

REPORT OF AUDIT

BOROUGH OF NEW PROVIDENCE

COUNTY OF UNION

DECEMBER 31, 2018

BOROUGH OF NEW PROVIDENCE

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	8
A-3	Statement of Expenditures - Regulatory Basis	10
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	17
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	19
C-1	Statement of Changes in Fund Balance - Regulatory Basis	20
	<u>GENERAL FIXED ASSETS</u>	
D	Statement of General Fixed Assets - Regulatory Basis	21
	Notes to Financial Statements Year Ended December 31, 2018	22
	Supplementary Data	57
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Treasurer	63
A-5	Schedule of Cash - Change Fund	64
A-6	Schedule of Petty Cash	64
A-7	Schedule of Amount Due to/from State of New Jersey for Senior Citizen's and Veteran's Deductions - CH. 73 P.L. 1976	65
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	66
A-9	Schedule of Title Liens	67
A-10	Schedule of Property Acquired for Taxes Assessed Valuation	67
A-11	Schedule of Revenue Accounts Receivable	68
A-12	Schedule of Interfunds	69
A-13	Schedule of Appropriation Reserves	70
A-14	Schedule of Encumbrances Payable	73
A-15	Schedule of Prepaid Taxes	73
A-16	Schedule of Due to Special Improvement District	74
A-17	Schedule of Municipal Open Space Taxes Payable	74

ExhibitPage**CURRENT FUND, (continued)**

A-18	Schedule of Local District School Tax Payable	75
A-19	Schedule of County Taxes Payable	75
A-20	Schedule of Various Cash Liabilities and Reserves	76
A-21	Schedule of Grants Receivable - Federal and State Grant Fund	77
A-22	Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund	78
A-23	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	79
A-24	Schedule of Interfunds- General Capital Fund - Federal and State Grant Fund	80

TRUST FUND

B-1	Schedule of Cash	81
B-2	Schedule of Cash Dog License Collector	82
B-3	Schedule of Due from/(to) Current Fund	83
B-4	Schedule of Reserve for Animal License Fund Expenditures	84
B-5	Schedule of Due to State of New Jersey	84
B-6	Schedule of Other Trust Funds	85
B-7	Schedule of Payroll Deductions Payable	86
B-8	Schedule of Construction and other Deposits	87
B-9	Schedule of Reserve for Unemployment Insurance	88
B-10	Schedule of Reserve for Municipal Open Space	88
B-11	Schedule of LOSAP Contribution Receivable	89
B-12	Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits	89

GENERAL CAPITAL FUND

C-2	Schedule of Cash	90
C-3	Analysis of Cash	91
C-4	Schedule of Various Receivables	92
C-5	Schedule of Deferred Charges to Future Taxation - Funded	93
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	94
C-7	Schedule of Interfund - Current Fund	95
C-8	Schedule of Interfunds- State and Federal Grant Fund	95
C-9	Schedule of General Serial Bonds Payable	96
C-10	Schedule of Bond Anticipation Notes Payable	97
C-11	Schedule of Improvement Authorizations	98
C-12	Schedule of Capital Improvement Fund	99
C-13	Schedule of Various Reserves	100

Exhibit

Page

PART II

Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	101
General Comments	103
Recommendations	105
Status of Prior Year Audit Findings/Recommendations	105

BOROUGH OF NEW PROVIDENCE

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of New Providence
New Providence, NJ 07974

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of New Providence in the County of Union, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of New Providence as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 16 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$428,258.54 and \$449,808.27 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

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

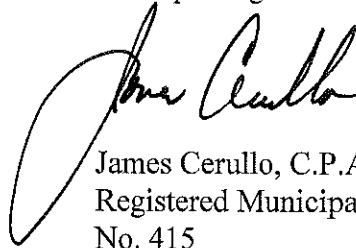
The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied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

Honorable Mayor and
Members of the Borough Council
Page 4.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2019 on our consideration of the Borough of New Providence'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 New Providence's internal control over financial reporting and compliance.



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



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

July 18, 2019

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 10,003,872.89	16,460,809.59
Change Fund	A-5	150.00	150.00
		<u>10,004,022.89</u>	<u>16,460,959.59</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	219,219.18	239,049.89
Tax Title Liens	A-9	226,625.40	213,464.12
Property Acquired for Taxes -			
Assessed Valuation	A-10	11,955.00	11,955.00
Revenue Accounts Receivable	A-11	36,338.31	59,308.29
Due from:			
General Capital Fund	A-12	71.73	
Animal Control Trust Fund	A-12	8,809.40	1,504.11
		<u>503,019.02</u>	<u>525,281.41</u>
		<u>10,507,041.91</u>	<u>16,986,241.00</u>
Federal and State Grant Fund:			
Cash	A-4	397,784.04	547,266.89
Grants Receivable	A-21	1,477,329.51	809,494.74
		<u>1,875,113.55</u>	<u>1,356,761.63</u>
Total Assets		<u>\$ 12,382,155.46</u>	<u>18,343,002.63</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	\$ 1,302,637.07	1,691,440.60
Due to:			
Municipal Open Space Trust	A-12		1,789.66
General Capital Fund	A-12		3,963.94
Encumbrances Payable	A-14	509,060.91	387,174.61
Prepaid Taxes	A-15	392,901.36	7,011,473.12
Due to Special Improvement District	A-16	6,634.96	3,678.16
County Tax Payable	A-19	273,712.55	319,409.62
Prepaid Revenue	A-20	330,000.00	330,000.00
Accounts Payable	A-20	8,519.25	7,137.50
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	6,280.34	6,838.56
Reserve for:			
Revaluation	A-20	75,000.00	
Tax Map Preparation	A-20	50,000.00	50,000.00
Tax Appeals	A-20	720,615.79	1,028,598.14
		3,675,362.23	10,841,503.91
Reserve for Receivables	Contra	503,019.02	525,281.41
Fund Balance	A-1	6,328,660.66	5,619,455.68
		<u>10,507,041.91</u>	<u>16,986,241.00</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	1,225,113.55	692,617.07
Unappropriated Reserve for Grants	A-23		14,144.56
Interfund - General Capital Fund	A-24	650,000.00	650,000.00
		<u>1,875,113.55</u>	<u>1,356,761.63</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>12,382,155.46</u>	<u>18,343,002.63</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	Ref.	2018	2017
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 3,675,000.00	3,525,000.00
Miscellaneous Revenue Anticipated	A-2	5,011,513.12	3,913,852.73
Receipts from Delinquent Taxes	A-2	234,775.41	231,858.21
Receipts from Current Taxes	A-2	67,413,493.62	65,502,661.00
Non-Budget Revenue	A-2	328,331.67	491,004.42
Other Credits to Income:			
Interfunds Returned	A-12	1,504.11	1,814.89
Prior Year Voided Checks	A-4	4,541.50	
Statutory Excess Animal License Fund	A-12	8,809.40	1,504.11
Unexpended Balance of Appropriation Reserves	A-13	1,116,112.81	1,036,262.39
Canceled Grant Reserves	A-22	3.75	26.39
Total Revenues and Other Income		<u>77,794,085.39</u>	<u>74,703,984.14</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	6,812,125.00	6,553,950.00
Other Expenses	A-3	9,280,070.16	8,336,760.13
Capital Improvement Fund	A-3	560,000.00	445,000.00
Municipal Debt Service	A-3	1,955,190.78	1,958,490.00
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,821,695.00	1,729,790.00
Refund of Prior Year's Revenue	A-4	1,314.80	3,790.41
State Audit Recovery Senior Citizen & Veteran Deductions	A-7	3,500.00	
Interfund Advances	A-12	8,881.13	1,504.11
Special Improvement District Taxes	A-16	81,792.66	78,830.86
Municipal Open Space Tax	A-17	96,616.74	82,959.66
Local District School Tax	A-18	37,876,745.00	36,452,412.00
County Taxes including Added Taxes	A-19	14,911,945.39	14,542,369.33
Canceled Grants Receivable	A-21	3.75	20.98
Total Expenditures		<u>73,409,880.41</u>	<u>70,185,877.48</u>
Excess (Deficit) Revenue Over Expenditures		4,384,204.98	4,518,106.66
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		4,384,204.98	4,518,106.66
Fund Balance, January 1,	A	<u>5,619,455.68</u>	<u>4,626,349.02</u>
		10,003,660.66	9,144,455.68
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>3,675,000.00</u>	<u>3,525,000.00</u>
Fund Balance, December 31,	A	<u>\$ 6,328,660.66</u>	<u>5,619,455.68</u>

See Accompanying Notes to Financial Statements

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 3,675,000.00	3,675,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	9,000.00	145,180.00	136,180.00
Other	A-2	25,000.00	38,212.00	13,212.00
Fees and Permits	A-2	33,000.00	32,410.96	(589.04)
Fines and Costs:				
Municipal Court	A-11	105,000.00	154,255.91	49,255.91
Interest and Costs on Taxes	A-4	45,000.00	56,644.78	11,644.78
Parking Meters	A-11	25,000.00	46,996.00	21,996.00
Sewer Rentals	A-11	235,000.00	250,471.82	15,471.82
Cat Licenses	A-11	1,500.00	2,154.00	654.00
Parking Permits	A-11	183,000.00	187,990.00	4,990.00
Rental of Municipal Owned Property	A-11	70,000.00	72,757.94	2,757.94
Cable Television Franchise Fees	A-11	192,830.60	192,830.60	
Energy Receipts Tax	A-11	1,303,819.00	1,303,819.00	
Consolidated Municipal Property Tax Relief Aid	A-11			
Uniform Construction Code Fees	A-11	305,000.00	550,957.00	245,957.00
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-22	6,015.25	6,015.25	
Clean Communities	A-22	23,645.10	23,645.10	
Alcohol Education and Rehab Grant	A-22	1,025.25	1,025.25	
Recycling Tonnage Grant	A-22	14,144.56	14,144.56	
NJ Transportation Trust	A-22	310,000.00	310,000.00	
Bulletproof Vest Partnership	A-22	885.00	885.00	
CDBG - Senior Services High Risk Health	A-22	5,000.00	5,000.00	
CDBG - Senior Enrichment & Exercise	A-22	7,000.00	7,000.00	
Union County Recycling Enhancement Grant	A-22	10,000.00	10,000.00	
Union County - Sponsorship Grant	A-22	3,800.00	3,800.00	
CDBG - Level the Playing Field	A-22	25,470.00	25,470.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	16,867.00	16,867.00	
Safe Street Pedestrian Services	A-22	12,800.00	12,800.00	
Safe Street Pedestrian Services	A-22	10,000.00	10,000.00	
Safe Routes to School Grant	A-22	462,000.00	462,000.00	
Union County-Greening Grant	A-22	2,500.00	2,500.00	
Union County - Kids Recreation Trust	A-22	50,000.00	50,000.00	
Union County - Infrastructure Grant	A-22	55,000.00	55,000.00	
Other Special Items:				
False Alarm Revenue	A-11	1,000.00		(1,000.00)
New Providence DID - Contribution for BAN P&I	A-11	31,835.86	31,835.86	
Library Reimbursement	A-11	70,000.00	70,229.46	229.46
Leaf Collection Revenue	A-11	52,000.00	62,810.00	10,810.00
Mountain Valley Dispatch Rent/Services	A-11	64,800.00	65,760.00	960.00
Berkeley Heights Shared Court	A-11	92,000.00	92,666.40	666.40
Summit Shared Sewer Services	A-11	150,000.00	186,319.30	36,319.30
Multi Family Sewer Fees	A-11	74,200.00	87,100.00	12,900.00
Uniform Fire Safety Act	A-11	11,000.00	26,056.21	15,056.21
Police Escort Administration Fees	A-11	45,000.00	117,640.00	72,640.00
Summit Shared Court	A-11	205,820.00	220,263.72	14,443.72
Total Miscellaneous Revenues	A-1	4,346,957.62	5,011,513.12	664,555.50
Receipts from Delinquent Taxes	A-1/A-2	225,000.00	234,775.41	9,775.41
Subtotal General Revenues		8,246,957.62	8,921,288.53	674,330.91
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax		13,336,951.54 898,786.00	15,600,987.83 898,786.00	2,264,036.29
Total Amt. to be Raised by Taxes for Support of Budget	A-2	14,235,737.54	16,499,773.83	2,264,036.29
Budget Totals		22,482,695.16	25,421,062.36	2,938,367.20
Non-Budget Revenue	A-1/A-2		328,331.67	328,331.67
		\$ 22,482,695.16	25,749,394.03	3,266,698.87
	A-3			
Adopted Budget	A-3	22,322,054.56		
Appropriated by (N.J.S. 40A:4-87)	A-3	160,640.60		
		22,482,695.16		

Borough of New Providence, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2018

<u>Analysis of Realized Revenues</u>		
	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	67,613,493.62
Less: Applied to Reserve for Pending Tax Appeals	A-20	<u>200,000.00</u>
		67,413,493.62
Allocated to School and County Taxes	A-8	<u>52,967,099.79</u>
Balance for Support of Municipal Budget Appropriations		14,446,393.83
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>2,053,380.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>16,499,773.83</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>234,775.41</u>
	A-2	<u>234,775.41</u>
Licenses - Other:		
Clerk	A-11	12,110.00
Registrar	A-11	96.00
Board of Health	A-11	<u>26,006.00</u>
	A-2	<u>38,212.00</u>
Fees and Permits - Other:		
Clerk	A-11	6,824.91
Building Inspector Other	A-11	630.00
Police	A-11	2,598.05
Engineering Department	A-11	4,800.00
Registrar	A-11	1,890.00
Board of Adjustment	A-11	13,370.00
Planning Board	A-11	<u>2,298.00</u>
	A-2	<u>32,410.96</u>

<u>Analysis of Non-budget Revenues</u>		
	<u>Ref.</u>	
Hotel Tax		84,956.97
State DMV		400.00
Senior Citizens & Veterans Administration Fee		1,236.27
Scrap Metal/Plastic Recycling		6,855.24
Interest on Investments		215,946.77
Various Miscellaneous Items		5,380.00
Miscellaneous Reimbursements		<u>13,556.42</u>
	A-4	<u>328,331.67</u>
	A-2	<u>328,331.67</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Page 1 of 7

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages	\$	490,500.00	480,500.00	458,571.32	21,928.68	
Other Expenses		195,200.00	205,200.00	196,201.45	8,998.55	
Human Resources (Personnel/Labor Attny)						
Salaries and Wages		42,500.00	42,500.00	35,599.92	6,900.08	
Other Expenses		46,950.00	46,950.00	11,155.10	35,794.90	
Mayor and Council						
Salaries and Wages		33,000.00	33,000.00	33,000.00		
Other Expenses		7,500.00	7,500.00	3,180.90	4,319.10	
Municipal Clerk						
Other Expenses		18,500.00	18,500.00	14,942.79	3,557.21	
Financial Administration						
Salaries and Wages		236,000.00	160,000.00	106,180.02	53,819.98	
Other Expenses		60,500.00	60,500.00	26,371.67	34,128.33	
Audit Services						
Other Expenses		47,000.00	47,000.00	36,525.00	10,475.00	
Collection of Taxes						
Salaries and Wages		83,000.00	83,000.00	80,621.07	2,378.93	
Other Expenses		5,550.00	5,550.00	3,696.76	1,853.24	
Assessment of Taxes						
Salaries and Wages		37,500.00	37,500.00	37,440.00	60.00	
Other Expenses		181,300.00	131,300.00	37,774.13	93,525.87	
Revaluation		25,000.00	75,000.00	75,000.00		
Legal Services and Costs						
Other Expenses		116,000.00	116,000.00	91,789.51	24,210.49	
Engineering Services and Costs						
Other Expenses		102,500.00	102,500.00	80,814.90	21,685.10	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Planning Board						
Salaries and Wages		4,000.00	4,000.00	2,784.00	1,216.00	
Other Expenses		50,000.00	65,000.00	60,247.23	4,752.77	
Board of Adjustment						
Salaries and Wages		3,600.00	3,600.00	3,016.00	584.00	
Other Expenses		17,000.00	17,000.00	16,215.16	784.84	
Insurance:						
General Liability		535,000.00	535,000.00	535,000.00		
Employee Group Health		1,250,000.00	1,250,000.00	1,046,857.53	203,142.47	
Health Benefit Waiver		75,000.00	65,000.00	44,945.90	20,054.10	
Municipal Court:						
Salaries and Wages		338,325.00	353,325.00	347,856.41	5,468.59	
Other Expenses		10,300.00	10,300.00	5,734.60	4,565.40	
Public Defender						
Salaries and Wages		2,550.00	2,550.00	2,500.08	49.92	
Police						
Salaries and Wages		3,317,000.00	3,307,000.00	3,198,747.52	108,252.48	
Other Expenses		196,500.00	236,500.00	226,934.19	9,565.81	
Police Dispatch/911						
Other Expenses		600,000.00	600,000.00	599,108.52	891.48	
Emergency Management Services						
Other Expenses		3,500.00	3,500.00	2,120.79	1,379.21	
Fire						
Other Expenses		106,990.00	106,990.00	84,724.48	22,265.52	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		40,000.00	40,000.00	36,993.75	3,006.25	
Other Expenses		4,000.00	4,000.00	3,249.68	750.32	
Road Repairs and Maintenance						
Other Expenses		195,500.00	270,500.00	252,936.54	17,563.46	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Public Works						
Salaries and Wages		1,133,150.00	1,083,150.00	1,076,993.90	6,156.10	
Other Expenses		7,000.00	7,000.00	1,560.79	5,439.21	
Traffic Signal Maintenance						
Other Expenses		15,000.00	15,000.00	14,789.46	210.54	
Public Buildings and Grounds						
Other Expenses		289,250.00	289,250.00	260,704.80	28,545.20	
Fleet Maintenance						
Other Expenses		93,450.00	98,450.00	96,183.49	2,266.51	
Solid Waste/Recycling Collections						
Other Expenses		660,000.00	660,000.00	641,824.92	18,175.08	
Solid Waste Disposal Costs		350,000.00	350,000.00	294,775.65	55,224.35	
Waste Water Treatment Plant						
Salaries and Wages		423,000.00	390,000.00	355,937.93	34,062.07	
Other Expenses		81,500.00	94,500.00	91,315.36	3,184.64	
Board of Health						
Salaries and Wages		2,000.00	2,000.00		2,000.00	
Other Expenses		58,925.00	58,925.00	58,801.09	123.91	
Animal Control Services						
Other Expenses		24,000.00	24,000.00	16,824.03	7,175.97	
Health Services						
Salaries and Wages		53,000.00	54,000.00	54,000.00		
Other Expenses		3,550.00	3,550.00	187.41	3,362.59	
Community Activities						
Salaries and Wages		224,500.00	227,500.00	226,259.79	1,240.21	
Other Expenses		18,500.00	18,500.00	7,511.72	10,988.28	
Senior Citizen Programs						
Salaries and Wages		91,000.00	91,000.00	77,790.73	13,209.27	
Other Expenses		33,950.00	33,950.00	23,033.73	10,916.27	

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Tuition Reimbursement Program		2,500.00	2,500.00		2,500.00	
Other Expenses						
Construction Code Official		411,000.00	411,000.00	379,829.39	31,170.61	
Salaries and Wages		13,000.00	13,000.00	10,634.00	2,366.00	
Other Expenses						
Utility Expenses/Bulk Purchases:						
Electricity		260,000.00	260,000.00	204,833.84	55,166.16	
Telephone and Telegraph		50,000.00	50,000.00	35,667.85	14,332.15	
Natural Gas		95,000.00	95,000.00	58,730.71	36,269.29	
Street Lighting		140,000.00	140,000.00	98,026.98	41,973.02	
Water		55,000.00	52,000.00	26,599.01	25,400.99	
Motor Supplies		150,000.00	150,000.00	127,423.72	22,576.28	
Fire Hydrant Service		180,000.00	180,000.00	149,814.35	30,185.65	
Contingent		500.00	500.00		500.00	
Total Operations within "CAPS"		13,396,540.00	13,381,540.00	12,188,891.57	1,192,648.43	
Detail:						
Salaries and Wages	A-1	6,965,625.00	6,805,625.00	6,514,121.83	291,503.17	
Other Expenses	A-1	6,430,915.00	6,575,915.00	5,674,769.74	901,145.26	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		407,400.00	407,400.00	407,399.59	0.41	
Social Security System (O.A.S.I.)		495,000.00	510,000.00	497,654.34	12,345.66	
Police and Firemen's Retirement System of N.J.		709,295.00	709,295.00	709,295.00		
Defined Contribution Retirement Plan		20,000.00	20,000.00	15,407.17	4,592.83	

Borough of New Providence, N.J.

Page 5 of 7

Statement of Expenditures - Regulatory Basis

		Current Fund					
		Year Ended December 31, 2018					
		<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>							
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"		A-1	1,631,695.00	1,646,695.00	1,629,756.10	16,938.90	
Total General Appropriations for Municipal Purposes within "CAPS"			15,028,235.00	15,028,235.00	13,818,647.67	1,209,587.33	
Operations - Excluded from "CAPS"							
Maintenance of Free Public Library			898,786.00	898,786.00	898,786.00		
Sewer System							
Joint Meeting Expenses			800,000.00	800,000.00	747,691.56	52,308.44	
Berkley Heights Expenses			15,000.00	15,000.00	10,013.86	4,986.14	
Emergency Services Volunteer Length of Service Award Program			30,000.00	30,000.00		30,000.00	
Reserve for Tax Appeals			250,000.00	250,000.00	250,000.00		
Fair Housing Act of 1985							
Council on Affordable Housing							
Salaries and Wages			6,500.00	6,500.00	744.84	5,755.16	
Public and Private Programs Offset by Revenues							
Drunk Driving Enforcement Fund			6,015.25	6,015.25	6,015.25		
Clean Communities			23,645.10	23,645.10	23,645.10		
Alcohol Education and Rehab Grant			1,025.25	1,025.25	1,025.25		
Recycling Tonnage Grant			14,144.56	14,144.56	14,144.56		
Bulletproof Vest Partnership			885.00	885.00	885.00		
Union County - Kids Recreation Trust			50,000.00	50,000.00	50,000.00		
CDBG - Senior Citizen High Risk Health Services			5,000.00	5,000.00	5,000.00		
CDBG - Enrichment & Exercise			7,000.00	7,000.00	7,000.00		
Union County Recycling Enhancement			10,000.00	10,000.00	10,000.00		
Union County Level the Playing Field Grant			25,470.00	25,470.00	25,470.00		
Union County Sponsorship Grant			3,800.00	3,800.00	3,800.00		
Safe Routes to School			462,000.00	462,000.00	462,000.00		
Greening Union County Tree Grant			2,500.00	2,500.00	2,500.00		

Borough of New Providence, N.J.

Page 6 of 7

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Union County Infrastructure Grant		55,000.00	55,000.00	55,000.00		
Street Safe Pedestrian Grant		12,800.00	12,800.00	12,800.00		
Street Safe Pedestrian Grant		10,000.00	10,000.00	10,000.00		
Municipal Alliance on Alcoholism and Drug Abuse		16,867.00	16,867.00	16,867.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		4,217.00	4,217.00	4,217.00		
Total Operations - Excluded from "CAPS"		2,710,655.16	2,710,655.16	2,617,605.42	93,049.74	
Detail:						
Salaries & Wages	A-1	6,500.00	6,500.00	744.84	5,755.16	
Other Expenses	A-1	2,704,155.16	2,704,155.16	2,616,860.58	87,294.58	
Capital Improvements:						
Capital Improvement Fund		250,000.00	250,000.00	250,000.00		
NJ Transportation Trust Fund Authority Act		310,000.00	310,000.00	310,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	560,000.00	560,000.00	560,000.00		
Municipal Debt Service:						
Payment of Bond Principal		1,425,000.00	1,425,000.00	1,425,000.00		
Interest on Bonds		488,265.00	488,265.00	488,265.00		234.22
Interest on Notes		42,160.00	42,160.00	41,925.78		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,955,425.00	1,955,425.00	1,955,190.78		234.22
Deferred Charges:						
Deferred Charges to Future Taxation - Unfunded						
Ordinance 15-03 Various Capital Improvements		175,000.00	175,000.00	175,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	175,000.00	175,000.00	175,000.00		

Borough of New Providence, N.J.

Page 7 of 7

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,401,080.16	5,401,080.16	5,307,796.20	93,049.74	234.22
Subtotal General Appropriations		20,429,315.16	20,429,315.16	19,126,443.87	1,302,637.07	234.22
Reserve for Uncollected Taxes		2,053,380.00	2,053,380.00	2,053,380.00		
Total General Appropriations	\$	22,482,695.16	22,482,695.16	21,179,823.87	1,302,637.07	234.22
					A	
Adopted Budget	A-2		22,322,054.56			
Appropriated by (N.J.S.A. 40A:4-87)	A-2		160,640.60			
			<u>22,482,695.16</u>			

Analysis of Paid or Charged

Reserve for Uncollected Taxes	A-2	2,053,380.00
Cash Disbursed	A-4	17,272,013.80
Encumbrances Payable	A-15	509,060.91
Reserve for Revaluation	A-20	75,000.00
Reserve for Tax Appeals	A-20	250,000.00
Reserve for Federal and State Grants	A-22	1,016,152.16
Matching Funds for Federal and State Grants	A-4, A-22	4,217.00
		<u>21,179,823.87</u>

See Accompanying Notes to Financial Statements

Borough of New Providence , N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-1	\$ 30,673.60	22,761.51
Cash - License Collector	B-2	48.00	13.20
		<u>30,721.60</u>	<u>22,774.71</u>
Other Trust Funds:			
Cash	B-1	2,357,251.31	2,332,098.83
Cash - Payroll	B-7	55,076.82	50,681.07
Due from Current Fund (Open Space)	B-3		1,789.66
		<u>2,412,328.13</u>	<u>2,384,569.56</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-1	405,758.54	428,308.27
Contributions Receivable	B-11	22,500.00	21,500.00
		<u>428,258.54</u>	<u>449,808.27</u>
Total Assets		<u>\$ 2,871,308.27</u>	<u>2,857,152.54</u>

See Accompanying Notes to Financial Statements

Borough of New Providence , N.J.

Page 2 of 2

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal License Fund:			
Interfund - Current Fund	B-3	\$ 8,809.40	1,504.11
Reserve for Dog Fund Expenditures	B-4	21,912.20	21,257.40
Due to State of New Jersey	B-5		13.20
		<u>30,721.60</u>	<u>22,774.71</u>
Other Trust Fund:			
Various Other Trust Funds	B-6	1,368,126.53	1,149,611.12
Payroll Deductions	B-7	55,076.82	50,681.07
Reserve for:			
Construction and Other Deposits	B-8	336,448.52	634,963.17
Unemployment Insurance Trust Fund	B-9	24,176.08	24,912.91
Municipal Open Space	B-10	628,500.18	524,401.29
		<u>2,412,328.13</u>	<u>2,384,569.56</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-12	<u>428,258.54</u>	<u>449,808.27</u>
		<u>428,258.54</u>	<u>449,808.27</u>
Total Liabilities, Reserves & Fund Balance		\$ <u>2,871,308.27</u>	<u>2,857,152.54</u>

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 4,410,601.98	3,478,136.96
Various Receivables	C-4	103,087.15	325,407.50
Deferred Charges to Future Taxation:			
Funded	C-5	15,085,000.00	16,510,000.00
Unfunded	C-6	10,011,859.74	7,821,859.74
Interfund - Current Fund	C-7		3,963.94
Interfund - State & Federal Grant Fund	C-8	650,000.00	650,000.00
		<u>30,260,548.87</u>	<u>28,789,368.14</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-7	71.73	
General Serial Bonds	C-9	15,085,000.00	16,510,000.00
Bond Anticipation Notes	C-10	5,400,000.00	3,400,000.00
Improvement Authorizations:			
Funded	C-11	1,672,442.17	2,199,317.68
Unfunded	C-11	6,159,701.84	5,003,154.37
Capital Improvement Fund	C-12	275,199.13	145,199.13
Reserve for:			
Debt Service	C-13	1,166,249.82	1,064,537.78
Redwood ERC Sewer Project	C-13	225,000.00	225,000.00
Fund Balance	C-1	276,884.18	242,159.18
		<u>\$ 30,260,548.87</u>	<u>28,789,368.14</u>

Footnote: There were \$4,611,859.74 and \$4,421,859.74 of Bonds and Notes Authorized But Not Issued per Exhibit C-14 on December 31, 2018 and 2017

See Accompanying Notes to Financial Statements

Borough of New Providence, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - December 31, 2017	C	\$ 242,159.18	242,026.03
Increased by:			
Premium on Sale of Notes	C-2	34,725.00	
Funded Improvement Authorizations Canceled			<u>133.15</u>
Balance - December 31, 2018	C,C-3	\$ <u>276,884.18</u>	<u>242,159.18</u>

See Accompanying Notes to Financial Statements

GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit D

Borough of New Providence , N.J.

Comparative Statement of General Fixed Assets

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Buildings and Construction	\$ 12,918,098.59	\$ 12,918,098.59
Machinery and Equipment	8,203,001.31	8,057,956.81
Land Improvements	2,793,981.23	2,793,981.23
Underground Equipment & Utilities	<u>1,265,385.74</u>	<u>1,313,726.26</u>
	<u>\$ 25,180,466.87</u>	<u>\$ 25,083,762.89</u>
Investment in Fixed Assets	<u>\$ 25,180,466.87</u>	<u>\$ 25,083,762.89</u>

See Accompanying Notes to Financial Statements

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Borough of New Providence (the "Borough") operates under a Mayor/Council form of government. There are six elected members on the Council. Each is elected to a three year term. The Mayor is elected in a general election for a four year term. The Mayor carries a legislative vote only if there is a tie amongst Council members. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

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

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

The Borough has the following funds and account groups:

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

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

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

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

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

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

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

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

Basis of Accounting

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

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

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

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

Basis of Accounting, (continued)

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

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

General Capital Fund
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018, the Borough Council increased the original budget by \$160,640.60. The increase was funded by \$160,640.60 of additional grants and contributions given to the Borough. In addition, several budget transfers were approved by the governing body.

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

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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

Basis of Accounting, (continued)

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

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

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

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

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

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

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

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

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

Basis of Accounting, (continued)

projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except land which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

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

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

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

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

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

Basis of Accounting, (continued)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

C. Basic Financial Statements

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

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018 and 2017, \$0- of the Borough's bank balance of \$17,386,347.79 and \$20,617,931.23, respectively, was exposed to custodial credit risk.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

As of December 31, 2018 and 2017, the Borough had \$173,820.44 and \$170,684.52, respectively, on deposit with the New Jersey Cash Management Fund.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

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

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$405,758.54 and \$428,308.27, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Growth	\$223,485.56	\$240,169.59
Fixed Income	70,343.87	71,444.51
Income	44,326.44	46,090.77
Growth and Income	45,871.00	50,104.37
All Others	<u>21,731.67</u>	<u>20,499.03</u>
Total	<u>\$405,758.54</u>	<u>\$428,308.27</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2018 consisted of the following:

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	<u>\$16,510,000.00</u>	<u>\$ _____</u>	<u>\$1,425,000.00</u>	<u>\$15,085,000.00</u>	<u>\$1,425,000.00</u>

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

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General:			
Bonds and Notes	<u>\$20,485,000.00</u>	<u>\$19,910,000.00</u>	<u>\$17,935,000.00</u>
Total Issued	<u>20,485,000.00</u>	<u>19,910,000.00</u>	<u>17,935,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>4,611,859.74</u>	<u>4,421,859.74</u>	<u>5,079,859.74</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$25,096,859.74</u>	<u>\$24,331,859.74</u>	<u>\$23,014,859.74</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .891%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$21,110,000.00	\$21,110,000.00	\$0.00
General Debt	<u>25,096,859.74</u>	<u>1,166,249.82</u>	<u>23,930,609.92</u>
	<u>\$46,206,859.74</u>	<u>\$22,276,249.82</u>	<u>\$23,930,609.92</u>

Net Debt \$23,930,609.92 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,684,571,067.33 = .891%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$93,959,987.36
Net Debt	<u>23,930,609.92</u>
Remaining Borrowing Power	<u>\$70,029,377.44</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 3: MUNICIPAL DEBT, (continued)

The Borough's bonded debt consisted of the following at December 31, 2018:

Paid by Current Fund:	<u>Amount Outstanding</u>
General Improvement Bonds - \$4,165,000.00 issued August 1, 2006 due through August 1, 2021 with variable interest rates of 4.125% to 4.250%	\$980,000.00
General Improvement Bonds - \$8,910,000.00 issued May 15, 2012 due through May 15, 2027 with variable interest rates of 2.00% to 2.125%	5,550,000.00
General Improvement Bonds - \$9,980,000.00 issued July 10, 2015 due March 1, 2016 through March 1, 2029 with variable interest rates of 3.00% to 4.00%	<u>8,555,000.00</u>
	<u><u>\$15,085,000.00</u></u>

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

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING.

	<u>General</u>		
<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$1,425,000.00	\$443,040.00	\$1,868,040.00
2020	1,450,000.00	397,315.00	1,847,315.00
2021	1,460,000.00	349,665.00	1,809,665.00
2022	1,270,000.00	300,615.00	1,570,615.00
2023	1,445,000.00	258,715.00	1,703,715.00
2024	1,445,000.00	213,315.00	1,658,315.00
2025	1,570,000.00	165,415.00	1,735,415.00
2026	1,570,000.00	119,377.50	1,689,377.50
2027	1,570,000.00	77,470.00	1,647,470.00
2028	950,000.00	42,150.00	992,150.00
2029	930,000.00	13,950.00	943,950.00
	<u>\$15,085,000.00</u>	<u>\$2,381,027.50</u>	<u>\$17,466,027.50</u>

At December 31, 2018, the Borough had authorized but not issued debt of \$4,611,859.74.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 4: BOND ANTICIPATION NOTES

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

On December 31, 2018, the Borough had \$5,400,000.00 in outstanding general capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Bank N.A.	<u>\$3,400,000.00</u>	<u>\$5,400,000.00</u>	<u>\$3,400,000.00</u>	<u>\$5,400,000.00</u>

NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, there were no deferred charges shown on the balance sheets of the various funds.

NOTE 6: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough raises its share of local school district taxes on a calendar year basis; hence there is no deferral of school taxes.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7: PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

Benefits Provided

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

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

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7: PENSION PLANS, (continued)

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

Benefits Provided, (continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

Benefits Provided

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

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

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7: PENSION PLANS, (continued)

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

Benefits Provided, (continued)

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

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2018	\$404,106.00	\$709,295.00	\$15,401.17
2017	398,265.00	610,098.00	12,590.24
2016	389,571.00	601,555.00	14,500.00

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

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

Public Employees Retirement System (PERS)

At December 31, 2018, the Borough had a liability of \$8,640,699.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0002633659 percent, which was an increase/(decrease) of 0.04388480 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$404,106.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$164,779.00	\$44,554.00
Changes of assumptions	1,423,844.00	2,762,836.00
Net difference between projected and actual earnings on pension plan investments		81,050.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	210,917.00	211,608.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$1,799,540.00</u>	<u>\$3,100,048.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$59,971.00
2020	(83,031.00)
2021	(595,396.00)
2022	(516,099.00)
2023	(165,262.00)

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	0.04388480%	0.0436214341%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

The actuarial assumptions used in the June 30, 2017 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement 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 Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 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, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Borough's proportionate share of the pension liability	\$11,303,531	\$8,640,698	\$6,774,918

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2018, the Borough had a liability of \$10,712,143 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0791636180 percent, which was an increase/(decrease) of (0.0009810381) percent from its proportion measured as of June 30, 2017.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

For the year ended December 31, 2018, the Borough recognized pension expense of \$709,295.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$108,982.00	\$44,329.00
Changes of assumptions	919,493.00	2,745,337.00
Net difference between projected and actual earnings on pension plan investments		58,605.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	710,362.00	218,687.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$1,738,837.00</u>	<u>\$3,066,958.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$92,126.00
2020	(310,551.00)
2021	(868,807.00)
2022	(557,715.00)
2023	(174,849.00)

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	0.0791636180%	0.0801446561%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
Borough's proportionate share of the pension liability	\$16,284,301	\$10,712,143	\$8,771,360

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State 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. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,455,067 and \$1,385,856, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$172,350 and \$169,522, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$86,175 and \$69,299, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System, (continued)

Pension Plan Fiduciary Net Position

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

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018 and 2017 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	<u>\$3,750,000.00</u>	<u>\$3,675,000.00</u>

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2018.

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Buildings and Improvements	\$12,918,098.59	\$	\$	\$12,918,098.59
Machinery and Equipment	8,057,956.81	158,038.50	12,994.00	8,203,001.31
Land Improvements	2,793,981.23			2,793,981.23
Underground Equipment and Utilities	<u>1,313,726.26</u>	<u>23,709.48</u>	<u>72,050.00</u>	<u>1,265,385.74</u>
	<u>\$25,083,762.89</u>	<u>\$181,747.98</u>	<u>\$85,044.00</u>	<u>\$25,180,466.87</u>

NOTE 10: TERMINAL LEAVE

Eligible employees who retire with a pension under PERS or PFRS shall be entitled to receive Terminal Leave. The number of Terminal Leave days will be based on the number of unused sick leave at the time of retirement. Retiring PERS employees will remain on the payroll of the Borough based on one day of base salary pay for every four days of accumulated unused

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 10: TERMINAL LEAVE, (continued)

sick leave up to 100 days; and 1 day base salary pay for every 3 days of accumulated sick leave beyond 100 days subject to a maximum payment. Retiring PFRS employees will remain on the payroll of the Borough based on 1 day of salary pay for every 4 days of accumulated unused sick leave if the total days are below 100 or 1 day base salary pay for every 3 days of accumulated unused sick leave if the total days are above 100, subject to a maximum payment. The maximum payment for employees who retire under PERS is \$12,000.00 and under PFRS is \$17,000.00.

It is estimated that the sum of \$180,942.55, computed internally at 2018 salary rates, would be payable to 21 officials and employees of the Borough of New Providence as of December 31, 2018 for accumulated sick days. This amount was not verified by audit.

Provisions for the above are not reflected on the Financial Statements of the Borough. It is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year in which it is used.

NOTE 11: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2018 consist of the following:

\$8,809.40	Due to the Current Fund from the Animal Control Trust Fund for the statutory excess in Animal Control Funds.
71.73	Due to the Current Fund from the General Capital Fund for interest earnings.
<u>650,000.00</u>	Due to the General Capital Fund from the State and Federal Grant Fund for capital receipts deposited in the Grant Fund.
<u>\$658,881.13</u>	

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

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2018 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 12: RISK MANAGEMENT, (continued)

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

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund 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. The following 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 prior year:

Year Ended	Interest Earnings/ Borough	Employee	Amount	Ending
<u>Dec. 31,</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2018	\$423.68	\$10,989.65	\$12,150.16	\$24,176.08
2017	223.87	9,515.79	6,137.56	24,912.91
2016	0.00	9,640.76	10,700.50	21,310.81

NOTE 13: TAXES COLLECTED IN ADVANCE

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

	Balance <u>Dec 31, 2018</u>	Balance <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$392,901.36</u>	<u>\$7,011,473.12</u>
Cash Liability for Taxes Collected in Advance	<u>\$392,901.36</u>	<u>\$7,011,473.12</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

General Information about the OPEB Plan

The Borough's defined benefits OPEB plan provides for health insurance premiums for employees which have retired according to their individual employment contracts. The Plan is a single-employer defined benefit OPEB plan administered by the Borough of New Providence. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms: At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	<u>64</u>
	<u>69</u>

Total OPEB Liability

At December 31, 2018, the Borough had a liability of \$4,316,474 for its OPEB liability. The OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

OPEB Expense

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$458,146.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Actual Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Basis of Valuation

This valuation has been conducted as of December 31, 2018 based upon census, plan design and cost information provided by The Fund. Census includes 5 retirees currently receiving retiree benefits, and 64 active participants of whom 2 are eligible to retire as of the valuation date. The average age of the active population is 48 and the average age of the retiree population is 76.

Employees that retire from active service with at least 15 years of service with the Borough and after age plus service equals or exceeds certain thresholds are entitled to health insurance upon retirement. Those that attain 100 "points" (i.e. age plus service equals or exceeds 100) receive lifetime benefits. If hired after December 2004, the benefits are limited to \$15,000 per year. If hired on or before that date, no limitation is imposed. Upon death of the retiree, spouses are covered until attainment of age 65. Upon attainment of 80 points, lifetime retiree benefits are limited to \$10,000 (\$5,000 if benefits are waived) and upon attainment of 60 points lifetime retiree benefits are limited to \$5,000 (\$2,500 if benefits are waived).

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2017 report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP number OPEB requirements taken from the July 1, 2017 GASB 75 report from Aon Consultants.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Health Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after the completion of 25 years of service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.10% Based on the Bond Buyer 20 Index December 31, 2018</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Travel</i>	<i>Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2018 medical, prescription drug and dental premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (48) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs.
- Retiree contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employees contribution as reported by the Borough increased annually by the rate of medical trend.

- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2018 salaries were reported as \$5.567 million.

Changes in Net OPEB Liability FYE 2018

Discount Rate (Proj.)	4.10% FYE 12/31/2018		
Investment Return Rate (Proj.)	N/A; Index will apply		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at 1/1/2018	\$3,913,407	\$	\$3,913,407
Change	<u>403,067</u>	<u></u>	<u>403,067</u>
Balances at 12/31/2018	<u><u>\$4,316,474</u></u>	<u><u>\$</u></u>	<u><u>\$4,316,474</u></u>

A) GASB #75 Regular Expense

Service Cost	\$287,056
Interest Cost	171,090
Experience (Gain)/Loss Amort	-0-
Investment Loss Amort	<u>-0-</u>
 GASB #75 Annual OPEB Cost <u>Regular</u> Expense	 <u>458,146</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the Borough's total OPEB liability as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u>3.10%</u>	At Current Discount Rate <u>4.10%</u>	1% Increase <u>5.10%</u>
Borough's Total OPEB Liability	\$4,641,419	\$4,316,474	\$4,035,518

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 14: OTHER POST-EMPLOYMENT BENEFITS (OPEB), (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the Borough's total OPEB liability as well as what the Borough's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease to 4.0%	Healthcare Cost Trend Rate to 5.0%	1% Increase to 6.0%
Borough's Total OPEB Liability	\$4,226,581	\$4,316,474	\$4,448,029

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$9,184,311 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$278,020.

NOTE 15: SPECIAL IMPROVEMENT DISTRICT

The Special Improvement District is a separate entity which was established in 2007. The Special Improvement District has a budget which is based on the assessed value of a number of designated property owners in the Borough. The rate for 2018 is \$.229.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)

NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On March 6, 2003, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$500.00 to each eligible volunteer who accumulates minimum service points based on criteria established by Borough Ordinance No. 2000-05. The amount of the LOSAP award cannot exceed \$500.00 annually. The Borough's contribution shall be included in the current years budget.

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

We have reviewed the plan for the year ended December 31, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

Federal and State Awards

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2018 may be impaired. In the opinion of management, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

Tax Appeals

The Borough has established a Reserve for Tax Appeals Pending in the amount of \$720,615.79.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(CONTINUED)**

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Litigation

The Borough of New Providence is a defendant in certain lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, would be funded from future taxation.

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through July 18, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate:	<u>4.845</u>	<u>4.766</u>	<u>4.699</u>	<u>4.634</u>	<u>4.564</u>
Apportionment of Tax					
Municipal	.967	.950	.938	.926	.910
Municipal Open Space	.007	.006	.005	.003	.002
Municipal Library	.065	.063	.063	.062	.064
County	1.031	1.023	.998	.973	.984
County Open Space	.029	.029	.028	.028	.029
Local School	2.746	2.695	2.667	2.642	2.575

Assessed Valuation:

2018	\$1,379,739,181.00
2017	1,352,838,495.00
2016	1,314,774,562.00
2015	1,292,526,271.00
2014	1,288,630,095.00

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current 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>
2018	\$68,180,367.03	\$69,613,493.62	99.17%
2017	66,004,248.19	65,727,661.00	99.58
2016	62,459,704.10	62,178,957.52	99.55
2015	60,148,709.38	59,830,822.78	99.47
2014	59,073,713.06	58,772,813.11	99.49

*Includes Special Improvement District Taxes.

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the last five years. A comparison of the outstanding assessment and assessment title liens for the past five years is also shown.

<u>Taxes and Liens</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Delinquent Taxes	\$219,219.18	\$239,049.89	\$234,414.74	\$258,646.78	\$256,949.11
Tax Title Liens	<u>226,625.40</u>	<u>213,464.12</u>	<u>200,517.37</u>	<u>187,752.61</u>	<u>175,164.12</u>
Totals	<u>\$445,844.58</u>	<u>\$452,514.01</u>	<u>\$434,932.11</u>	<u>\$446,399.39</u>	<u>\$432,113.23</u>
Percentage of each Years Tax Levy	.65%	.68%	.70%	.74%	.73%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

There was no property sold or acquired during the year.

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

<u>Year</u>	<u>Amount</u>
2018	\$11,955
2017	11,955
2016	11,955
2015	11,955
2014	11,955

COMPARATIVE SCHEDULE OF FUND BALANCE

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$6,328,660.66	\$3,750,000.00
2017	5,619,455.68	3,675,000.00
2016	4,626,349.02	3,525,000.00
2015	4,191,196.52	3,205,000.00
2014	3,855,724.73	2,930,000.00

ROSTER OF OFFICIALS IN OFFICE AND REPORT ON SURETY BONDS

DECEMBER 31, 2018

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Al Morgan	Mayor	\$
Robert Muñoz	Councilman President	
Michael Gennaro	Councilman	
Nadine Geoffroy	Councilwoman	
Gary Kapner	Councilman	
James Madden	Councilman	
Robert T. Robinson	Councilman	
Ronald J. Angelo	Interim Chief Financial Officer to 8/31/18	*
Gabriela V. Dos Santos	Chief Financial Officer from 9/1/18	*
Douglas Marvin	Administrator	
Wendi B. Barry	Borough Clerk	
Denise Brinkofski	Tax Collector, Deputy Borough Clerk	*
Paul Rizzo	Borough Attorney	
Donald Bogosian	Borough Judge	*
Macrina Carra	Court Administrator	*
Bryan Flynn	Tax Assessor	

*Coverage provided by Garden State Municipal Joint Insurance Fund.

SCHEDULE A

BOROUGH OF NEW PROVIDENCE, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Name of Federal Agency or Department</u>	<u>Federal Program</u>	<u>C.F.D.A. Account No.</u>	<u>Total Grant Award Amount</u>	<u>Original Grant Period</u>		<u>Balance Jan. 1, 2018</u>	<u>Receipts</u>	<u>Adjusted/ Expended</u>	<u>Balance Dec. 31, 2018</u>	<u>Memo Cumulative Total Expenditures</u>
				<u>From</u>	<u>To</u>					
Department of Housing and Urban Development	Community Development Block Grant	14.218	5,000.00	9/1/2017	8/31/2018	(1,410.00)	5,000.00	3,590.00	*	5,000.00
		14.218	7,300.00	9/1/2017	8/31/2018		7,300.00	7,300.00	*	7,300.00
		14.218	30,000.00	9/1/2017	8/31/2018		30,000.00	30,000.00	*	30,000.00
		14.218	5,000.00	9/1/2018	8/31/2019			1,190.00	(1,190.00)	1,190.00
		14.218	7,000.00	9/1/2018	8/31/2019			1,860.00	(1,860.00)	1,860.00
Pass thru State of N.J.	FEMA Hazard Mitigation Grant	97.039	100,000.00			(100,000.00)			(100,000.00)	100,000.00
U.S. Department of Justice	Bulletproof Vest Partnership Program	16.607	5,418.97			4,499.38		3,900.88	598.50	4,820.47
			885.00				885.00		885.00	
Pass thru State of N.J.						(96,910.62)	43,185.00	47,840.88	(101,566.50)	150,170.47

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL THE UNIFORM GUIDANCE.

BOROUGH OF NEW PROVIDENCE, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2018

State Funding Department	State Program	State Grant (Award) No.	Grant Award Amount	Balance Jan. 1, 2018	Receipts	Expended	Balance Dec. 31, 2018	Memo Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900	29,090.71	7,499.96		7,499.96	11,229.35	29,090.71
	Clean Communities Program	4900-765-042-4900	24,714.38	24,714.38		13,485.03	23,645.10	13,485.03
	Clean Communities Program	4900-765-042-4900	23,645.10		23,645.10			
	Recycling Tonnage Grant	4900-752-042-4900	19,912.98	17,590.65		10,047.13	7,543.52	12,369.46
	Recycling Tonnage Grant	4900-752-042-4900	13,922.01	13,922.01			13,922.01	
	Recycling Tonnage Grant	4900-752-042-4900	14,144.56	14,144.56			14,144.56	
	Green Communities Grant		2,500.00					
Department of Law and Public Safety	Body Armor Fund	1020-718-066-1020	3,239.96	2,196.89		2,196.89		3,239.96
	Body Armor Fund	1020-718-066-1020	2,524.43	2,524.43		1,704.00	820.43	1,704.00
	Body Armor Fund	1020-718-066-1020	2,520.66	2,520.66			2,520.66	
	Body Armor Fund	1020-718-066-1020	2,424.77	2,424.77			2,424.77	
	Body Armor Fund	1020-718-066-1020	2,508.63	2,508.63			2,508.63	
	Drunk Driving Enforcement Fund	6400-100-078-6400	3,739.13	3,620.32	6,015.25	3,620.32	5,785.57	3,739.13
	Drunk Driving Enforcement Fund		6,015.25			229.68		229.68
Division of Highway Safety	Pedestrian Safety Enforcement & Education	1160-100-131	12,800.00		12,796.25	12,796.25	(330.00)	12,796.25
	Pedestrian Safety Enforcement & Education	1160-100-131	10,000.00			330.00		330.00
Pass Through County of Union	Municipal Alliance on Alcoholism and Drug Abuse	17-ALL-103	16,867.00	(3,377.28)	16,429.74	13,052.46	0.00	16,867.00
	Municipal Alliance on Alcoholism and Drug Abuse	18-ALL-103	16,867.00			2,003.04	(2,003.04)	2,003.04
Department of Community Affairs	Alcohol, Education & Rehab Fund	9735-760-098-Y900	211.10	84.94			84.94	126.16
		9735-760-098-Y900	64.34	64.34			64.34	
		9735-760-098-Y900	1,025.25		1,025.25		1,025.25	
NJEDA	HDSRF - Public Entity Grant	not known	74,015.00	(14,890.00)		59,125.00	(74,015.00)	74,015.00
Department of Transportation	Municipal Aid Program - Streetscape Phase II	6320-480-078-6320	245,000.00	(27,929.56)			(27,929.56)	27,929.56
	Central Avenue Sec. 9	6320-480-078-6320	185,000.00	(101,250.00)			(101,250.00)	185,000.00
	Elkwood Avenue	6320-480-078-6320	195,000.00			178,457.49	(178,457.49)	
	Various roads	6320-480-078-6320	310,000.00		202,790.09		202,790.09	
				(53,630.30)	262,701.68	304,547.25	(95,475.87)	382,924.98

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

Borough of New Providence, N.J.
Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2017	A	\$ 16,460,809.59	\$ 547,266.89
Increased by Receipts:			
Interest and Costs on Taxes	A-2	56,644.78	
Miscellaneous Revenue Not Anticipated	A-2	328,331.67	
Prior Year Voided Checks	A-1	4,541.50	
Petty Cash	A-6	1,750.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	58,313.70	
Taxes Receivable	A-8	60,774,423.99	
Revenue Accounts Receivable	A-11	3,938,716.18	
Interfunds	A-12	1,504.11	
Prepaid Taxes	A-15	392,901.36	
Various Cash Liabilities and Reserves	A-20	344,339.82	
Federal and State Grants Receivable	A-21		334,169.08
Matching Funds for Grants	A-22		4,217.00
		<u>65,901,467.11</u>	<u>338,386.08</u>
		82,362,276.70	885,652.97
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	1,314.80	
Current Year Budget Appropriations	A-3	17,272,013.80	
Matching Funds for Grants	A-3	4,217.00	
Petty Cash	A-6	1,750.00	
Interfunds	A-12	102,442.07	
Appropriation Reserves	A-13	756,483.15	
Special Improvement District Taxes	A-16	78,835.86	
Local District School Taxes	A-18	37,876,745.00	
County Taxes Payable	A-19	14,957,642.46	
Various Cash Liabilities and Reserves	A-20	1,306,959.67	
Federal & State Grant Appropriations	A-22		487,868.93
		<u>72,358,403.81</u>	<u>487,868.93</u>
Balance - December 31, 2018	A	\$ <u>10,003,872.89</u>	\$ <u>397,784.04</u>

Exhibit A-5**Borough of New Providence, N.J.****Schedule of Cash - Change Fund****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ <u>150.00</u>
Balance - December 31, 2018	A	\$ <u>150.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		50.00
Clerk		50.00
Municipal Court		<u>50.00</u>
		<u>150.00</u>

Exhibit A-6**Schedule of Cash - Petty Cash****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	\$ <u>1,750.00</u>
Decreased by:		
Returned to Treasurer	A-4	\$ <u>1,750.00</u>

Borough of New Providence, N.J.

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

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017 - Due to	A	\$ 6,838.56
Decreased by:		
Senior Citizens' and Veterans' Deductions		
Per Tax Billings		62,750.00
Senior Citizens' and Veterans' Deductions		
Allowed by Tax Collector		1,500.00
Senior Citizens' and Veterans' Deductions		
Disallowed by Tax Collector		(1,378.08)
Senior Citizens' and Veterans' Deductions		
Disallowed by Tax Collector - Prior Year		<u>(500.00)</u>
	A-8	62,371.92
Less:		
Audit Recovery	A-1	3,500.00
Cash Receipts - State of NJ	A-4	<u>58,313.70</u>
Balance - December 31, 2018 - Due to	A	\$ <u>6,280.34</u>

Borough of New Providence, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2018
				2017	2018				
2017	\$ 239,049.89				235,275.41	(500.00)		4,274.48	0.00
2018		66,930,319.14	1,250,047.89	7,011,473.12	60,539,148.58	62,871.92	13,161.28	334,492.95	219,219.18
	\$ 239,049.89	66,930,319.14	1,250,047.89	7,011,473.12	60,774,423.99	62,371.92	13,161.28	338,767.43	219,219.18
	A			A-2/A-15	A-2/A-4	A-2/A-7	A-9		A

Analysis of Tax Levy

Tax yield:		Ref.
General Purpose Tax	66,737,297.18	
Utilities	111,075.94	
Special Taxes	81,946.02	
Added Tax (R.S. 54:4-63.1 et seq.)	1,250,047.89	
	68,180,367.03	

Tax Levy:		
Municipal Open Space Tax	94,832.00	A-17
Added Municipal Open Space Tax	1,784.74	A-17
Special Improvement District Taxes		A-16
Local District School Tax		A-18
County Tax - General	14,224,401.47	A-19
County Tax - Open Space	413,831.37	A-19
Added County Taxes	273,712.55	A-19
	14,911,945.39	
Local Tax for Municipal Purposes	52,967,099.79	A-2
Additional Taxes		
	15,213,267.24	
	68,180,367.03	

Exhibit A-9**Borough of New Providence, N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 213,464.12
Increased by:		
Transfers from Taxes Receivable	A-8	<u>13,161.28</u>
		<u>13,161.28</u>
Balance - December 31, 2018	A	\$ <u>226,625.40</u>

Exhibit A-10**Schedule of Property Acquired for
Taxes Assessed Valuation****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ <u>11,955.00</u>
Balance - December 31, 2018	A	\$ <u>11,955.00</u>

Analysis of Balance:

<u>Block-Lot</u>	<u>Amount</u>
41-36	9,200.00
44-07	800.00
153-12	225.00
204-25	200.00
239-01	125.00
362-01	230.00
363-01	760.00
363-02	75.00
364-01	70.00
365-01	115.00
366-02	60.00
372-08	95.00
	<u>11,955.00</u>

Borough of New Providence, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2	\$	145,180.00	145,180.00	
Other	A-2	105.00	12,165.00	12,110.00	160.00
Fees and Permits	A-2	727.60	7,565.16	6,824.91	1,467.85
Police					
Fees and Permits	A-2		2,598.05	2,598.05	
Engineering Department					
Fees and Permits	A-2		4,800.00	4,800.00	
Registrar					
Other Licenses	A-2	3.00	105.00	96.00	12.00
Fees and Permits	A-2	300.00	1,695.00	1,890.00	105.00
Board of Health					
Other Licenses	A-2		34,253.00	26,006.00	8,247.00
Planning Board					
Fees and Permits	A-2		2,298.00	2,298.00	
Board of Adjustment					
Fees and Permits	A-2		13,370.00	13,370.00	
Municipal Court :					
Fines and Costs	A-2	10,834.69	153,289.68	154,255.91	9,868.46
Uniform Construction Code Fees					
Construction Fees	A-2	28,044.00	538,106.00	550,957.00	15,193.00
Fees and Permits	A-2	60.00	570.00	630.00	
Energy Receipts Taxes	A-2		1,303,819.00	1,303,819.00	
Library Reimbursement	A-2		70,229.46	70,229.46	
Leaf Collection Revenue	A-2	55.00	62,810.00	62,810.00	55.00
Mountain Valley Dispatch Rent/Service	A-2		65,760.00	65,760.00	
Berkeley Heights Shared Court	A-2		92,666.40	92,666.40	
Summit Shared Sewer Services	A-2	10,205.00	176,114.30	186,319.30	
Multi Family Sewer Fees	A-2	1,700.00	85,400.00	87,100.00	
Uniform Fire Safety Act	A-2	5,650.00	20,406.21	26,056.21	
Parking Meters	A-2	14.00	46,982.00	46,996.00	
Sewer Rentals	A-2	760.00	250,211.82	250,471.82	500.00
Cat Licenses	A-2		2,154.00	2,154.00	
Parking Permits	A-2	850.00	187,870.00	187,990.00	730.00
Rental of Municipal Owned Property	A-2		72,757.94	72,757.94	
New Providence DID - Contribution for BAN P&I	A-2		31,835.86	31,835.86	
Cable TV Franchise Fee	A-2		192,830.60	192,830.60	
Police Escort Administration Fees	A-2		117,640.00	117,640.00	
Summit Shared Court	A-2		220,263.72	220,263.72	
		\$ 59,308.29	3,915,746.20	3,938,716.18	36,338.31
		A			A
Receipts	<u>Ref.</u> A-4			<u>3,938,716.18</u> <u>3,938,716.18</u>	

Borough of New Providence, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2018

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2018</u>
General Capital Fund	A	\$ (3,963.94)	4,035.67		71.73
Open Space Trust Fund	A	(1,789.66)	96,616.74	98,406.40	
Animal License Fund	A	<u>1,504.11</u>	<u>8,809.40</u>	<u>1,504.11</u>	<u>8,809.40</u>
		<u>\$ (4,249.49)</u>	<u>109,461.81</u>	<u>99,910.51</u>	<u>8,881.13</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	1,504.11			8,881.13
Due From Current Fund	A	<u>(5,753.60)</u>			
		<u>(4,249.49)</u>			<u>8,881.13</u>
Disbursed	A-4		4,035.67	98,406.40	
Received	A-4			1,504.11	
Statutory Excess Animal License Fund	A-1		8,809.40		
Municipal Open Space Tax	A-17		<u>96,616.74</u>		
			<u>109,461.81</u>	<u>99,910.51</u>	

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 1 of 3

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 38,877.59	23,877.59	85.72	23,791.87
Human Resources	6,199.92	6,199.92		6,199.92
Financial Administration	27,628.90	17,628.90	85.72	17,543.18
Assessment of Taxes	140.08	140.08		140.08
Planning Board	1,398.00	1,398.00	224.00	1,174.00
Board of Adjustment	998.00	998.00	224.00	774.00
Municipal Court	5,699.66	5,699.66	412.50	5,287.16
Public Defender	99.92	99.92		99.92
Police	181,816.88	96,816.88	869.85	95,947.03
Uniform Fire Safety	150.00	150.00		150.00
Public Works	74,606.95	54,606.95	928.57	53,678.38
Waste Water Treatment Plant	44,783.11	24,783.11	5,221.05	19,562.06
Board of Health	1,749.44	1,749.44		1,749.44
Health Services	79.92	79.92		79.92
Community Services	14,992.42	14,992.42	183.60	14,808.82
Senior Citizens' Programs	5,452.72	5,452.72		5,452.72
Construction Official	35,923.49	20,923.49		20,923.49
Total Salaries and Wages Within "CAPS"	<u>440,597.00</u>	<u>275,597.00</u>	<u>8,235.01</u>	<u>267,361.99</u>
Other Expenses Within "CAPS":				
Administrative and Executive	36,272.72	40,166.80	5,587.79	34,579.01
Human Resources	34,294.98	36,246.93	1,951.95	34,294.98
Mayor and Council	4,330.66	5,330.66	1,269.64	4,061.02
Clerk	2,199.26	2,279.84	80.58	2,199.26
Financial Administration	20,420.92	20,570.92	1,549.70	19,021.22
Audit Services	8,350.00	9,500.00	1,150.00	8,350.00
Collection of Taxes	2,245.47	2,245.47		2,245.47
Assessment of Taxes	139,540.79	142,135.22	11,048.53	131,086.69
Legal Services and Costs	21,297.06	32,333.68	23,630.29	8,703.39
Engineering Services and Costs	57,437.04	47,437.04	27,672.62	19,764.42
Planning Board	7,726.70	15,154.20	12,437.50	2,716.70
Board of Adjustment	487.77	3,762.77	3,335.40	427.37
Insurance:				
General Liability		40,000.00	40,000.00	
Group Insurance for Employees	272,677.26	112,877.26	2,376.68	110,500.58
Health Benefit Waiver	52,433.04	32,433.04	12,597.28	19,835.76
Police	29,884.89	70,352.38	59,145.12	11,207.26
Police Dispatch / 911	589.11	589.11		589.11
Emergency Management Services	653.69	653.69		653.69
Fire	32,406.81	31,851.15	15,396.04	16,455.11
Uniform Fire Safety	453.90	453.90		453.90

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 2 of 3

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Municipal Court	1,776.59	2,363.79	587.20	1,776.59
Road Repairs and Maintenance	25,989.26	287,839.26	257,194.60	30,644.66
Public Works	10,191.30	10,191.30	6,458.07	3,733.23
Public Building and Grounds	40,850.46	56,699.20	12,055.16	44,644.04
Traffic Light Maintenance	335.78	335.78		335.78
Fleet Maintenance	21,973.33	35,556.78	10,955.32	24,601.46
Solid Waste / Recycling Collection	58,300.08	64,029.44	33,419.01	30,610.43
Landfill / Solid Waste Disposal Costs	62,229.44	85,216.74	57,591.66	27,625.08
Waste Water Treatment Plant	489.76	41,294.42	36,178.02	5,116.40
Board of Health	925.70	925.70		925.70
Animal Control	7,980.00	7,980.00	50.00	7,930.00
Health Services	3,537.64	3,537.64		3,537.64
Community Services	9,972.94	13,941.94	2,238.52	11,703.42
Senior Citizens' Programs	2,489.00	9,107.44	5,625.25	3,482.19
Tuition Reimbursement Program	2,500.00	2,500.00		2,500.00
Construction Code Official	1,813.28	1,933.28		1,933.28
Electricity	6,628.02	51,628.02	39,671.01	11,957.01
Telephone & Telegraph	11,021.02	11,021.02	184.52	10,836.50
Natural Gas	36,466.41	40,466.41	22,710.88	17,755.53
Street Lighting	19,974.00	25,088.34	10,063.66	15,024.68
Water	14,493.58	15,966.71	1,641.51	14,325.20
Fire Hydrant Services		29,817.00	13,665.30	16,151.70
Motor Supplies	52,212.71	24,212.71	5,804.58	18,408.13
Contingent	500.00	500.00		500.00
Total Other Expenses Within "CAPS"	<u>1,116,352.37</u>	<u>1,468,526.98</u>	<u>735,323.39</u>	<u>733,203.59</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	19,469.51	19,469.51	1,614.29	17,855.22
Defined Contribution Retirement Plan	<u>7,409.76</u>	<u>7,409.76</u>	<u>829.71</u>	<u>6,580.05</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>26,879.27</u>	<u>26,879.27</u>	<u>2,444.00</u>	<u>24,435.27</u>
Total Reserves Within "CAPS"	<u>1,583,828.64</u>	<u>1,771,003.25</u>	<u>746,002.40</u>	<u>1,025,000.85</u>
Other Expenses Excluded From "CAPS":				
Sewer System				
Joint Meeting Expenses	65,774.56	65,774.56		65,774.56
Berkley Heights Expenses	5,337.40	5,337.40		5,337.40
Reserve for Tax Appeals		200,000.00	200,000.00	
Council on Affordable Housing	6,500.00	6,500.00		6,500.00

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 3 of 3

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Emergency Services Volunteer Length of Service Award Program	<u>30,000.00</u>	<u>30,000.00</u>	<u>16,500.00</u>	<u>13,500.00</u>
Total Other Expenses Excluded from "CAPS"	<u>107,611.96</u>	<u>307,611.96</u>	<u>216,500.00</u>	<u>91,111.96</u>
Total Reserves Excluded from "CAPS"	<u>107,611.96</u>	<u>307,611.96</u>	<u>216,500.00</u>	<u>91,111.96</u>
Total Reserves	<u>\$ 1,691,440.60</u> A	<u>2,078,615.21</u>	<u>962,502.40</u>	<u>1,116,112.81</u> A-1
Appropriation Reserves	Ref. above	1,691,440.60		
Transfer from Reserve for Encumbrances	A-14	<u>387,174.61</u>		
		<u>2,078,615.21</u>		
Cash Disbursements	A-4		756,483.15	
Transfer to Accounts Payable	A-20		6,019.25	
Transfer to Reserve for Tax Appeals	A-20		<u>200,000.00</u>	
			<u>962,502.40</u>	

Borough of New Providence, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 387,174.61
Increased by:		
Transfer from Current Appropriations	A-3	<u>509,060.91</u>
		896,235.52
Decreased by:		
Transfer to Appropriation Reserves	A-13	<u>387,174.61</u>
Balance - December 31, 2018	A	<u><u>\$ 509,060.91</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 7,011,473.12
Increased by:		
Receipts - Prepaid 2019 Taxes	A-4	<u>392,901.36</u>
		7,404,374.48
Decreased by:		
Applied to 2018 Taxes	A-8	<u>7,011,473.12</u>
Balance - December 31, 2018	A	<u><u>\$ 392,901.36</u></u>

Borough of New Providence, N.J.

Schedule of Due to Special Improvement District

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 3,678.16
Increased by:		
Levy Calendar Year - 2018	A-1/A-8	<u>81,792.66</u>
		85,470.82
Decreased by:		
Disbursed	A-4	<u>78,835.86</u>
Balance - December 31, 2018	A	\$ <u><u>6,634.96</u></u>

Exhibit A-17

Schedule of Municipal Open Space Taxes Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year - 2018	A-8	\$ 94,832.00
Added and Omitted Taxes	A-8	<u>1,784.74</u>
		96,616.74
Decreased by:		
Transfer to Municipal Open Space Trust	A-12	\$ <u><u>96,616.74</u></u>

Borough of New Providence, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year - 2018	A-1/A-8	\$ <u>37,876,745.00</u>
Decreased by:		
Payments	A-4	\$ <u>37,876,745.00</u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 319,409.62
Increased by:		
Levy - General County	A-1/A-8	14,224,401.47
Levy - Open Space	A-1/A-8	413,831.37
Added and Omitted Taxes	A-1/A-8	<u>273,712.55</u>
		<u>14,911,945.39</u>
		15,231,355.01
Decreased by:		
Payments	A-4	<u>14,957,642.46</u>
Balance - December 31, 2018	A	\$ <u>273,712.55</u>

Borough of New Providence, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2018

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2018</u>
<u>Liabilities:</u>				
Tax Overpayments	\$	344,339.82	344,339.82	
Prepaid Revenue	330,000.00			330,000.00
Accounts Payable	7,137.50	6,019.25	4,637.50	8,519.25
<u>Reserves for:</u>				
Sale of ABC License		75,000.00		75,000.00
Revaluation	50,000.00			50,000.00
Preparation of Tax Maps	1,028,598.14	650,000.00	957,982.35	720,615.79
Tax Appeals				
	<u>\$ 1,415,735.64</u>	<u>1,075,359.07</u>	<u>1,306,959.67</u>	<u>1,184,135.04</u>
	A			A
	<u>Ref.</u>			
2018 Budget Appropriation	A-3	325,000.00		
2017 Appropriation Reserves	A-13	206,019.25		
Receipts	A-4	344,339.82		
Disbursed	A-4		1,306,959.67	
Transfer from Current Year Tax Collections	A-2	200,000.00		
		<u>1,075,359.07</u>	<u>1,306,959.67</u>	

Borough of New Providence, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, <u>2017</u>	Budget Revenue	Received	Canceled	Balance, Dec. 31, <u>2018</u>
County & Local Grants:					
Union County Recycling Enhancement Grant	\$	10,000.00	10,000.00		2,500.00
Greening Union County Grant - 2018		2,500.00			1,017.60
Union County Senior Focus Grant - 2017	15,500.00		14,482.40		
Union County Sponsorship Grant - 2018		3,800.00	3,800.00		
Union County Kids Recreation Trust - 2017	20,000.00				20,000.00
Union County Kids Recreation Trust - 2018		50,000.00			50,000.00
Union County Level the Playing Field Grant - 2018		25,470.00			25,470.00
Union County Infrastructure Grant - 2018		55,000.00			55,000.00
	<u>35,500.00</u>	<u>146,770.00</u>	<u>28,282.40</u>		<u>153,987.60</u>
Federal Grants:					
Community Development Block Grant:					
Senior Citizen High Risk Health - 2017	5,000.00		5,000.00		
Senior Citizen High Risk Health - 2018		5,000.00			5,000.00
Senior Exercise and Arts & Crafts - 2017	7,300.00		7,300.00		
Senior Exercise and Arts & Crafts - 2018		7,000.00			7,000.00
Senior Citizen Center Kitchen Renovation	30,000.00		30,000.00		
Safe Routes to Schools		462,000.00			462,000.00
FEMA - Hazard Mitigation Grant	100,000.00				100,000.00
Bulletproof Vest Partnership		885.00	885.00		
	<u>142,300.00</u>	<u>474,885.00</u>	<u>43,185.00</u>		<u>574,000.00</u>
State Grants					
Alcohol Education & Rehab Grant		1,025.25	1,025.25		
Municipal Alliance on Alcoholism and Drug Abuse - 2017	16,429.74		16,429.74		
Municipal Alliance on Alcoholism and Drug Abuse - 2018		16,867.00			16,867.00
Recycling Tonnage Grant		14,144.56	14,144.56		
Clean Communities		23,645.10	23,645.10		
Drunk Driving Enforcement Fund		6,015.25	6,015.25		
Pedestrian Safety Enforcement & Education Grant		12,800.00	12,796.25	3.75	
Pedestrian Safety Enforcement & Education Grant		10,000.00			10,000.00
NJEDA -2015 HDSRF, Public Entity Grant	74,015.00				74,015.00
NJ Transportation Trust - Streetscape	245,000.00				245,000.00
NJ Transportation Trust - Elkwood Avenue	195,000.00				195,000.00
NJ Transportation Trust - Various Streets		310,000.00	202,790.09		107,209.91
NJ Transportation Trust - Central Ave. Sec. 9	101,250.00				101,250.00
	<u>631,694.74</u>	<u>394,497.16</u>	<u>276,846.24</u>	<u>3.75</u>	<u>749,341.91</u>
	<u>\$ 809,494.74</u>	<u>1,016,152.16</u>	<u>348,313.64</u>	<u>3.75</u>	<u>1,477,329.51</u>
	A	A-2		A-1, A-24	A
		<u>Ref.</u>			
Cash Receipts		A-4	334,169.08		
Transferred from Unappropriated Reserves		A-23	14,144.56		
			<u>348,313.64</u>		

Borough of New Providence, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	Transfer From 2018 Budget	Expended	Canceled	Balance, Dec. 31, 2018
County & Local Grants:					
Municipal Alliance on Alcoholism & Drug Abuse	\$				
Local Share - 2017	3,388.52		3,388.52		3,521.75
Local Share - 2018		4,217.00	695.25		14,851.50
Union County Kids Recreation Trust - 2017	20,000.00		5,148.50		50,000.00
Union County Kids Recreation Trust - 2018		50,000.00			553.83
Union County Senior Focus Grant - 2017	4,919.29		4,365.46		
Union County Infrastructure Grant - 2017	55,000.00		55,000.00		4,416.93
Union County Infrastructure Grant - 2018		55,000.00	50,583.07		
Union County Sponsorship Grant - 2018		3,800.00	3,800.00		25,470.00
Union County Level the Playing Field Grant - 2018		25,470.00			
Union County Recycling Enhancement Grant		10,000.00	10,000.00		
Greening Union County Grant - 2018		2,500.00	2,500.00		
	<u>83,307.81</u>	<u>150,987.00</u>	<u>135,480.80</u>		<u>98,814.01</u>
Federal Grants:					
Community Development Block Grant:					
Senior Citizen High Risk Health - 2017	3,590.00		3,590.00		3,810.00
Senior Exercise and Arts & Crafts - 2018		5,000.00	1,190.00		
Senior Exercise and Arts & Crafts - 2017	7,300.00		7,300.00		5,140.00
Senior Exercise and Arts & Crafts - 2018		7,000.00	1,860.00		
Senior Citizen Center Kitchen Improvements - 2017	30,000.00		30,000.00		462,000.00
Safe Routes to Schools		462,000.00			1,483.50
Bulletproof Vest Partnership	4,499.38	885.00	3,900.88		472,433.50
	<u>45,389.38</u>	<u>474,885.00</u>	<u>47,840.88</u>		
State Grants:					
Drunk Driving Enforcement Fund	3,620.32	6,015.25	3,850.00		5,785.57
Body Armor Replacement Grant	12,175.38		3,900.89		8,274.49
NJ Transportation Trust - Elkwood Avenue	195,000.00		178,457.49		16,542.51
NJ Transportation Trust - Streetscape	217,070.44				217,070.44
NJ Transportation Trust - Various Roads		310,000.00			310,000.00
Pedestrian Safety Enforcement & Education Grant		12,800.00	12,796.25	3.75	9,670.00
Pedestrian Safety Enforcement & Education Grant		10,000.00	330.00		34,874.45
Clean Communities Grant	32,214.34	23,645.10	20,984.99		35,610.09
Recycling Tonnage Grant	31,512.66	14,144.56	10,047.13		
NJEDA -2015 HDSRF, Public Entity Grant	59,125.00		59,125.00		
State Share - 2017	13,052.46		13,052.46		14,863.96
State Share - 2018		16,867.00	2,003.04		1,174.53
Alcohol Education & Rehab Grant	149.28	1,025.25			653,866.04
	<u>563,919.88</u>	<u>394,497.16</u>	<u>304,547.25</u>	<u>3.75</u>	
\$	<u>692,617.07</u>	<u>1,020,369.16</u>	<u>487,868.93</u>	<u>3.75</u>	<u>1,225,113.55</u>
	A		A-4	A-1, A-24	A
State and Federal Grants					
	Ref				
	A-3	1,016,152.16			
Matching Funds for Grants	A-3,A-4	4,217.00			
		<u>1,020,369.16</u>			

Borough of New Providence, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund**Year Ended December 31, 2018**

<u>Grant</u>	Balance <u>Dec. 31, 2017</u>	Transfer To 2018 <u>Budget</u>	<u>Received</u>	Balance <u>Dec. 31, 2018</u>
State Grants:				
Recycling Tonnage Grant	\$ <u>14,144.56</u>	<u>14,144.56</u>	<u> </u>	<u> </u>
	\$ <u>14,144.56</u>	<u>14,144.56</u>	<u> </u>	<u> </u>
	A	A-21		A

Borough of New Providence, N.J.

Schedule of Interfund - General Capital Fund

Federal and State Grant Fund

Year Ended December 31, 2018

		<u>Ref.</u>	
Balance - December 31, 2017	(due to)	A	<u>650,000.00</u>
Balance - December 31, 2018	(due to)	A	<u>650,000.00</u>

Borough of New Providence , N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Animal License Fund</u>	<u>Other Trust Fund</u>	<u>Emergency Services Volunteers LOSAP</u>
Balance - December 31, 2017	B	\$ 22,761.51	2,332,098.83	428,308.27
Increase by Receipts:				
Interfund - Current Fund	B-3		1,789.66	
Dog License Fees - Borough	B-2	10,808.60		
Other Trust Funds	B-6		1,957,332.37	
Construction & Other Deposits	B-8		136,025.17	
Unemployment Trust Fund	B-9		11,413.33	
Reserve for Municipal Open Space	B-10		104,098.89	
LOSAP Contributions	B-11			13,500.00
Net Assets Available for Benefits	B-12			(19,543.43)
Total Receipts		<u>10,808.60</u>	<u>2,210,659.42</u>	<u>(6,043.43)</u>
		<u>33,570.11</u>	<u>4,542,758.25</u>	<u>422,264.84</u>
Decreased by Disbursements:				
Interfund - Current Fund	B-3	1,504.11		
Reserve for Dog Expenditures	B-4	1,392.40		
Other Trust Funds	B-6		1,738,816.96	
Construction & Other Deposits	B-8		434,539.82	
Unemployment Trust Fund	B-9		12,150.16	
Net Assets Available for Benefits	B-12			16,506.30
Total Disbursements		<u>2,896.51</u>	<u>2,185,506.94</u>	<u>16,506.30</u>
Balance - December 31, 2018	B	\$ <u>30,673.60</u>	<u>2,357,251.31</u>	<u>405,758.54</u>

Borough of New Providence , N.J.
Schedule of Cash Dog License Collector
Animal License Trust Fund
Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	B		13.20
Increased by:			
Dog License Fees - Borough Share	B-5	10,093.60	
Replacement/Late Fees	B-5	763.00	
State Fees Collected	B-6	980.40	
		<u> </u>	\$ 11,837.00
			<u>11,850.20</u>
Decreased by:			
Dog License Fees Paid to Treasurer	B-1	10,808.60	
State Fees Paid to State	B-6	993.60	
		<u> </u>	11,802.20
Balance - December 31, 2018	B		\$ <u><u>48.00</u></u>

Borough of New Providence , N.J.

Schedule of Due from/(to) Current Fund

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Total</u>	<u>Open Space Fund</u>	<u>Animal License Fund</u>
Balance - December 31, 2017	B	\$ 285.55	1,789.66	(1,504.11)
Increased by:				
Statutory Excess	B-5	<u>(8,809.40)</u>	<u>1,789.66</u>	<u>(8,809.40)</u>
		(8,523.85)		(10,313.51)
Decreased by:				
Disbursed	B-11	1,504.11		1,504.11
Receipts	B-11	<u>1,789.66</u>	<u>1,789.66</u>	
Balance - December 31, 2018	B	<u><u>(8,809.40)</u></u>	<u><u> </u></u>	<u><u>(8,809.40)</u></u>

Borough of New Providence , N.J.

Reserve for Animal License Fund Expenditures

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 21,257.40
Increased by:		
Dog License Fees - Borough Share	B-2	10,093.60
Replacement/Late Fees	B-2	<u>763.00</u>
		10,856.60
		32,114.00
Decreased by:		
Statutory Excess	B-5	8,809.40
Expenditures Under N.J.S. 40A:4-39	B-1	<u>1,392.40</u>
		10,201.80
Balance - December 31, 2018	B	\$ <u>21,912.20</u>

License Fees Collected

2017	10,804.60
2016	<u>11,107.60</u>
	\$ <u>21,912.20</u>

Due to State of New Jersey

Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 13.20
Increased by:		
State Share of Dog License Fee	B-2	<u>980.40</u>
		993.60
Decreased by:		
Disbursed	B-2	<u>993.60</u>
Balance - December 31, 2018	B	\$ <u>0.00</u>

Borough of New Providence, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2018

Purpose	Balance Dec. 31, 2017	Increase	Decrease	Balance Dec. 31, 2018
Affordable Housing	\$ 448,152.23	48,709.24		496,861.47
Employee Flex Spending	2,790.21	2,118.00	3,284.00	1,624.21
Forfeitures	16,545.97	229.26		16,775.23
Municipal Alliance	11,355.02	4,192.00	2,306.80	13,240.22
Parking Offenses Adjudication Act	3,199.90	300.00		3,499.90
Outside Employment of Police	59,845.46	343,801.47	403,640.52	6.41
Public Defender Fees	26,138.49	4,232.00		30,370.49
Snow Removal/Storm Recovery Reserve	425,442.33	400,500.00	345,316.17	480,626.16
Planning Brd. / Brd. Of Adj. Escrow	4,347.00	11,327.50	10,372.50	5,302.00
Unclaimed Property - Police	1,294.34	622.00		1,916.34
Recreation	112,826.06	802,227.47	692,859.31	222,194.22
Insurance Damage	35,283.30	337,173.43	280,407.66	92,049.07
Tree Replacement Program	2,390.81	1,900.00	630.00	3,660.81
	<u>\$ 1,149,611.12</u>	<u>1,957,332.37</u>	<u>1,738,816.96</u>	<u>1,368,126.53</u>
	B			B
Receipts	Ref.	1,957,332.37		
Disbursed	B-1		1,738,816.96	
	B-1	<u>1,957,332.37</u>	<u>1,738,816.96</u>	

Borough of New Providence, N.J.
Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2018

<u>Account</u>	Balance Dec. 31, 2017	Receipts	Disbursed	Balance Dec. 31, 2018
Net Salaries & Wages	\$	4,758,494.12	4,758,494.12	
Payroll Agency	50,681.07	4,755,039.22	4,750,643.47	55,076.82
	<u>\$ 50,681.07</u>	<u>9,513,533.34</u>	<u>9,509,137.59</u>	<u>55,076.82</u>
	B			B

Borough of New Providence, N.J.

Schedule of Construction and Other Deposits

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Total</u>	<u>Performance Bonds</u>	<u>Road Openings</u>	<u>Well Abandonment</u>	<u>Lot Grading</u>	<u>Eggers Court Storm Water Detention</u>
Balance - December 31, 2017	B	\$ 634,963.17	563,907.37	44,570.00	10,500.00	13,985.80	2,000.00
Increased by:							
Receipts	B-1	136,025.17	111,450.17	12,775.00		11,800.00	
		<u>770,988.34</u>	<u>675,357.54</u>	<u>57,345.00</u>	<u>10,500.00</u>	<u>25,785.80</u>	<u>2,000.00</u>
Decreased by:							
Disbursed	B-1	434,539.82	423,781.32	2,000.00		8,758.50	
Balance - December 31, 2018	B	\$ <u>336,448.52</u>	<u>251,576.22</u>	<u>55,345.00</u>	<u>10,500.00</u>	<u>17,027.30</u>	<u>2,000.00</u>

Exhibit B-9**Borough of New Providence , N.J.****Schedule of Reserve for Unemployment Insurance****Trust Funds****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 24,912.91
Increased by:		
Receipts	B-1	<u>11,413.33</u>
		36,326.24
Decreased by:		
Disbursed	B-1	<u>12,150.16</u>
Balance - December 31, 2018	B	<u>\$ 24,176.08</u>

Exhibit B-10**Schedule of Reserve for Municipal Open Space****Trust Funds****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 524,401.29
Increased by:		
Interest On Investments	B-1	7,482.15
Tax Levy	B-1	94,832.00
Added Taxes	B-1	<u>1,784.74</u>
		<u>104,098.89</u>
Balance - December 31, 2018	B	<u>\$ 628,500.18</u>

Exhibit B-11**Borough of New Providence , N.J.****LOSAP Contribution Receivable****Trust Funds****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 21,500.00
Increased by:		
Borough Contributions	B-12	<u>14,500.00</u>
		36,000.00
Decreased by:		
Received	B-1	<u>13,500.00</u>
		<u>13,500.00</u>
Balance - December 31, 2018	B	<u><u>\$ 22,500.00</u></u>

Exhibit B-12

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

Trust Funds**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 449,808.27
Increased by:		
Borough Contributions	B-12	14,500.00
Appreciation	B-12	<u>(19,543.43)</u>
		(5,043.43)
		444,764.84
Decreased by:		
Withdrawals		14,831.30
Administrative Charges		<u>1,675.00</u>
	B-1	<u>16,506.30</u>
Balance - December 31, 2018	B	<u><u>428,258.54</u></u>

Borough of New Providence, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C	\$	3,478,136.96
Increased by Receipts:			
Premium Sale of BAN'S	C-1		
Premium on Sale of Bonds	C-1	34,725.00	
Various Receivables	C-4	324,032.39	
Deferred Charges Unfunded	C-6	175,000.00	
Interfund - Current Fund	C-7	4,035.67	
Bond Anticipation Notes	C-10	5,400,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-12	<u>250,000.00</u>	
			<u>6,187,793.06</u>
			9,665,930.02
Decreased by Disbursements:			
Bond Anticipation Notes	C-10	3,400,000.00	
Improvement Authorizations	C-11	<u>1,855,328.04</u>	
			<u>5,255,328.04</u>
Balance - December 31, 2018	C	\$	<u><u>4,410,601.98</u></u>

Borough of New Providence, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Fund Balance	C-1	\$ 276,884.18
Interfund - Current Fund	C-7	71.73
Due from FEMA	C-4	(7,279.13)
Due from Voluntary Contributions	C-4	(95,808.02)
Due from State & Federal Grant Fund	C-8	(650,000.00)
Capital Improvement Fund	C-12	275,199.13
Various Reserves	C-13	1,391,249.82

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
10-13	Various Capital Improvements	4,375.00
10-19	Lighting at Lieder Field	(11,352.24)
12-08	Various Capital Improvements	197,018.59
12-14	Imp. To Various Fields & Parks	15,083.38
13-03	Various Capital Improvements	116,305.87
13-07	Renovation & Recon. Of Basketball Courts	3,516.49
13-08	Repairs/Rebuilding detention Basins	43,877.18
14-02	Improve. To the Municipal Center	101,412.16
14-04	Various Capital Improvements	307,901.12
14-06	Supp. To Ord. 17-08 & 13-05 Var. Cap. Imp.	17,356.88
15-03	Various Capital Improvements	865,595.50
16-07	Various Capital Improvements	120,077.14
16-08	Various Recreation & Community Activity Projects	178,857.90
17-06	Various Capital Improvements	207,621.61
18-04	Various Capital Improvements	1,052,637.69
		\$ <u><u>4,410,601.98</u></u>

Borough of New Providence, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Grants/</u> <u>Contributions</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
<u>Federal Emergency Management Agency</u>				
Ord. 13-08 Repairs/Rebuilding Detention Basins	\$ 293,407.50		286,128.37	7,279.13
<u>Voluntary Contribution</u>				
Ord. 13-07 Renovation and Reconstruction of Basketball Courts - Community Pool	32,000.00		4,000.00	28,000.00
Ord. 16-07 Court Room Renovations		101,712.04	33,904.02	67,808.02
City of Summit Reimburse Share of Costs				
	<u>\$ 325,407.50</u>	<u>101,712.04</u>	<u>324,032.39</u>	<u>103,087.15</u>
	<u>C</u>	<u>C-13</u>	<u>C-2</u>	<u>C/C-3</u>

Borough of New Providence, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 16,510,000.00
Decreased by:		
Paid by Current Year Budget Appropriations:		
Serial Bonds	C-9	<u>1,425,000.00</u>
Balance - December 31, 2018	C	\$ <u>15,085,000.00</u>

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

-94-

Exhibit C-7

Borough of New Providence, N.J.
Schedule of Interfund - Current Fund
General Capital Fund
Year Ended December 31, 2018

		<u>Ref.</u>		
Balance - December 31, 2017	Due from	C	\$	3,963.94
Decreased by:				
Interest Earned not Turned Over		C-2		71.73
Receipts		C-2		3,963.94
		C-2		<u>4,035.67</u>
Balance - December 31, 2018	- Due to	C, C-3	\$	<u>71.73</u>

Exhibit C-8

Schedule of Interfund - State & Federal Grant Fund
General Capital Fund
Year Ended December 31, 2018

		<u>Ref.</u>		
Balance - December 31, 2017	- Due From	C	\$	<u>650,000.00</u>
Balance - December 31, 2018	- Due From	C, C-3	\$	<u>650,000.00</u>

Borough of New Providence, N.J.
Schedule of General Serial Bonds Payable

General Capital Fund									
Year Ended December 31, 2018									
<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2018</u>			<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>	<u>Amount</u>				
General Improvement Bonds	8/1/2006	4,165,000.00	8/1/2019	340,000.00		4.125%	\$ 1,320,000.00	340,000.00	980,000.00
			8/1/2020	340,000.00		4.250%			
			8/1/2021	300,000.00		4.250%			
General Improvement Bonds	5/15/2012	8,910,000.00	5/15/2019-21	610,000.00		2.000%	6,160,000.00	610,000.00	5,550,000.00
			5/15/2022-25	620,000.00		2.000%			
			5/15/2026	620,000.00		2.125%			
			5/15/2027	620,000.00		2.200%			
General Improvement Bonds	7/10/2015	9,980,000.00	3/1/2019	475,000.00		4.000%	9,030,000.00	475,000.00	8,555,000.00
			3/1/2020	500,000.00		4.000%			
			3/1/2021	550,000.00		4.000%			
			3/1/2022	650,000.00		4.000%			
			3/1/2023-24	825,000.00		4.000%			
			3/1/2025	950,000.00		4.000%			
			3/1/2026-28	950,000.00		3.000%			
			3/1/2029	930,000.00		3.000%			
							<u>\$ 16,510,000.00</u>	<u>1,425,000.00</u>	<u>15,085,000.00</u>
							<u>C</u>	<u>C-5</u>	<u>C</u>

Borough of New Providence, N.J.
Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Amount Issued</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
16-07	Various Capital Improvements	\$ 1,100,000.00	11/3/2017	10/30/2018	10/30/2019	3.00%	\$ 1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00
16-08	Various Capital Improvements	2,300,000.00	11/3/2017	10/30/2018	10/30/2019	3.00%	2,300,000.00	2,300,000.00	2,300,000.00	2,300,000.00
16-07	Various Capital Improvements	350,000.00	10/30/2018	10/30/2018	10/30/2019	3.00%		350,000.00		350,000.00
17-06	Various Capital Improvements	575,000.00	10/30/2018	10/30/2018	10/30/2019	3.00%		575,000.00		575,000.00
18-04	Various Capital Improvements	1,075,000.00	10/30/2018	10/30/2018	10/30/2019	3.00%		1,075,000.00		1,075,000.00
							<u>\$ 3,400,000.00</u>	<u>5,400,000.00</u>	<u>3,400,000.00</u>	<u>5,400,000.00</u>
							<u>C</u>			
							<u>Ref.</u>	<u>2,000,000.00</u>		
							<u>C-2/C-14</u>	<u>3,400,000.00</u>	<u>3,400,000.00</u>	
							<u>C-2</u>	<u>5,400,000.00</u>	<u>3,400,000.00</u>	
							<u>Issued for Cash</u>			
							<u>Renewals</u>			

Borough of New Providence, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance Dec. 31, 2018	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>									
10-13	Various Capital Improvements	08-23-10	666,000.00	4,375.00				4,375.00	
12-08	Various Capital Improvements	05-29-12	2,441,500.00	215,970.41			18,951.82	197,018.59	
12-14	Imp. To Various Fields & Parks	10-22-12	300,000.00	15,083.38				15,083.38	
13-03	Various Capital Improvements	05-28-13	2,486,000.00	229,905.01			113,599.14	116,305.87	
13-07	Renovation & Recon. Of Basketball Courts	08-26-13	200,000.00	3,536.49			20.00	3,516.49	
13-08	Repairs/Rebuilding detention Basins	08-26-13	800,000.00	43,877.18				43,877.18	
14-02	Improve. To the Municipal Center	03-31-14	210,000.00	146,656.54			45,244.38	101,412.16	
14-04	Various Capital Improvements	04-28-14	2,529,500.00	480,849.52			172,948.40	307,901.12	
14-06	Supp. To Ord. 17-08 & 13-05 Var. Cap. Imp.	07-28-14	350,000.00	17,356.88				17,356.88	
15-03	Various Capital Improvements	04-17-15	3,631,600.00	1,041,707.27	271,212.50		351,111.77	865,595.50	96,212.50
16-07	Various Capital Improvements	04-11-16	2,237,000.00		1,336,831.64		539,459.50		797,372.14
16-08	Various Recreation & Community Activity Projects	05-23-16	2,600,000.00		516,268.79		167,410.89		348,857.90
17-06	Various Capital Improvements	05-18-17	3,089,100.00		2,878,841.44		304,219.83		2,574,621.61
18-04	Various Capital Improvements	05-21-18	2,485,000.00			2,485,000.00	142,362.31		2,342,637.69
				\$	2,199,317.68	5,003,154.37	1,855,328.04	1,672,442.17	6,159,701.84
					C	C	C-2	C	C
Deferred Charges to Future Taxation - Unfunded						Ref.			
Capital Improvement Fund						C-6/C-14	2,365,000.00		
						C-12	120,000.00		
							2,485,000.00		

Borough of New Providence, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C	\$	145,199.13
Increased by:			
Budget Appropriation	C-2	<u>250,000.00</u>	<u>250,000.00</u>
			395,199.13
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-11	<u>120,000.00</u>	
Balance - December 31, 2018	C/C-3	\$	<u><u>275,199.13</u></u>

Borough of New Providence, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
Debt Service	\$ 1,064,537.78	101,712.04		1,166,249.82
Redwood ERC Sewer Project	<u>225,000.00</u>			<u>225,000.00</u>
	<u>\$ 1,289,537.78</u>	<u>101,712.04</u>		<u>1,391,249.82</u>
	C	C-4		C/C-3

BOROUGH OF NEW PROVIDENCE

PART II

LETTER ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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 New Providence
New Providence, NJ 07974

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of New Providence in the County of Union as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated July 18, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2.

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

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

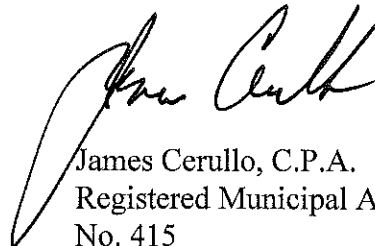
Compliance and Other Matters

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

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

Purpose of this Report

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



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



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



GENERAL COMMENTS

Contracts and Agreements

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

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

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

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

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

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

Elkwood Avenue Improvements	2018 Sidewalk Program
Grass and Garden Waste Collection	Livingston Ave. Improvement Project
Wastewater Treatment Facility Equipment	Recycling Services
DeCorso Kitchen Renovation	

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes and year end penalty:

BE IT RESOLVED by the Mayor and Council of the Borough of New Providence, County of Union, State of New Jersey, that the interest rate on delinquent taxes shall be established at the rate of eight percent (8%) per annum on amounts up to \$1,500.00 and eighteen percent (18%) per annum on amounts over \$1,500.00 and that pursuant to N.J.S.A. 54:4-67, as amended, there is hereby imposed a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00, who fails to pay said delinquency prior to December 31, 2015. The penalty be and the same hereby is fixed at six percent (6%) of the amount of delinquency, and that the penalty as herein provided shall be in addition to all other interest and penalty provisions now existing for unpaid taxes.

BE IT FURTHER RESOLVED, that there is hereby established, pursuant to New Jersey Statute 54:4-67, as amended, a ten (10) day grace period for the payment of any current year tax installment. During said ten-day grace period, no interest shall be chargeable upon the then-current tax installment payments due.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 10, 2015 and was complete. Note: tax sale was not required for the years 2016-2018.

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>
2018	3
2017	3
2016	3

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

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

The result of the test, which was made for the year ending December 31, 2018, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

COMMENTS

Other Comments

1. The Construction Code Fee for renovations costing over \$50,000 in the computer system was not in agreement with the fee ordinance. When informed of this, the Building Department updated the computer billing system.

RECOMMENDATIONS

1. That Construction Code Fee charges for renovations costing over \$50,000 in the computer billing system be in agreement with the fee ordinance.

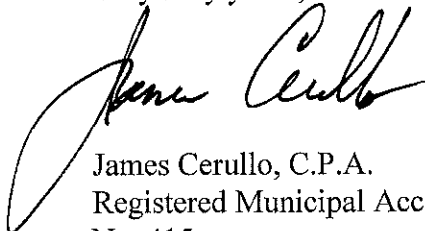
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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

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

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

Very truly yours,



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



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