,000.00		
Insurance:					
Other Insurance	450,000.00	450,000.00	432,802.00	17,198.00	
Employee Group Health Insurance	2,215,510.00	2,215,510.00	2,061,903.62	153,606.38	
Health Benefit Waiver	29,000.00	29,000.00	24,287.49	4,712.51	
Unemployment Compensation Insurance	20,000.00	20,000.00	20,000.00		
PUBLIC SAFETY					
Fire:					
Salaries and Wages	5,750.00	5,750.00	5,743.27	6.73	
Other Expenses	310,274.00	310,274.00	299,743.88	10,530.12	
Fire Prevention Bureau:					
Salaries and Wages	61,794.00	63,794.00	62,704.10	1,089.90	
Other Expenses	6,295.06	6,295.06	4,694.76	1,600.30	
Construction Code Official:					
Salaries and Wages	94,000.00	97,500.00	97,249.63	250.37	
Other Expenses	7,400.00	7,400.00	5,078.84	2,321.16	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

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

<u>OPERATIONS WITHIN "CAPS"</u>	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC SAFETY (CONTINUED)</u>					
Building Inspector:					
Salaries and Wages	\$ 33,000.00	\$ 33,000.00	\$ 27,349.92	\$ 5,650.08	\$
Other Expenses	500.00	500.00		500.00	
Plumbing Inspector:					
Salaries and Wages	17,000.00	17,000.00	14,722.60	2,277.40	
Other Expenses	200.00	200.00		200.00	
Electrical Inspector:					
Salaries and Wages	16,000.00	18,000.00	16,913.80	1,086.20	
Other Expenses	200.00	200.00		200.00	
Fire Protection Official:					
Salaries and Wages	15,000.00	15,000.00	14,236.80	763.20	
Other Expenses	200.00	200.00		200.00	
Zoning Enforcement Officer:					
Salaries and Wages	14,000.00	14,000.00	10,000.80	3,999.20	
Other Expenses	1,200.00	1,200.00		1,200.00	
Police:					
Salaries and Wages	3,375,500.00	3,365,000.00	3,098,204.42	266,795.58	
Other Expenses	228,655.00	228,655.00	214,187.49	14,467.51	
Traffic Control and School Guards:					
Salaries and Wages	183,500.00	183,500.00	162,991.81	20,508.19	
Other Expenses	43,400.00	43,400.00	25,905.54	17,494.46	
Emergency Management Services:					
Salaries and Wages	4,100.00	4,100.00	4,000.08	99.92	
Other Expenses	20,000.00	20,000.00	13,339.97	6,660.03	
First Aid Organization Contribution	65,000.00	65,000.00	65,000.00		
Municipal Prosecutor:					
Salaries and Wages	16,000.00	16,000.00	15,000.00	1,000.00	
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	859,000.00	859,000.00	825,255.68	33,744.32	
Other Expenses	150,800.00	150,800.00	109,781.64	41,018.36	
<u>SANITATION</u>					
Garbage and Trash:					
Salaries and Wages	263,000.00	263,000.00	252,792.05	10,207.95	
Other Expenses	53,800.00	53,800.00	51,932.63	1,867.37	
Recycling:					
Other Expenses	194,000.00	194,000.00	163,299.69	30,700.31	
Sewer System:					
Other Expenses	34,124.00	34,124.00	8,493.48	25,630.52	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	68,000.00	68,000.00	65,522.08	2,477.92	
Other Expenses	27,065.00	27,065.00	17,989.60	9,075.40	
Dog Regulation:					
Other Expenses	13,270.00	13,270.00	10,770.00	2,500.00	
Administration of Public Assistance:					
Salaries and Wages	16,000.00	16,000.00	15,793.96	206.04	
Other Expenses	2,350.00	2,350.00	1,169.59	1,180.41	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>RECREATION AND EDUCATION</u>					
Parks and Playgrounds:					
Salaries and Wages	\$ 31,000.00	\$ 31,000.00	\$ 20,448.32	\$ 10,551.68	\$
Other Expenses	31,100.00	31,100.00	25,698.54	5,401.46	
Senior Citizens Director:					
Salaries and Wages	7,500.00	9,200.00	9,109.25	90.75	
Other Expenses	8,500.00	8,500.00	8,499.20	0.80	
Senior Citizens Transportation:					
Salaries and Wages	20,000.00	18,300.00	16,762.79	1,537.21	
Other Expenses	3,000.00	3,000.00	520.36	2,479.64	
Parks:					
Other Expenses	9,000.00	9,000.00	9,000.00		
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	30,000.00	30,000.00	13,073.58	16,926.42	
Beautification:					
Other Expenses	2,000.00	2,000.00	1,925.31	74.69	
<u>UTILITIES</u>					
Other Utilities	295,000.00	295,000.00	206,290.04	88,709.96	
Street Lighting	114,000.00	114,000.00	89,825.28	24,174.72	
Fire Hydrant Services	133,000.00	133,000.00	130,500.00	2,500.00	
Solid Waste Disposal	275,000.00	275,000.00	248,627.63	26,372.37	
<u>TOTAL OPERATIONS (INCLUDING CONTINGENT)</u>					
<u>WITHIN "CAPS"</u>	\$ 11,028,857.06	\$ 11,103,857.06	\$ 10,019,755.85	\$ 1,084,101.21	\$
<u>DEFERRED CHARGES AND STATUTORY</u>					
<u>EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	260,000.00	260,000.00	248,029.51	11,970.49	
Police and Firemen's Retirement System of NJ	667,000.00	667,000.00	666,929.00	71.00	
Public Employees' Retirement System	299,000.00	299,000.00	296,288.40	2,711.60	
DCRP	8,000.00	8,000.00	5,024.95	2,975.05	
<u>TOTAL DEFERRED CHARGES AND STATUTORY</u>					
<u>EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>	\$ 1,234,000.00	\$ 1,234,000.00	\$ 1,216,271.86	\$ 17,728.14	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL</u>					
<u>PURPOSES WITHIN "CAPS"</u>	\$ 12,262,857.06	\$ 12,337,857.06	\$ 11,236,027.71	\$ 1,101,829.35	\$
<u>OTHER OPERATIONS-EXCLUDED FROM "CAPS"</u>					
Rahway Valley Sewerage Authority- Share of Costs	570,000.00	570,000.00	567,173.00	2,827.00	
Maintenance of Free Public Library	462,121.00	462,121.00	462,121.00		
Maintenance of Free Public Library- OE	60,000.00	60,000.00	60,000.00		
Reserve for Tax Appeals	60,000.00	60,000.00	15,357.80	44,642.20	
LOSAP	40,000.00	40,000.00		40,000.00	
Insurance: Group Insurance Plan for Employees	15,940.00	15,940.00	15,940.00		
Municipal Alliance Grant:					
Local Share	4,000.00	4,000.00	878.77	3,121.23	
Body Armor Grant (40A:4-87 \$2,585.16)		2,585.16	2,585.16		
UC Infrastructure Grant(40A:4-87 \$75,000.00)		75,000.00	75,000.00		
Federal Bulletproof Vest (40A:4-87 \$2,212.50)		2,212.50	2,212.50		
Clean Communities Grant (40A:4-87 \$17,520.72)		17,520.72	17,520.72		
FEMA Public Assistance (40A:4-87 \$18,116.00)		18,116.00	18,116.00		
Click It or Ticket It (40A:4-87 \$5,000.00)		5,000.00	5,000.00		
N.J. DOT (40A:4-87 \$185,000.00)		185,000.00	185,000.00		
<u>TOTAL OPERATIONS-EXCLUDED FROM "CAPS"</u>					
	\$ 1,212,061.00	\$ 1,517,495.38	\$ 1,426,904.95	\$ 90,590.43	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>CAPITAL IMPROVEMENT FUND</u>	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	820,000.00	820,000.00	820,000.00		
Interest on Bonds	183,000.00	183,000.00	182,650.00		350.00
Interest on Notes	16,000.00	16,000.00	15,418.86		581.14
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	<u>1,019,000.00</u>	<u>1,019,000.00</u>	<u>1,018,068.86</u>		<u>931.14</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>2,271,061.00</u>	<u>2,576,495.38</u>	<u>2,484,973.81</u>	<u>90,590.43</u>	<u>931.14</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>14,533,918.06</u>	<u>14,914,352.44</u>	<u>13,721,001.52</u>	<u>1,192,419.78</u>	<u>931.14</u>
	<u>815,000.00</u>	<u>815,000.00</u>	<u>815,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL</u>	<u>\$ 15,348,918.06</u>	<u>\$ 15,729,352.44</u>	<u>\$ 14,536,001.52</u>	<u>\$ 1,192,419.78</u>	<u>\$ 931.14</u>
<u>REF.</u>	A-2		A-1	A:A-1	
Appropriation by 40A:4-87	A-2	\$ 305,434.38			
Special Emergency Appropriation N.J.S.A. 40A:4-55	A-26	75,000.00			
Budget	A-3	15,348,918.06			
		<u>\$ 15,729,352.44</u>			
Reserve for Federal and State Programs Appropriated	A-20		\$ 305,434.38		
Reserve for Uncollected Taxes	A-2		815,000.00		
Encumbrances Payable	A-28		236,575.63		
Master Plan - Special Emergency	A-31		75,000.00		
Disbursed	A-4		13,683,023.35		
			<u>\$ 15,115,033.36</u>		
Less: Refunds	A-4		579,031.84		
			<u>\$ 14,536,001.52</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

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TRUST FUND

"B"

BOROUGH OF KENILWORTH

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>A S S E T S</u>			
Assessment Fund:			
Cash	B-2:B-3	\$ 76,833.66	\$ 43,212.46
Assessment Receivable	B-15	76,978.58	10,491.87
		<u>\$ 153,812.24</u>	<u>\$ 53,704.33</u>
Animal Control Fund:			
Cash	B-2	\$ 17,126.05	\$ 13,530.10
		<u>17,126.05</u>	<u>13,530.10</u>
Other Funds:			
Cash	B-2	\$ 847,209.90	\$ 704,572.07
Due Federal and State Grant Fund	B-13	2,000.00	2,000.00
Due Current Fund	B-12		401.97
Other Receivable	B-17	12,880.65	6,593.15
Community Development Block Grant Receivable	B-4	33,874.50	68,011.87
		<u>\$ 895,965.05</u>	<u>\$ 781,579.06</u>
		<u>\$ 1,066,903.34</u>	<u>\$ 848,813.49</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Due General Capital Fund	B-10	\$ 133,107.91	\$ 33,000.00
Due Current Fund	B-16	8,500.00	
Bond Anticipation Notes	B-18	8,500.00	17,000.00
Fund Balance	B-1	3,704.33	3,704.33
		<u>\$ 153,812.24</u>	<u>\$ 53,704.33</u>
Animal Control Fund:			
Due Current Fund	B-14	\$ 6,703.25	\$ 3,210.70
Due State of New Jersey	B-6	5.80	9.40
Reserve for Expenditures	B-5	10,417.00	10,310.00
		<u>\$ 17,126.05</u>	<u>\$ 13,530.10</u>
Other Funds:			
Due Current Fund	B-12	\$ 16,024.45	
Reserve For:			
Community Development Block Grant	B-7	5,467.37	60,792.05
State Unemployment Insurance	B-8	51,930.44	58,630.88
Miscellaneous Deposits	B-9	763,668.09	662,528.77
Payroll Deductions Payable	B-11	58,874.70	(372.64)
		<u>\$ 895,965.05</u>	<u>\$ 781,579.06</u>
		<u>\$ 1,066,903.34</u>	<u>\$ 848,813.49</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"B-1"

BOROUGH OF KENILWORTH

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND

REF.

Balance, December 31, 2015 and
December 31, 2016

B

\$ 3,704.33

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL CAPITAL FUND

"C"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2015
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,095,881.52	\$ 1,936,729.63
Due Assessment Trust Fund	C-13	133,107.91	33,000.00
Due Current Fund	C-4	473,665.00	
Prospective Assessments Raised by Taxation	C-16		5,100.00
State Aid Receivable	C-11		47,500.00
Deferred Charges to Future Taxation:			
Funded	C-5	6,425,000.00	7,245,000.00
Unfunded	C-6	3,326,833.31	2,567,941.22
		<u>\$ 11,454,487.74</u>	<u>\$ 11,835,270.85</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due Grant Fund	C-12	\$ 303,750.00	\$ 303,750.00
General Serial Bonds	C-9	6,425,000.00	7,245,000.00
Bond Anticipation Notes	C-10	2,656,500.00	2,198,000.00
Improvement Authorizations:			
Funded	C-8	72,996.99	490,227.55
Unfunded	C-8	1,299,005.19	1,245,747.88
Reserve for Debt Service	C-14	26,671.23	11,506.23
Reserve for Prospective Assessments Raised by Taxation			5,100.00
Capital Improvement Fund	C-7	28,968.81	32,168.81
Contracts Payable	C-15	337,825.14	
Fund Balance	C-1	303,770.38	303,770.38
		<u>\$ 11,454,487.74</u>	<u>\$ 11,835,270.85</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2015 and December 31, 2016	C	\$ <u>303,770.38</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>A S S E T S</u>			
Cash - Public Assistance		\$ 18,198.89	\$ 11,162.40
Cash - Community Fund		<u>4,009.72</u>	<u>9,409.72</u>
	E-1	\$ <u>22,208.61</u>	\$ <u>20,572.12</u>
<u>LIABILITIES</u>			
Reserve for Public Assistance		\$ 18,198.89	\$ 11,162.40
Reserve for Community Fund		<u>4,009.72</u>	<u>9,409.72</u>
	E-1	\$ <u>22,208.61</u>	\$ <u>20,572.12</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF KENILWORTH

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
General Fixed Assets:		
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>6,116,015.82</u>
<u>Total General Fixed Assets</u>	\$ <u>12,892,964.93</u>	\$ <u>12,892,964.93</u>
Investments in General Fixed Assets	\$ <u>12,892,964.93</u>	\$ <u>12,892,964.93</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF KENILWORTH

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Kenilworth is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Kenilworth include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Kenilworth, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Kenilworth do not include the operations of the local Board of Education, inasmuch as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Kenilworth conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Kenilworth are organized on the basis of funds and an account group which is different from the fund structure required by U.S. GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

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

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. 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. The Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by the Borough.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost for land acquired before 1986 is the assessed value determined at the last revaluation prior to December 31, 1985.

General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers change funds, cash in banks, deposits in the New Jersey Cash Management Fund and Certificates of Deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Kenilworth had the following cash and cash equivalents at December 31, 2016:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Deletions</u>	
Current Fund	\$5,813,112.72	\$3,555.01	\$170,455.81	\$5,646,211.92
Animal Control Trust Fund	17,126.77		0.72	17,126.05
Federal State Grant Fund	172,956.97		1.00	172,955.97
Assessment Trust Fund	76,833.66			76,833.66
Other Trust Fund	872,593.34		25,383.44	847,209.90
General Capital Fund	1,095,883.50		1.98	1,095,881.52
Public Assistance Fund	23,468.61		1,260.00	22,208.61
	<u>\$8,071,975.57</u>	<u>\$3,555.01</u>	<u>\$197,102.95</u>	<u>\$7,878,427.63</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2016, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$267,410.87 was covered by Federal Depository Insurance, and \$7,804,564.70 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Kenilworth's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All 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, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT
OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2016</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Issued:			
General:			
Bonds and Notes	\$9,081,500.00	\$9,443,000.00	\$9,504,400.00
Assessment:			
Bonds and Notes	<u>8,500.00</u>	<u>17,000.00</u>	<u>50,000.00</u>
Total Issued	9,090,000.00	9,460,000.00	9,554,400.00
Less Funds Temporarily Held to			
Pay Bonds and Notes	<u>26,671.23</u>	<u>18,014.36</u>	<u>44,773.73</u>
Net Debt Issued	<u>\$9,063,328.77</u>	<u>\$9,441,985.64</u>	<u>\$9,509,626.27</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>\$643,300.00</u>	<u>\$242,800.00</u>	<u>\$109,400.00</u>
Assessment:			
Bonds and Notes	<u>18,533.31</u>	<u>127,141.22</u>	<u>25,241.22</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u><u>\$9,725,162.08</u></u>	<u><u>\$9,811,926.86</u></u>	<u><u>\$9,644,267.49</u></u>

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2016)

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 regulatory net debt of .724%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 12,545,000.00	\$ 12,545,000.00	\$ -0-
General Debt	<u>9,751,833.31</u>	<u>26,671.23</u>	<u>9,725,162.08</u>
	<u><u>\$ 22,296,833.31</u></u>	<u><u>\$ 12,571,671.23</u></u>	<u><u>\$ 9,725,162.08</u></u>

NET DEBT \$9,725,162.08 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,400,670,444.33 EQUALS .694%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2016	\$1,400,670,444.33
3-1/2 of Equalized Valuation Basis	49,023,465.55
Net Debt	<u>9,725,162.08</u>
Remaining Borrowing Power	<u><u>\$39,298,303.47</u></u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II Railroad Property of the Borough of Kenilworth for the last three (3) preceding years.

LONG TERM

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2016

CALENDAR YEAR	<u>GENERAL CAPITAL</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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><u>\$6,425,000.00</u></u>	<u><u>\$680,736.25</u></u>	<u><u>\$7,105,736.25</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

The General Improvement Bonds are comprised of the following issue:

General Serial Bonds:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2016</u>
\$3,126,000.00 in 2003 General Improvement Bonds, due in remaining installments of \$215,000.00 and \$216,000.00 through August 15, 2018 at an interest rate of 4.00%.	\$431,000.00
\$3,249,000.00 in 2007 General Improvement Bonds, due in remaining installments ranging between \$259,000.00 and \$260,000.00 through November 15, 2021 at an interest rate of 4.00%.	1,299,000.00
\$5,600,000.00 in 2013 General Improvement Bonds, due in remaining installments ranging between \$375,000.00 and \$490,000.00 through March 2026 at interest rates between 1.50% and 2.25%.	<u>4,695,000.00</u>
	<u><u>\$6,425,000.00</u></u>

SHORT TERM

BOND ANTICIPATION NOTE

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital	2.000%	12/9/16 to 12/8/17	\$2,656,500.00
Assessment Trust	2.000%	12/9/16 to 12/8/17	\$8,500.00
			<u><u>\$2,665,000.00</u></u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2016 which was appropriated and included as anticipated revenue in its own fund for the year ending December 31, 2017 was as follows:

Current Fund	\$1,569,766.06
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NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the county and the local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE <u>DECEMBER 31, 2016</u>	BALANCE <u>DECEMBER 31, 2015</u>
Prepaid Taxes	<u>\$157,533.41</u>	<u>\$160,014.68</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey 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 or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2016 PERS provides for employee contributions of 7.20% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2016, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$968,242.35 for 2016, \$886,321.07 for 2015, and \$859,687.74 for 2014.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2016. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2016.

Public Employees Retirement System (PERS)

At June 30, 2016, the State reported a net pension liability of \$9,338,081.00 for the Borough of Kenilworth’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough’s proportion was 0.0315293229 percent, which was a decrease of 0.0031805713 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$844,608.00 for the Borough of Kenilworth’s proportionate share of the total pension expense. The pension expense recognized in the Borough’s financial statement based on the April 1, 2016 billing was \$298,412.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$173,660.00
Changes of assumptions		1,934,352.00
Net difference between projected and actual earnings on pension plan investments		356,070.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>\$589,029.00</u>	<u>323,847.00</u>
	<u>\$589,029.00</u>	<u>\$2,787,929.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$510,353.00
2018	510,353.00
2019	599,958.00
2020	480,230.00
2021	<u>98,006.00</u>
	<u>\$2,198,900.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. These actuarial valuations used the following assumptions:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Inflation	3.04 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	2.15-4.40 Percent	1.65-4.15 Percent
Thereafter	3.15-5.40 Percent	2.65-5.15 Percent
Investment Rate of Return	7.90 Percent	7.65 percent

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

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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, 2016 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, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Borough's proportionate share of the pension liability	\$11,442,728.00	\$9,338,081.00	\$7,600,512.00

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 report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2016, the State reported a net pension liability of \$16,065,077.00 for the Borough of Kenilworth's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0840990877 percent, which was an increase of 0.0020509475 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$1,748,917.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2016 billing was \$666,929.00

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$105,309.00	
Changes of assumptions		\$2,225,145.00
Net difference between projected and actual earnings on pension plan investments		1,125,648.00
Changes in proportion and differences between the Borough's contribution and proportionate share of contributions	<u>201,206.00</u>	<u>384,064.00</u>
	<u>\$306,515.00</u>	<u>\$3,734,857.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

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	
<u>June 30</u>	<u>Amount</u>
2017	\$191,964.00
2018	191,964.00
2019	253,534.00
2020	166,945.00
2021	16,643.00

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

	<u>2016</u>	<u>2015</u>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.60-9.48 Percent
Thereafter	3.10-9.98 Percent	3.60-10.48 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	June 30, 2016	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, 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, 2016 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:

	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the PFRS pension liability	\$20,714,739.00	\$16,065,077.00	\$12,273,557.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,349,068.00 and \$1,198,494.00 respectively.

At December 31, 2016, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$16,065,077.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,349,068.00</u>
	<u><u>\$17,414,145.00</u></u>

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 report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date. Certain employees are also entitled to Terminal Pay upon retirement. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$791,418.14. The Borough annually appropriates the amounts that are required to be paid in that year's budget.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Garden State Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments are based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 10: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Calendar Year</u>	<u>Borough/Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$24,623.65	\$23.43	\$31,347.52	\$51,930.44
2015	28,735.56		36,893.98	58,630.88
2014	40,824.14		27,030.84	66,789.30

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$31,227.70	\$477,231.63
Federal and State Grant Fund	307,316.63	2,000.00
Assessment Fund		141,607.91
Animal Control Fund		6,703.25
Trust Other Fund	2,000.00	16,024.45
General Capital Fund	606,772.91	303,750.00
	<u>\$947,317.24</u>	<u>\$947,317.24</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2001, the Borough of Kenilworth adopted ordinance 2000-17 establishing a Length of Service Awards Program for the members of the Kenilworth Fire Department and the Kenilworth First Aid Squad pursuant to N.J.S.A. 40A: 14-183 et seq.

Under this program, each volunteer of the Kenilworth Fire Department and First Aid Squad that performs the minimum amount of service will have an annual amount of \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$40,000.00 during 2016.

The accompanying financial statements do not include the Borough's Length of Service Awards Program activities. The Borough's Length of Service Awards Program's financial statements are continued in a separate review report, as required by state regulations.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, <u>2016</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:		
Special Emergency (40A:4-55)-Master Plan	\$ 75,000.00	\$ 75,000.00
Grant Fund:		
Expenditure without an appropriation	<u>23,675.98</u>	<u>23,675.98</u>
	<u>\$ 23,675.98</u>	<u>\$ 23,675.98</u>

NOTE 15: GASB 45: OTHER POST-RETIREMENT BENEFITS

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. 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. 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>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the years ended December 31, 2016, 2015 and 2014 were \$808,191.38, \$646,185.23 and \$590,567.01 respectively, which equaled the required contributions for each year.

NOTE 16: SCHOOL TAXES

Local School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund as follows:

	LOCAL SCHOOL TAX	
	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2015</u>
Balance of Tax	\$9,692,272.62	\$9,054,782.64
Deferred	<u>10,117,310.50</u>	<u>9,479,074.50</u>
Tax Payable(Prepaid)	<u>(\$425,037.88)</u>	<u>(\$424,291.86)</u>

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through June 19, 2017 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

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BOROUGH OF KENILWORTH
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2016

BOROUGH OF KENILWORTH

CURRENT FUND / GRANT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>		<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2015	A	\$	4,227,132.02	\$ 189,878.83
Increased by Receipts:				
Collector	A-5	\$ 39,378,141.35	\$	
Senior Citizens and Veterans Deductions -				
State of New Jersey	A-6	80,071.92		
Miscellaneous Revenue Not Anticipated	A-2	80,997.30		
Revenue Accounts Receivable	A-10	2,157,735.30		
Reserve for Grants - Unappropriated	A-23			14,476.48
State Aid Receivable	A-24			69,712.76
Interfunds	A-13	475,796.28		
Appropriation Refunds	A-3	579,031.84		
Petty Cash	Contra	250.00		
			42,752,023.99	84,189.24
		\$	46,979,156.01	\$ 274,068.07
Decreased by Disbursements:				
2016 Appropriations	A-3	\$ 13,683,023.35	\$	
2015 Appropriation Reserves	A-11	369,265.74		
Accounts Payable	A-21	14,200.00		
Interfunds	A-13	30,550.25		
County Taxes	A-18	7,596,130.46		
Local District School Taxes	A-19	19,597,131.02		
Reserve for Tax Overpayments	A-17	36,198.27		
Petty Cash	Contra	250.00		
Reserve for Master Plan	A-31	6,195.00		
Deferred Charge - Grants	A-26			23,675.98
Reserve for Grants - Appropriated	A-20			77,436.12
			41,332,944.09	101,112.10
Balance, December 31, 2016	A	\$	5,646,211.92	\$ 172,955.97

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BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

	<u>REF.</u>	
Increased by Receipts:		
Taxes Receivable	A-7	\$ 39,122,683.15
Revenue Accounts Receivable	A-2:A-10	57,391.47
Prepaid Taxes	A-16	157,533.41
Tax Overpayments	A-17	40,533.32
		\$ <u>39,378,141.35</u>
Decreased by Disbursements:		
Payment to Treasurer	A-4	\$ <u><u>39,378,141.35</u></u>

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2015 (Due From)	A	\$	7,808.64
Increased by:			
Senior Citizens and Veterans per Tax Duplicate		\$	80,000.00
Senior Citizens Deduction Allowed by Collector			<u>1,000.00</u>
			<u>81,000.00</u>
			88,808.64
Decreased by:			
Senior Citizens Deductions Disallowed by			
State of New Jersey-Prior Year			
Collector:			
Current Year		\$	875.34
Received from the State of New Jersey-Treasurer	A-4		<u>80,071.92</u>
			<u>80,947.26</u>
Balance, December 31, 2016 (Due From)	A	\$	<u><u>7,861.38</u></u>

CALCULATION OF STATE'S SHARE OF
2016 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans:			
Per Tax Duplicate		\$	80,000.00
Allowed by Collector			<u>1,000.00</u>
			81,000.00
Less: Senior Citizens Deductions Disallowed			
by Collector			<u>875.34</u>
	A-7	\$	<u><u>80,124.66</u></u>

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>LEVY 2016 TAXES</u>	<u>ADDED TAXES</u>	<u>COLLECTIONS</u>		<u>CANCELED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2016</u>
				<u>2015</u>	<u>2016</u>			
2015	\$ 261,959.70	\$	5,298.30	\$	\$ 266,829.43	\$ 428.57	\$	\$ 317,783.11
2016		39,427,384.39		160,014.68	38,935,978.38	9,124.89	4,483.33	
	<u>\$ 261,959.70</u>	<u>\$ 39,427,384.39</u>	<u>\$ 5,298.30</u>	<u>\$ 160,014.68</u>	<u>\$ 39,202,807.81</u>	<u>\$ 9,553.46</u>	<u>\$ 4,483.33</u>	<u>\$ 317,783.11</u>
<u>REF.</u>	A			A-2:A-16	A-2		A-8	A

Cash
Senior Citizens Deductions

<u>REF.</u>	
A-5	\$ 39,122,683.15
A-6	80,124.66
	<u>\$ 39,202,807.81</u>

ANALYSIS OF 2016 PROPERTY TAX LEVY

<u>TAX YIELD</u>	
General Purpose Tax	\$ 39,321,927.58
Added Taxes	<u>105,456.81</u>
	<u>\$ 39,427,384.39</u>

<u>TAX LEVY</u>	
Local District School Tax (Abstract)	
County Tax (Abstract)	\$ 20,234,621.00
County Open Space Tax	7,385,316.68
Due County for Added Taxes (54:4-63.1 et.seq.)	<u>210,813.78</u>
	<u>19,130.23</u>
	7,615,260.69

<u>Total County Taxes</u>	
Local Tax for Municipal Purposes (Abstract)	
Minimum Library tax	\$ 11,028,843.00
Add: Additional Tax Levied	<u>462,121.00</u>
	<u>86,538.70</u>
	<u>11,577,502.70</u>

Local Tax for Municipal Purposes Levied	<u>\$ 39,427,384.39</u>
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BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 24,900.24
Increased by:		
Transfer From Taxes Receivable	A-7	<u>4,483.33</u>
Balance, December 31, 2016	A	\$ <u>29,383.57</u>

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SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2015 and December 31, 2016	A	\$ <u>157,200.00</u>
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BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Mayor and Council	\$ 916.66	\$ 916.66	\$	\$ 916.66
Municipal Clerk	1,162.33	1,162.33		1,162.33
Financial Administration (Tax & Finance)	10,045.14	10,045.14		10,045.14
Assessment of Taxes	474.62	474.62		474.62
Traffic Control/ Crossing Guards	17,146.72	17,146.72	2,496.96	14,649.76
Legal Services and Costs	2,885.00	2,885.00		2,885.00
Engineering Services	1,000.00	1,000.00	250.00	750.00
Prosecutor	1,000.00	1,000.00		1,000.00
Fire Official	2.56	2.56		2.56
Fire Prevention	1,066.36	1,066.36		1,066.36
Public Buildings and Grounds	3,000.00	3,000.00		3,000.00
Building Inspector	4,038.65	4,038.65		4,038.65
Plumbing Inspector	4,256.60	4,256.60		4,256.60
Electrical Inspector	1,361.20	1,361.20		1,361.20
Fire Protection Official	1,868.20	1,868.20		1,868.20
Zoning Enforcement Officer	185.60	185.60		185.60
Construction Code Official	287.50	287.50		287.50
Board of Health	6,256.04	6,256.04	425.28	5,830.76
Administration of Public Assistance	515.59	515.59		515.59
Police	103,524.28	103,524.28	100,089.83	3,434.45
Emergency Management Services	101.60	101.60		101.60
Senior Citizen Transportation	4,987.52	4,987.52	484.13	4,503.39
Senior Citizen Director	1,501.51	1,501.51		1,501.51
Recreation	1,000.80	1,000.80		1,000.80
Public Works	37,478.47	37,478.47	27,566.08	9,912.39
Garbage and Trash	16,258.81	16,258.81	4,366.04	11,892.77
Municipal Court	6,349.20	6,349.20		6,349.20
Public Defender	4,000.00	4,000.00		4,000.00

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
<u>OTHER EXPENSES</u>				
Payroll and Human Services	\$ 2,813.82	\$ 3,343.72	\$ 2,683.90	\$ 659.82
Mayor and Council	8.73	84.34	(81.92)	166.26
Municipal Clerk	780.68	11,044.74	10,503.03	541.71
Financial Administration (Tax & Finance)	2,998.23	3,136.14	1,244.16	1,891.98
Auditing and Accounting Services	13,500.00	13,500.00	9,250.00	4,250.00
Traffic Control/ Crossing Guards	1,760.67	19,054.79	18,282.17	772.62
Assessment of Taxes	5,551.40	5,551.40	540.86	5,010.54
Administration of Public Assistance	1,237.12	1,237.12		1,237.12
Legal Services and Costs - Miscellaneous and Litigation	22,728.49	2,728.49	2,457.97	270.52
Engineering- Retainer	3,080.75	3,080.75	3,080.75	
Engineering- Other	5,827.58	65,827.58	59,430.73	6,396.85
Planning Board	1,758.53	1,758.53	32.48	1,726.05
Shade Tree Commission	500.00	500.00		500.00
Garbage and Trash	197.22	895.97	480.22	415.75
Municipal Court	1,642.61	2,196.58	756.47	1,440.11
Group Insurance	147,137.60	147,137.60	39,220.96	107,916.64
Other Insurance	67,353.00	67,353.00		67,353.00
Health Benefit Waiver	4,490.28	4,490.28		4,490.28
Recycling	52,377.12	59,443.44	4,225.00	55,218.44
Public Buildings and Grounds	16,123.08	27,725.77	14,171.50	13,554.27
Construction Code Official	3,111.91	3,353.91	242.00	3,111.91
Building Inspector	500.00	500.00		500.00
Plumbing Inspector	62.00	62.00		62.00
Electrical Inspector	200.00	200.00		200.00
Fire Protection Official	20.00	20.00		20.00
Zoning Enforcement	624.57	661.25	36.68	624.57
Sewer System	17,897.60	19,897.60	365.00	19,532.60
Parks	655.59	655.59		655.59
Dog and Cat Regulation	2,750.00	2,750.00		2,750.00
Fire Official	11,640.82	18,026.70	16,950.45	1,076.25
Fire Prevention	1,000.30	1,600.30	600.00	1,000.30
Police	15,419.78	43,193.58	30,488.94	12,704.64
Emergency Management Services	20,000.00	20,000.00		20,000.00
Public Works	9,809.50	29,258.21	18,042.80	11,215.41
Snow Removal				

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2015 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2015	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
Board of Health	\$ 8,920.88	\$ 9,204.90	\$ 2,332.84	\$ 6,872.06
Recreation Commission	457.97	4,537.44	4,482.10	55.34
Senior Citizen Transportation	3,119.61	3,119.61		3,119.61
Solid Waste Disposal	14,466.56	14,466.56	14,466.56	
Other Utilities	75,321.63	40,443.19	9,023.62	31,419.57
Street Lighting	7,561.61	7,561.61	7,561.61	
Fire Hydrant Service	2,562.50	2,562.50		2,562.50
Social Security System	14,028.91	14,028.91	3,958.74	10,070.17
PFRS	125.00	125.00		125.00
PERS	182.00	182.00		182.00
DCRP	4,121.93	4,121.93	57.99	4,063.94
Employee Group Health Insurance	34,300.00	34,300.00		34,300.00
Rahway Valley Sewer- Share of Costs	9,170.00	9,170.00		9,170.00
Union County Muni Alliance- Local	1,137.43	1,137.43		1,137.43
Length of Service Award Program	45,000.00	45,000.00	33,350.00	11,650.00
Reserve for Tax Appeals	40,000.00	40,000.00	14,198.41	25,801.59
	<u>\$ 928,705.97</u>	<u>\$ 1,042,901.42</u>	<u>\$ 458,114.34</u>	<u>\$ 584,787.08</u>
REF.	A			A-1
Appropriation Reserves	A-11	\$ 928,705.97		
Transferred from Encumbrances Payable	A-28	<u>114,195.45</u>		
		<u>\$ 1,042,901.42</u>		
Disbursements	A-4		\$ 369,265.74	
Accounts Payable	A-21		<u>88,848.60</u>	
			<u>\$ 458,114.34</u>	

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2015 and
December 31, 2016

A

\$ 250.00

Municipal Court
Collector

\$ 150.00
100.00

\$ 250.00

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>ASSESSMENT TRUST</u>	<u>GRANT FUND</u>	<u>CAPITAL</u>	<u>ANIMAL CONTROL FUND</u>
Balance, December 31, 2015							
Due From	A	\$ 3,210.70	\$	\$	\$	\$	\$ 3,210.70
Due To	A	<u>3,968.60</u>	<u>401.97</u>		<u>3,566.63</u>		
Receipts	A-4	475,796.28	2,131.28			473,665.00	
Disbursements	A-4	<u>30,550.25</u>	<u>18,557.70</u>	<u>8,500.00</u>			<u>3,492.55</u>
Balance, December 31, 2016							
Due From	A	\$ 31,227.70	\$ 16,024.45	\$ 8,500.00	\$	\$	\$ 6,703.25
Due To	A	<u>477,231.63</u>			<u>3,566.63</u>	<u>473,665.00</u>	

"A-14"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR LOSAP
CONTRIBUTIONS

REF.

Balance, December 31, 2015 and
December 31, 2016

A

\$ 40,104.59

"A-15"

SCHEDULE OF RESERVE FOR
REVALUATION

Balance, December 31, 2015 and
December 31, 2016

A

\$ 8,525.50

"A-16"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 160,014.68
Increased by:		
Collection of 2017 Taxes	A-5	\$ <u>157,533.41</u>
		\$ 317,548.09
Decreased by:		
Applied to 2016 Taxes	A-7	<u>160,014.68</u>
Balance, December 31, 2016	A	\$ <u><u>157,533.41</u></u>

"A-17"

SCHEDULE OF TAX OVERPAYMENTS

Increased by:		
Overpayments in 2016	A-5	\$ <u>40,533.32</u>
		40,533.32
Decreased by:		
Refunds	A-4	\$ <u>36,198.27</u>
Balance, December 31, 2016	A	\$ <u><u>4,335.05</u></u>

"A-18"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Increased by:			
2016 Tax Levy	A-1:A-7	\$ 7,596,130.46	
Added Taxes (R.S.54:4-63.I et.seq.)	A-1:A-7	<u>19,130.23</u>	
			<u>7,615,260.69</u>
			\$ <u>7,615,260.69</u>
Decreased by:			
Payments	A-4		<u>7,596,130.46</u>
Balance, December 31, 2016	A		\$ <u><u>19,130.23</u></u>

"A-19"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2015.			
School Tax Deferred		9,479,074.50	
School Tax Prepaid	A	<u>(424,291.86)</u>	
			\$ 9,054,782.64
Increased by:			
Levy	A-7		<u>20,234,621.00</u>
			\$ <u>29,289,403.64</u>
Decreased by:			
Payments	A-4		<u>19,597,131.02</u>
Balance, December 31, 2016			
School Tax Deferred		10,117,310.50	
School Tax Prepaid	A:A-1	<u>(425,037.88)</u>	
			\$ <u><u>9,692,272.62</u></u>
2016 Liability for Local District School Tax:			
Tax Paid			\$ 19,597,131.02
Tax Prepaid December 31, 2015			<u>(424,291.86)</u>
			<u>20,021,422.88</u>
Less: Tax Prepaid December 31, 2016			<u>(425,037.88)</u>
Amount Charged to 2016 Operations	A-1		\$ <u><u>19,596,385.00</u></u>

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF RESERVE GRANTS-APPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2015	A	\$	705,659.07
Increased by:			
Transferred From 2016 Budget Appropriations	A-3		305,434.38
		\$	<u>1,011,093.45</u>
Decreased by:			
Disbursements	A-4	\$	77,436.12
Encumbrances Payable	A-28		<u>54,127.56</u>
			<u>131,563.68</u>
Balance, December 31, 2016	A	\$	<u><u>879,529.77</u></u>

ANALYSIS OF BALANCE AS OF DECEMBER 31, 2016

<u>PROGRAM</u>	<u>AMOUNT</u>
Clean Communities Program	\$ 36,147.06
Alcohol Education Rehabilitation Fund	8,120.45
Union County Kids Recreation	29,878.20
Union County Infrastructure Grant	27,800.00
Drunk Driving Enforcement Fund	535.13
Recycling Tonnage Grant	44,239.80
NJ Transportation Trust Fund	405,000.00
Comcast Equipment Grant	50,000.00
Hazardous Mitigation Grant	69,000.00
Department of Transportation	185,000.00
Body Armor Replacement Fund	2,693.13
FEMA Public Assistance	18,116.00
Union County Recycling	<u>3,000.00</u>
	\$ <u><u>879,529.77</u></u>

"A-21"

BOROUGH OF KENILWORTH
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2015	A	\$ 14,200.00
Increased by:		
2015 Appropriation Reserves	A-11	88,848.60
		<u>\$ 103,048.60</u>
Decreased by:		
Disbursements	A-4	14,200.00
		<u>14,200.00</u>
Balance, December 31, 2016	A	<u><u>\$ 88,848.60</u></u>

"A-22"

SCHEDULE OF RESERVE FOR PURCHASE OF VIDEO EQUIPMENT

Balance, December 31, 2015 and December 31, 2016	A	<u><u>\$ 2,304.79</u></u>
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BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2015	RECEIPTS	BALANCE DECEMBER 31, 2016
Recycling Tonnage Grant	\$ 31,176.80	\$	31,176.80
Alcohol Education Rehabilitation Fund	294.67	725.18	1,019.85
Drive Sober or Get Pulled Over	2,800.00		2,800.00
Drunk Driving Enforcement Fund		2,065.04	2,065.04
Municipal Alliance Program		11,686.26	11,686.26
	<u>\$ 34,271.47</u>	<u>\$ 14,476.48</u>	<u>\$ 48,747.95</u>
<u>REF.</u>	A	A-4	A

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2015	ACCRUED	DECREASED	BALANCE DECEMBER 31, 2016
Municipal Alliance Program	\$ 9,606.88	\$	\$ 9,606.88	\$
NJ Transportation Trust Fund	101,250.00			101,250.00
Union County Kids Trust Grant Program	29,878.20			29,878.20
Union County Infrastructure Grant	35,000.00	75,000.00	35,000.00	75,000.00
Hazardous Mitigation Grant	69,000.00	185,000.00		69,000.00
Department of Transportation		17,520.72	17,520.72	185,000.00
Clean Communities		2,212.50		2,212.50
Federal Bulletproof Vest Program		18,116.00		18,116.00
FEMA Public Assistance		2,585.16	2,585.16	
Body Armor Replacement Fund		5,000.00	5,000.00	
Click It or Ticket				
	<u>\$ 244,735.08</u>	<u>\$ 305,434.38</u>	<u>\$ 69,712.76</u>	<u>\$ 480,456.70</u>
<u>REF.</u>	A	A-2	A-4	A

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX MAP

REF.

Balance, December 31, 2015 and
December 31, 2016

A

\$ 4,826.88

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>PURPOSE</u>	<u>ADDED IN</u> <u>2016</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
Current Fund:		
Emergency Authorization 40A:4-55 - Master Plan	\$ 75,000.00	\$ 75,000.00
Grant Fund:		
Expenditure without an appropriation	<u>23,675.98</u>	<u>23,675.98</u>
	<u>\$ 98,675.98</u>	<u>\$ 98,675.98</u>
<u>REF.</u>	A-3:A-4	A

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2015					
Due From	A	\$ 307,316.63	\$	\$ 303,750.00	\$ 3,566.63
Due To	A	2,000.00	2,000.00		
Balance, December 31, 2016					
Due From	A	\$ 307,316.63	\$	\$ 303,750.00	\$ 3,566.63
Due To	A	2,000.00	2,000.00		

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	<u>FEDERAL AND STATE GRANT FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2015	A	\$	\$ 114,195.45
Increased by:			
Transferred from Current Appropriations	A-3		236,575.63
Transferred from Grants Appropriated	A-20	<u>54,127.56</u>	<u></u>
		\$ 54,127.56	\$ 350,771.08
Decreased by:			
Transferred to Appropriation Reserves	A-11	<u></u>	<u>114,195.45</u>
Balance, December 31, 2016	A	<u>\$ 54,127.56</u>	<u>\$ 236,575.63</u>

"A-29"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR ELEVATOR INSPECTION AGENCY FEE

REF.

Balance, December 31, 2015 and December 31, 2016	A	\$ <u>34,949.00</u>
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"A-30"

SCHEDULE OF RESERVE FOR TAX APPEALS

Increased by:		
Transferred from Current Tax Collections	A-2	\$ <u>50,000.00</u>
Balance, December 31, 2016	A	\$ <u>50,000.00</u>

"A-31"

SCHEDULE OF RESERVE FOR MASTER PLAN

Increased by:		
Transferred from Current Appropriations	A-3	\$ 75,000.00
Decreased by:		
Disbursements	A-4	<u>6,195.00</u>
Balance, December 31, 2016	A	\$ <u>68,805.00</u>

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER TRUST</u>
Balance, December 31, 2015	B	\$ <u>43,212.46</u>	\$ <u>13,530.10</u>	\$ <u>704,572.07</u>
Increased by Receipts:				
Animal Control Fees	B-5		5,401.00	
State of New Jersey-Dog License Fees	B-6		1,011.00	
State Unemployment Insurance	B-8			24,647.08
Miscellaneous Deposits	B-9			879,935.07
Due Current Fund	B-12			16,935.25
Bond Anticipation Note	B-18	8,500.00		
Community Development Block Grant	B-4			46,892.75
Assessments Receivable	B-15	33,621.20		
Payroll Deductions Payable	B-11			7,501,072.14
		\$ <u>42,121.20</u>	\$ <u>6,412.00</u>	\$ <u>8,469,482.29</u>
		\$ <u>85,333.66</u>	\$ <u>19,942.10</u>	\$ <u>9,174,054.36</u>
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-5	\$	\$ 1,801.45	\$
Bond Anticipation Note	B-18	8,500.00		
State of New Jersey Animal Control License Fees	B-6		1,014.60	
Community Development Block Grant	B-7			68,080.06
Due Current Fund	B-12			508.83
State Unemployment Insurance	B-8			31,347.52
Miscellaneous Deposits	B-9			785,083.25
Payroll Deductions Payable	B-11			7,441,824.80
		\$ <u>8,500.00</u>	\$ <u>2,816.05</u>	\$ <u>8,326,844.46</u>
Balance, December 31, 2016	B	\$ <u><u>76,833.66</u></u>	\$ <u><u>17,126.05</u></u>	\$ <u><u>847,209.90</u></u>

"B-3"

BOROUGH OF KENILWORTH

TRUST FUND

ANALYSIS OF CASH - ASSESSMENT FUND

		BALANCE DECEMBER <u>31, 2016</u>
Due Current Fund	\$	8,500.00
Due General Capital Fund		133,107.91
Surplus		3,704.33
Bond Anticipation Note		4,289.77
Ordinance 2015-07		<u>(72,768.35)</u>
	\$	<u><u>76,833.66</u></u>
<u>REF.</u>		B

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2015	B		\$ 68,011.87
Increased by:			
County of Union	B-7		34,200.00
			<u>\$ 102,211.87</u>
Decreased by:			
Receipts	B-2	\$ 46,892.75	
Canceled	B-7	<u>21,444.62</u>	
			<u>68,337.37</u>
Balance, December 31, 2016	B		<u><u>\$ 33,874.50</u></u>

"B-5"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	10,310.00
Increased by:			
Dog License Fees Collected	B-2		<u>5,401.00</u>
		\$	<u>15,711.00</u>
Decreased by:			
Statutory excess Due Current Fund	B-14	\$	3,492.55
Expenditures Under R.S. 4:19-15.11	B-2		<u>1,801.45</u>
			<u>5,294.00</u>
Balance, December 31, 2016	B	\$	<u><u>10,417.00</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2015	5,265.80
2014	<u>5,151.20</u>
	<u>\$ 10,417.00</u>

"B-6"

SCHEDULE OF DUE STATE OF NEW JERSEY FOR
ANIMAL CONTROL FEES

Balance, December 31, 2015	B	\$	9.40
Increased by:			
Receipts	B-2		<u>1,011.00</u>
		\$	<u>1,020.40</u>
Decreased by:			
Disbursements	B-2		<u>1,014.60</u>
Balance, December 31, 2016	B	\$	<u><u>5.80</u></u>

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

	<u>REF.</u>		
Balance, December 31, 2015	B	\$	60,792.05
Increased by:			
County of Union	B-4		34,200.00
		\$	<u>94,992.05</u>
Decreased by:			
Canceled	B-4	\$	21,444.62
Disbursements	B-2		<u>68,080.06</u>
			<u>89,524.68</u>
Balance, December 31, 2016	B	\$	<u><u>5,467.37</u></u>

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT
INSURANCE (PER N.J.S. 43:21-3 ET.SEQ.)

	<u>REF.</u>	
Balance, December 31, 2015	B	\$ 58,630.88
Increased by:		
Cash Receipts	B-2	24,647.08
		\$ <u>83,277.96</u>
Decreased by:		
Cash Disbursements	B-2	<u>31,347.52</u>
Balance, December 31, 2016	B	\$ <u><u>51,930.44</u></u>

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER 31, 2015	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2016
Beautification	\$ 8,848.18	\$ 2,000.00	\$ 7,198.06	\$ 3,650.12
U.C Youth Commission	3,037.53			3,037.53
Park Revitalization	165.75			165.75
State Building Surcharge Fees	4,016.00	98,288.00	14,742.00	87,562.00
Tax Sale Premiums	301,200.00	200,500.00	167,600.00	334,100.00
Conservation Funds	88.37			88.37
Performance Deposits	19,111.80	9,709.20	19,695.20	9,125.80
Inflow Infiltration	51,629.62	4,375.00	2,134.35	53,870.27
Traffic Light Maintenance Fund	486.09			486.09
Donations for Police Equipment	5,877.59	5,305.00	3,820.38	7,362.21
Donations for Police	2,000.00	1,100.00	669.50	2,430.50
Donations for Fire Equipment	14,753.70		5,181.00	9,572.70
Forfeited Funds Police-County	120,455.13	204.37		120,659.50
Forfeited Funds Police-Federal	1,964.37		1,964.37	
Due State of New Jersey-Marriage License	250.00	1,305.00	1,330.00	225.00
POAA	1,552.90	310.00		1,862.90
Recreation Programs	21,251.87	93,670.26	85,703.42	29,218.71
Paving and Sewer Maintenance Escrow	7,482.50			7,482.50
Escrow Deposits	17,661.35	43,823.45	44,481.07	17,003.73
Fire Prevention Penalties	500.00	5,000.00		5,500.00
Municipal Alliance Donations	729.85		475.00	254.85
Pride in Kenilworth Donations	1,108.44	1,860.54	2,090.29	878.69
Street Opening Deposits	13,500.00		10,000.00	3,500.00
Escrow Engineer	22,695.20		9,709.20	12,986.00
County Environmental Health Act	864.15			864.15
Maintenance Deposits	375.00			375.00
Insurance Safety Award	2,133.56	1,540.00	3,241.00	432.56
Public Defender	5,325.50	3,399.50	5,315.00	3,410.00
Outside Police Overtime		297,123.75	297,123.75	
Board of Health Clinics	20,974.62			20,974.62
Donations for National Night Out	20.00			20.00
Tase Night	1,814.50			1,814.50
Employee Flex Spending Account	(503.53)	2,385.52	2,227.97	(345.98)
Centennial/Public Events	7,906.57		2,154.45	5,752.12
Unidentified	86.67			86.67
Outside Lien Redemption		98,227.24	98,227.24	
Snow Reserve	3,165.49	16,095.74		19,261.23
	<u>\$ 662,528.77</u>	<u>\$ 886,222.57</u>	<u>\$ 785,083.25</u>	<u>\$ 763,668.09</u>

REF.

B

B-2

B

Cash Receipts	B-2	\$ 879,935.07
Accounts Receivable	B-17	<u>6,287.50</u>
		<u>\$ 886,222.57</u>

"B-10"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE TO GENERAL CAPITAL FUND-ASSESSMENT FUND

REF.

Balance, December 31, 2015	B	\$	33,000.00
Increased by:			
Assessments Confirmed	B-15		<u>100,107.91</u>
Balance, December 31, 2016	B	\$	<u><u>133,107.91</u></u>

"B-11"

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2015	B	\$	(372.64)
Increased by:			
Employee Payroll Deductions	B-2		<u>7,501,072.14</u>
		\$	<u>7,500,699.50</u>
Decreased by:			
Cash Disbursements	B-2		<u>7,441,824.80</u>
Balance, December 31, 2016	B	\$	<u><u>58,874.70</u></u>

"B-12"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-TRUST OTHER

	<u>REF.</u>	
Balance, December 31, 2015:(Due From)	B	\$ 401.97
Increased by:		
Cash Disbursements	B-2	508.83
		\$ <u>910.80</u>
Decreased by:		
Cash Receipts	B-2	<u>16,935.25</u>
Balance, December 31, 2016 (Due To)	B	\$ <u><u>16,024.45</u></u>

"B-13"

SCHEDULE OF DUE GRANT FUND-TRUST OTHER

Balance, December 31, 2015 and December 31, 2016	B	\$ <u><u>2,000.00</u></u>
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"B-14"

SCHEDULE OF DUE CURRENT FUND-ANIMAL CONTROL

Balance, December 31, 2015	B	\$ 3,210.70
Increased by:		
Animal Control Excess	B-5	<u>3,492.55</u>
Balance, December 31, 2016	B	\$ <u><u>6,703.25</u></u>

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANNUAL INSTALLMENTS	BALANCE DECEMBER 31, 2015	CONFIRMED	COLLECTED	BALANCE DECEMBER 31, 2016	PLEDGED TO DUE GENERAL CAPITAL FUND	PLEDGED TO BOND ANTICIPATION NOTES
11-08	Curb Improvements - Roosevelt Lane	5	\$ 10,491.87 \$	\$ 100,107.91	6,281.64 \$	4,210.23 \$	\$ 72,768.35	\$ 4,210.23
15-07	Curb Improvements - Coolidge/Arbor	5			27,339.56	72,768.35		
			\$ 10,491.87 \$	100,107.91 \$	33,621.20 \$	76,978.58 \$	72,768.35 \$	4,210.23
			B	B-10	B-2	B		

"B-16"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-ASSESSMENT FUND

REF.

Increased by:		
Notes paid by Budget		\$ <u>8,500.00</u>
Balance, December 31, 2016	B	\$ <u><u>8,500.00</u></u>

"B-17"

SCHEDULE OF OTHER RECEIVABLE-TRUST OTHER

Balance, December 31, 2015	B	\$ 6,593.15
Increased by:		
Police Outside Overtime	B-9	<u>6,287.50</u>
Balance, December 31, 2016	B	\$ <u><u>12,880.65</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2015	C	\$	1,936,729.63
Increased by Receipts:			
Capital Improvement Fund	C-7	\$	40,000.00
State Aid Receivable	C-11		47,500.00
Bond Anticipation Notes	C-10		2,656,500.00
Refunds	C-8		102,135.04
Reserve for Debt Service	C-14		<u>15,165.00</u>
			<u>2,861,300.04</u>
		\$	<u>4,798,029.67</u>
Decreased by Disbursements:			
Contracts Payable	C-15	\$	1,030,483.15
Bond Anticipation Notes	C-10		2,198,000.00
Due Current Fund	C-4		<u>473,665.00</u>
			<u>3,702,148.15</u>
Balance, December 31, 2016	C	\$	<u><u>1,095,881.52</u></u>

"C-3"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

BALANCE
DECEMBER
31, 2016

IMPROVEMENT DESCRIPTION

Fund Balance	\$	303,770.38
Capital Improvement Fund		28,968.81
Due Current Fund		(473,665.00)
Due Grant Fund		303,750.00
Due Assessment Trust Fund		(133,107.91)
Contracts Payable		337,825.14
Reserve for Debt Service		26,671.23
Improvement Authorizations - Funded as Set Forth on "C-8"		72,996.99
Bond Anticipation Notes Issued - Unexpended Proceeds as Set Forth on "C-6"		666,127.24
Improvement Authorizations - Expended as Set Forth on "C-6"		<u>(37,455.36)</u>
	\$	<u><u>1,095,881.52</u></u>

REF.

C

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Increased by:		
Cash Disbursed	C-2	\$ <u>473,665.00</u>
Balance, December 31, 2016	C	\$ <u><u>473,665.00</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 7,245,000.00
Decreased by:		
2016 Budget Appropriations to Pay Bonds	C-9	<u>820,000.00</u>
Balance, December 31, 2016	C	\$ <u><u>6,425,000.00</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 32,168.81
Increased by:		
2016 Budget Appropriation	C-2	40,000.00
		\$ <u>72,168.81</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-8	<u>43,200.00</u>
Balance, December 31, 2016	C	\$ <u><u>28,968.81</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	AMOUNT	BALANCE DECEMBER 31, 2015		AUTHORIZATIONS	REFUNDS	PAID OR CHARGED	BALANCE DECEMBER 31, 2016		
				FUNDED	UNFUNDED				FUNDED	UNFUNDED	
<u>General Improvements</u>											
11-06	Various Capital Improvements or Purposes	7/13/11	\$ 1,430,000.00	\$ 116,671.90	\$	\$		\$ 81,848.48	\$ 34,823.42	\$	
12-06	Various Capital Improvements or Purposes	4/11/11	1,000,000.00	368,455.65				368,354.95	100.70		
13-05	Various Capital Improvements or Purposes	5/22/13	110,000.00		119,602.73			88,575.73			31,027.00
13-09	Various Capital Improvements or Purposes	7/24/13	35,500.00		28,733.35			11,625.35			17,108.00
14-06	Various Capital Improvements or Purposes	5/14/14	16,000.00		254,463.57		67,135.04	147,410.06			174,188.55
14-08	Various Capital Improvements or Purposes	7/9/14	2,110,000.00		11,788.82		6,879.54	18,123.72			544.64
15-04	Various Capital Improvements or Purposes	5/13/15			704,018.19		28,120.46	184,541.27			547,597.38
16-02	Various Capital Improvements or Purposes	4/13/16	902,200.00			902,200.00		400,693.69			501,506.31
<u>Local Improvements</u>											
11-08	Construction of Curbs-Roosevelt Lane	11/9/11	65,000.00		25,241.22						25,241.22
15-07	Construction of Curbs-Various Streets	11/10/15	107,000.00	5,100.00	101,900.00			67,135.04	38,072.87		1,792.09
			\$ 490,227.55	\$ 1,245,747.88	\$	902,200.00	102,135.04	1,368,308.29	72,996.99	\$	1,299,005.19
				C	C		C-2	C-15	C-C-3		C-C-6
			<u>REF.</u>								
	Capital Improvement Fund		C-7			\$ 43,200.00					
	Deferred Charges to Future Taxation-Unfunded		C-6			859,000.00					
						\$ 902,200.00					

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2015	DECREASED	BALANCE DECEMBER 31, 2016	
			DATE	AMOUNT					
General Improvement Bonds 2003	8/15/2003	\$	8/15/17	\$	4.000%	\$	215,000.00	431,000.00	
			8/15/18		4.000%	\$	216,000.00		
General Improvement Bonds 2007	2/15/2007	3,249,000.00	11/15/2017		4.000%		260,000.00	1,299,000.00	
			11/15/2018		4.000%		260,000.00		
			11/15/2019		4.000%		260,000.00		
			11/15/2020		4.000%		260,000.00		
			11/15/2021		4.000%		259,000.00		
General Improvement Bonds 2013	3/1/2013	5,600,000.00	3/1/2017		1.500%		375,000.00	1,695,000.00	
			3/1/2018		1.500%		400,000.00		
			3/1/2019		2.000%		490,000.00		
			3/1/2020		2.000%		490,000.00		
			3/1/2021		2.000%		490,000.00		
			3/1/2022		2.000%		490,000.00		
			3/1/2023		2.000%		490,000.00		
			3/1/2024		2.000%		490,000.00		
			3/1/2025		2.125%		490,000.00		
			3/1/2026		2.250%		490,000.00		
						\$	5,040,000.00	345,000.00	4,695,000.00
						\$	7,245,000.00	820,000.00	6,425,000.00
REF.						C	C-5	C	

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2016</u>
13-05	Various Capital Improvements or Purposes	12/12/14	12/9/16	12/8/17	2.000%	\$ 550,000.00	\$ 550,000.00	\$	\$ 550,000.00
13-09	Various Capital Improvements or Purposes	12/12/14	12/9/16	12/8/17	2.000%	334,000.00	334,000.00		334,000.00
14-06	Various Capital Improvements or Purposes	12/12/14	12/9/16	12/8/17	2.000%	585,400.00	585,400.00		585,400.00
15-04	Various Capital Improvements or Purposes	12/11/15	12/9/16	12/8/17	2.000%	728,600.00	728,600.00		728,600.00
16-02	Various Capital Improvements or Purposes	12/9/16	12/9/16	12/8/17	2.000%	458,500.00	458,500.00		458,500.00
						<u>\$ 2,198,000.00</u>	<u>\$ 2,656,500.00</u>	<u>\$ 2,198,000.00</u>	<u>\$ 2,656,500.00</u>
					<u>REF.</u>	C	C-2	C-2	C-C-6

"C-11"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF STATE AID RECEIVABLE

Balance, December 31, 2015	C	\$ <u>47,500.00</u>
Decreased by:		
Receipts	C-2	\$ <u><u>47,500.00</u></u>

"C-12"

SCHEDULE OF DUE GRANT FUND

Balance, December 31, 2015 and December 31, 2016	C	\$ <u><u>303,750.00</u></u>
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"C-13"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DUE ASSESSMENT FUND

	<u>REF.</u>	
Balance, December 31, 2015	C	\$ 33,000.00
Increased by:		
Assessments confirmed	C-6	<u>100,107.91</u>
Balance, December 31, 2016	C	<u>\$ 133,107.91</u>

"C-14"

SCHEDULE OF RESERVE FOR DEBT SERVICE

Balance, December 31, 2015	C	\$ 11,506.23
Increased by:		
Receipts	C-2	<u>15,165.00</u>
Balance, December 31, 2016	C	<u>\$ 26,671.23</u>

"C-15"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

REF.

Increased by:		
Charges to Improvement Authorizations	C-8	\$ <u>1,368,308.29</u>
Decreased by:		
Cash Disbursements	C-2	<u>1,030,483.15</u>
Balance, December 31, 2016	C	\$ <u><u>337,825.14</u></u>

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>ASSESSMENTS CONFIRMED</u>
2015-07	Construction of Curbing - Various Streets	\$ <u>5,100.00</u>	\$ <u>5,100.00</u>
		\$ <u>5,100.00</u>	<u>5,100.00</u>
		<u>REF.</u>	C

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2016</u>
	<u>General Improvements</u>	
14-06	Various Improvements or Purposes	\$ 71,400.00
14-08	Various Improvements or Purposes	38,000.00
15-04	Various Improvements or Purposes	133,400.00
16-02	Various Improvements or Purposes	400,500.00
	<u>Local Improvements</u>	
11-08	Construction of Curbs-Roosevelt Lane	16,741.22
15-07	Construction of Curbs-Various Streets	<u>1,792.09</u>
		\$ <u><u>661,833.31</u></u>

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

	<u>REF.</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>P.A.T.F. II</u> <u>ACCOUNT</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2015	E	\$ <u>2,155.31</u>	\$ <u>9,007.09</u>	\$ <u>11,162.40</u>
Increased by Receipts:				
State Aid		\$	\$ 34,600.00	\$ 34,600.00
Interest			4.49	4.49
Other			369.00	369.00
Supplemental Security Income Reimbursement			<u>1,470.00</u>	<u>1,470.00</u>
<u>Total Receipts</u>		\$ <u></u>	\$ <u>36,443.49</u>	\$ <u>36,443.49</u>
		\$ <u>2,155.31</u>	\$ <u>45,450.58</u>	\$ <u>47,605.89</u>
Decreased by Disbursements:				
Public Assistance - 2016		\$ <u></u>	\$ <u>29,407.00</u>	\$ <u>29,407.00</u>
Balance December 31, 2016	E	\$ <u><u>2,155.31</u></u>	\$ <u><u>16,043.58</u></u>	\$ <u><u>18,198.89</u></u>

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2016	E-1	\$	18,198.89
Increased by Receipts:			
Cash Receipts Record		\$	<u>6,235.98</u>
		\$	24,434.87
Decreased by Disbursements:			
Cash Disbursements Record:			
2017 Assistance			<u>7,094.00</u>
Balance, May 31, 2017		\$	<u><u>17,340.87</u></u>

Reconciliation, May 31, 2017

	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>TOTAL</u>
	<u>ACCOUNT</u>	<u>ACCOUNT</u>	
Balance on Deposit per Statement of:			
PNC Bank			
Account # 80-3937-2772	\$ 2,155.31	\$	2,155.31
Account # 80-4333-7283		<u>15,185.56</u>	<u>15,185.56</u>
	<u>\$ 2,155.31</u>	<u>\$ 15,185.56</u>	<u>\$ 17,340.87</u>
Less: Outstanding Checks (Per List on File)	<u> </u>	<u>\$</u>	<u> </u>
Balance, May 31, 2017	<u>\$ 2,155.31</u>	<u>\$ 15,185.56</u>	<u>\$ 17,340.87</u>

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2016

	<u>REF.</u>		
Balance December 31, 2015	E-1	\$	11,162.40
Increased by:			
Cash Receipts		\$	<u>36,443.49</u>
			47,605.89
Decreased by:			
Cash Disbursements:			
Public Assistance - 2016			<u>29,407.00</u>
Balance December 31, 2016	E-1	\$	<u>18,198.89</u>

Reconciliation, December 31, 2016

	<u>P.A.T.F. I ACCOUNT</u>	<u>P.A.T.F. II ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
PNC Bank			
Account # 80-3937-2772	\$ 2,155.31	\$	\$ 2,155.31
Account # 80-4333-7283		<u>17,303.58</u>	<u>17,303.58</u>
	<u>\$ 2,155.31</u>	<u>\$ 17,303.58</u>	<u>\$ 19,458.89</u>
Less: Outstanding Checks (Per List on File)		<u>\$ (1,260.00)</u>	<u>\$ (1,260.00)</u>
Balance December 31, 2016	<u>\$ 2,155.31</u>	<u>\$ 16,043.58</u>	<u>\$ 18,198.89</u>

"E-4"

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
State Aid Payments	\$ 34,600.00	\$ 34,600.00
<u>Net State Aid Payments</u>	<u>\$ 34,600.00</u>	<u>\$ 34,600.00</u>
Interest Earned	\$ 4.49	\$ 4.49
Supplemental Security Income:	1,470.00	1,470.00
State/Municipal Refund	<u>369.00</u>	<u>369.00</u>
TOTAL REVENUE (P.A.T.F.)	<u>\$ 1,843.49</u>	<u>\$ 1,843.49</u>
<u>TOTAL RECEIPTS</u>	<u>\$ 36,443.49</u>	<u>\$ 36,443.49</u>

"E-5"

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

Current Year Assistance (Reported):		
Maintenance Payments	\$ 8,365.00	\$ 8,365.00
Other:		
Emergency Assistance - Temporary Rent	14,700.00	14,700.00
Emergency Assistance - Shelter	<u>6,342.00</u>	<u>6,342.00</u>
<u>Total Reported</u>	<u>\$ 29,407.00</u>	<u>\$ 29,407.00</u>
<u>TOTAL DISBURSEMENTS (P.A.T.F.)</u>	<u>\$ 29,407.00</u>	<u>\$ 29,407.00</u>

"E-6"

BOROUGH OF KENILWORTH

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>REF.</u>		
Balance, December 31, 2015	E-1	\$	11,162.40
Increased by Receipts:			
Other			<u>36,443.49</u>
		\$	47,605.89
Decreased by Disbursements:			
Public Assistance			<u>29,407.00</u>
Balance, December 31, 2016		\$	<u><u>18,198.89</u></u>
Analysis of Balance			
P.A.T.F. I		\$	2,155.31
P.A.T.F. II			<u>16,043.58</u>
		\$	<u><u>18,198.89</u></u>

"E-7"

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	E	\$	9,409.72
Increased by Receipts:			
Other- Donations			<u>700.00</u>
		\$	10,109.72
Decreased by Disbursements:			
Other- Goodwill Expenditures		\$	<u>6,100.00</u>
Balance, December 31, 2016	E	\$	<u><u>4,009.72</u></u>

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BOROUGH OF KENILWORTH

PART II

REPORTS 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

SCHEDULES OF EXPENDITURES FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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
County of Union
Kenilworth, New Jersey 07033

We have audited, in accordance with the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Kenilworth, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 19, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Kenilworth prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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

Our consideration of 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of the audit 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 19, 2017

BOROUGH OF KENILWORTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2016 FUNDS RECEIVED	2016 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
<u>PASS THROUGH FROM COUNTY OF UNION</u>							
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Community Development Block Grant	14.218	015-399	9/1/15 8/31/16	\$ 1,128.38	\$ 940.25	\$ 940.25	\$ 1,128.38
Community Development Block Grant	14.218	015-128	9/1/15 8/31/16	34,450.00	34,450.00	34,450.00	34,450.00
Community Development Block Grant	14.218	015-232	9/1/15 8/31/16	9,700.00	9,700.00	2,709.18	9,700.00
Community Development Block Grant	14.218	015-231	9/1/15 8/31/16	1,477.00	1,477.00	1,248.00	1,477.00
Community Development Block Grant	14.218	016-399	9/1/16 8/31/17	2,000.00	325.50	325.50	325.50
Community Development Block Grant	14.218	016-128	9/1/16 8/31/17	20,000.00	20,000.00	20,000.00	20,000.00
Community Development Block Grant	14.218	016-231	9/1/16 8/31/17	12,200.00	\$ 46,892.75	8,407.13	\$ 67,080.88
<u>PASS THROUGH FROM STATE OF NEW JERSEY</u>							
<u>Department of Transportation</u>							
Road Improvements	20.205		Continuous	47,500.00	\$ 47,500.00	\$	\$ 47,500.00
2016 Road Improvements	20.205		Continuous	180,000.00			
2017 Road Improvements	20.205		Continuous	185,000.00			
Occupant Protection(Click it or Ticket)	20.601		1/1/14 12/31/14	5,000.00	5,000.00	5,000.00	5,000.00
				\$ 52,500.00	\$ 5,000.00	\$ 5,000.00	\$ 52,500.00
<u>Department of Justice</u>							
Bulletproof Vest Partnership Program	16.579		Continuous	2,212.50		2,212.50	2,212.50
<u>Department of Homeland Security</u>							
FEMA Disaster Grant	97.036		Continuous	37,699.91	\$ 37,699.91	\$	\$ 37,699.91
				\$ 137,092.66	\$ 75,292.56	\$ 75,292.56	\$ 159,493.29

BOROUGH OF KENILWORTH

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2016

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2016 FUNDS RECEIVED	2016 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2016
DEPARTMENT OF ENVIRONMENTAL PROTECTION						
Recycling Tonnage Grant-Prior Years	4900-752-178810-60	Continuous	\$ 64,152.61	\$	\$ 19,912.81	\$ 19,912.81
Clean Communities Program-Prior Years	4900-765-178900-60	Continuous	41,196.62		12,651.72	22,570.28
Clean Communities Program	4900-765-178900-60	Continuous	17,520.72	17,520.72		
				<u>\$ 17,520.72</u>	<u>\$ 32,564.53</u>	<u>\$ 42,483.09</u>
DEPARTMENT OF LAW AND PUBLIC SAFETY						
Drunk Driving Enforcement Fund-Prior Years	6400-100-078-6400-YYYY	Continuous	2,079.38	\$	\$ 1,544.25	\$ 1,544.25
Drunk Driving Enforcement Fund-Unappropriated	6400-100-078-6400-YYYY	Continuous	2,065.04	2,065.04		
Alcohol Education and Rehabilitation-Prior Years	9735-760-060000-60	Continuous	8,120.45			
Alcohol Education and Rehabilitation-Unappropriated	9735-760-060000-60	Continuous	725.18	725.18		
Body Armor Replacement Fund-Prior Years	1020-718-066-1020-001-6120	Continuous	8,150.37	2,585.16	8,042.40	8,042.40
Body Armor Replacement Fund	1020-718-066-1020-001-6120	Continuous	2,585.16	<u>\$ 5,375.38</u>	<u>\$ 9,586.65</u>	<u>\$ 9,586.65</u>
DEPARTMENT OF HUMAN SERVICES						
Payments for Costs of General Assistance (State Share) 2016	7500-150-158010-60	1/1/16 12/31/16	29,407.00	<u>\$ 29,407.00</u>	<u>\$ 29,407.00</u>	<u>\$ 29,407.00</u>
DEPARTMENT OF COMMUNITY AFFAIRS						
PASS THROUGH COUNTY OF UNION						
Municipal Alliance Grant	SC-15-ALL-04	1/1/15 12/31/15	18,255.00	\$ 9,606.88	\$	\$
Municipal Alliance Grant-Unappropriated	SC-16-ALL-04	1/1/16 12/31/16	11,686.26	<u>11,686.26</u>	<u>\$</u>	<u>\$</u>
				<u>\$ 21,293.14</u>	<u>\$</u>	<u>\$</u>
				<u>\$ 73,596.24</u>	<u>\$ 71,558.18</u>	<u>\$ 81,476.74</u>

BOROUGH OF KENILWORTH

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2016

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Borough of Kenilworth, County of Union, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Current Fund, General Trust Other, Capital Fund or Public Assistance Fund. Reconciliations of revenues and expenses are presented on the following page.

PART III

BOROUGH OF KENILWORTH

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATION

YEAR ENDED DECEMBER 31, 2016

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS (CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 42,699.91	\$ 44,189.24	\$ 35,000.00	\$ 121,889.15
Trust Other Fund	46,892.75			46,892.75
General Capital Fund	47,500.00			47,500.00
Public Assistance Fund		29,407.00		29,407.00
	<u>\$ 137,092.66</u>	<u>\$ 73,596.24</u>	<u>\$</u>	<u>\$ 245,688.90</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 7,212.50	\$ 42,151.18	\$ 35,000.00	\$ 84,363.68
Trust Other Fund	68,080.06			68,080.06
Public Assistance Fund		29,407.00		29,407.00
	<u>\$ 75,292.56</u>	<u>\$ 71,558.18</u>	<u>\$ 35,000.00</u>	<u>\$ 181,850.74</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedule.

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

	YEAR 2016		YEAR 2015	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,344,766.06	3.04%	\$ 1,078,700.00	2.51%
Miscellaneous - From Other Than Local				
Property Tax Levies	3,610,637.39	8.16%	3,609,232.04	8.39%
Collection of Delinquent Taxes and Tax				
Title Liens	266,829.43	0.60%	303,599.47	0.71%
Collection of Current Tax Levy	39,045,993.06	88.20%	38,005,316.35	88.39%
<u>Total Income</u>	<u>\$ 44,268,225.94</u>	<u>100.00%</u>	<u>\$ 42,996,847.86</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 14,913,421.30	35.03%	\$ 14,750,778.87	35.66%
County Taxes	7,615,260.69	17.89%	18,414,386.50	44.52%
Local School Taxes	19,596,385.00	46.02%	7,769,370.32	18.78%
Other Expenditures	453,054.88	1.06%	427,502.56	1.03%
<u>Total Expenditures</u>	<u>\$ 42,578,121.87</u>	<u>100.00%</u>	<u>\$ 41,362,038.25</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,690,104.07		\$ 1,634,809.61	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	88,252.00		75,000.00	
Statutory Excess to Fund Balance	3,610,637.39		3,609,232.04	
Fund Balance, January 1	2,923,395.20		2,367,285.59	
	<u>\$ 4,688,499.27</u>		<u>\$ 4,002,095.20</u>	
Less: Utilization as Anticipated Revenue	<u>1,344,766.06</u>		<u>1,078,700.00</u>	
Fund Balance, December 31	<u>\$ 3,343,733.21</u>		<u>\$ 2,923,395.20</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ <u>4.795</u>	\$ <u>4.668</u>	\$ <u>4.475</u>
Apportionment of Tax Rate:			
Municipal	\$ 1.345	\$ 1.347	\$ 1.331
Library	0.057	0.058	0.056
County	0.900	0.921	0.874
County Open Space, Recreation and Historical Preservation	0.025	0.026	0.025
Local School	<u>2.468</u>	<u>2.316</u>	<u>2.189</u>

Assessed Valuations:

2016	\$ <u>820,060,908.00</u>		
2015		\$ <u>816,387,022.00</u>	
2014			\$ <u>812,433,427.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>		<u>TAX LEVY</u>	<u>CURRENTLY</u>	
			<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2016	\$	39,427,384.39	\$ 39,095,993.06	99.15%
2015		38,283,874.93	38,005,316.35	99.27%
2014		36,638,154.60	36,316,827.89	99.12%

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>DEC. 31ST. YEAR</u>		<u>AMOUNT OF TAX TITLE LIENS</u>		<u>AMOUNT OF DELINQUENT TAXES</u>		<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2016	\$	29,383.57	\$	317,783.11	\$	347,166.68	0.88%
2015		24,900.24		261,959.70		286,859.94	0.75%
2014		19,192.51		303,599.47		322,791.98	0.88%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2016 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>YEAR</u>	<u>AMOUNT</u>
2016	\$ 157,200.00
2015	157,200.00
2014	157,200.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31,</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2016	\$ 3,343,733.21 \$	1,581,766.06
	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	182,125.00

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>	
Anthony DeLuca	Mayor	*	
Kay Ceceri	Councilwoman	*	
Lawrence Clementi	Councilman	*	
Peter Corvelli	Councilman	*	
Brian Joho	Councilman	*	
Gerry Laudati	Councilman	*	
Nicholas Mascaro	Councilman	*	
Robert Ordway	CFO/Tax Collector/Treasurer	\$1,000,000.00	Fidelity & Deposit Company
Laura Reinertsen	Borough Clerk	*	
Harvey Fruchter	Borough Attorney	*	
Paul Parsons	Tax Assessor	*	
Thomas Vitale	Magistrate	\$1,000,000.00	Fidelity & Deposit Company
Anne Tucker	Court Administrator	\$1,000,000.00	Fidelity & Deposit Company
Paulette Drogan	Welfare Director	*	
John Henry Barr, III	Prosecutor	*	

All bonds were examined and were properly executed.

* Blanket Bond \$1,000,000.00 Employee Dishonesty Coverage Fidelity & Deposit Company

GENERAL COMMENTS AND RECOMMENDATION

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

“Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c. 198 (C.40A:11-3), except by contract or agreement.”

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough appointed a Qualified Purchasing Agent and has elected to increase its bid threshold to \$40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Heating and Cooling Repairs
DPW Garage Repairs

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 or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 “for the performance of any work or the furnishing or hiring of any material or supplies,” other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for “Professional Services” per N.J.S.A. 40A:11-5 were advertised during 2015 for the following professional services:

Engineering Services
Legal Services

Borough Auditor
Bonding Attorney

COLLECTION OF INTEREST AND PENALTY 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 1, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

"BE IT RESOLVED by the Governing Body of the Borough of Kenilworth that the rate of interest on delinquent taxes and assessments owed to the said Borough of Kenilworth, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars (\$1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."

"BE IT FURTHER RESOLVED there will be a six percent (6%) penalty on delinquency of Ten Thousand Dollars (\$10,000.00) or more at the end of the calendar year."

In appears from an examination of the Collector's records that interest and penalty were collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on July 28, 2016 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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>
2016	2
2015	2
2014	2

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payment of 2017 Taxes	25
Payment of 2016 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which results in a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out before the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Payroll

We noted that a detailed analysis of the balance on account in the payroll bank account was not maintained on a timely basis.

Fixed Assets

We noted that the fixed asset ledger was not updated.

Treasurer

We noted that a certification of availability of funds was not always prepared prior to the award of contracts as per N.J.A.C. 5:30.

We noted expenditures in the Grant Fund without appropriation.

Departments

The audit of the condition of records maintained by the various departments of the Borough were designed to determine whether minimum levels of internal controls and accountability were maintained, that cash receipts were deposited or turned over to the Treasurer within 48 hours per N.J.S.A. 40A:5-15 and that the amounts collected were in accordance with various ordinances, statutes, contracts or agreements. Our audit revealed the following exceptions:

Departments (Continued)

Clerk:

An adequate detailed cash receipts ledger was not maintained. We were unable to determine whether receipts were turned over within forty eight hours per N.J.S.A. 40A:5-15. Pre-numbered duplicate receipts were not being issued.

Fire:

Receipts were not turned over within forty eight hours per N.J.S.A. 40A:5-15. Pre-numbered duplicate receipts were not being issued.

Zoning:

An adequate detailed cash receipts ledger was not maintained. We were unable to determine whether receipts were turned over within forty eight hours per N.J.S.A. 40A:5-15. Pre-numbered duplicate receipts were not being issued.

Police Department:

An adequate detailed cash receipts ledger was not maintained. We were unable to determine whether receipts were turned over within forty eight hours per N.J.S.A. 40A:5-15. Pre-numbered duplicate receipts were not being issued.

Recreation:

An adequate detailed cash receipts ledger was not maintained. We were unable to determine whether receipts were turned over within forty eight hours per N.J.S.A. 40A:5-15. A detailed sign-in list of enrollees was not maintained for the day camp and homework club.

RECOMMENDATIONS

That a detailed analysis of the balance on account in the payroll bank account be maintained a timely basis.

That the fixed asset ledger be updated.

That certification of availability of funds be prepared prior to the award of contracts as per N.J.A.C. 5:30.

That adequate appropriation of Grant Funds be available prior to expenditure of funds.

That departments maintain detailed Cash Receipts Ledgers, turn monies over within forty eight hours per N.J.S.A. 40A:5-15 issue pre-numbered duplicate receipts and the recreation department maintain detailed sign-in lists of enrollees for the day camp and homework club.

