

Report of Audit
on the
Financial Statements
of the
Borough of Metuchen
in the
County of Middlesex
New Jersey
for the
Year Ended
December 31, 2015



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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December 31, 2015

BOROUGH OF METUCHEN

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PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2015 AND 2014



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Metuchen
County of Middlesex
Metuchen, New Jersey 08840

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Metuchen, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Metuchen as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Metuchen's regulatory financial statements. The supplementary information, data and schedules of expenditures of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2016 on our consideration of the Borough of Metuchen'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 Metuchen's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 11, 2016

CURRENT FUND

BOROUGH OF METUCHEN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>ASSETS</u>			
Cash	A-4	\$ 3,886,378.06	\$ 3,504,883.28
Petty Cash	A-5	1,200.00	1,200.00
Due State of NJ - Senior Citizens and Veterans	A-7	35,114.33	34,760.82
Grants Receivable	A-18	287,770.05	28,152.71
		<u>\$ 4,210,462.44</u>	<u>\$ 3,568,996.81</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	\$ 843,982.61	\$ 598,572.45
Tax Title Liens	A-11	131,531.00	120,535.84
Foreclosed Property	A-14	350,300.00	350,300.00
Revenue Accounts Receivable	A-8	27,785.00	24,832.70
	A	<u>\$ 1,353,598.61</u>	<u>\$ 1,094,240.99</u>
Deferred Charges	A-21	\$ 350,000.00	\$
		<u>\$ 350,000.00</u>	<u>\$</u>
		<u>\$ 5,914,061.05</u>	<u>\$ 4,663,237.80</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-9	\$ 668,982.01	\$ 253,281.03
Tax Overpayments	A-15	105,143.16	175,332.79
Grants Appropriated	A-17	456,389.07	181,742.44
Prepaid Taxes	A-10	208,260.28	236,829.04
Grants Unappropriated	A-16	1,604.00	1,604.00
Accounts Payable	A-19	705,432.15	411,708.12
Reserve for Redevelopment	A-20	109,500.00	
County Taxes Payable	A-12	44,029.54	33,579.29
		<u>\$ 2,299,340.21</u>	<u>\$ 1,294,076.71</u>
Reserve for Receivables	A	1,353,598.61	1,094,240.99
Fund Balance	A-1	<u>2,261,122.23</u>	<u>2,274,920.10</u>
		<u>\$ 5,914,061.05</u>	<u>\$ 4,663,237.80</u>

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

BOROUGH OF METUCHENCURRENT FUNDSTATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,276,000.00	\$ 776,000.00
Miscellaneous Revenue Anticipated	A-2	5,244,421.73	3,389,063.19
Receipts from Delinquent Taxes	A-2	588,480.36	618,238.96
Receipts from Current Taxes	A-2	54,704,083.52	53,156,802.41
Non-Budget Revenues	A-2	205,847.96	204,387.43
Other Credits to Income:			
Grants Canceled (Net)	A-17:A-18	6,168.66	
Tax Overpayments Canceled	A-15	133,325.55	
Interfunds Returned			125,000.00
Accounts Payable Canceled	A-19	19,989.09	29,103.06
Unexpended Balance of Appropriation Reserves	A-9	184,547.52	414,872.75
<u>TOTAL INCOME</u>		<u>\$ 62,362,864.39</u>	<u>\$ 58,713,467.80</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within CAPS	A-3	\$ 11,135,821.97	\$ 10,606,551.82
Deferred Charges and Statutory Expenditures Within CAPS	A-3	1,209,532.00	1,124,946.00
Operations Excluded from CAPS	A-3	3,300,362.61	1,982,200.37
Capital Improvements	A-3	22,500.00	18,000.00
Debt Service	A-3	2,113,255.25	1,543,326.30
Local District School Tax	A-13	34,845,940.00	33,918,845.00
County Taxes	A-12	8,697,612.38	8,452,856.84
Other Expenditures:			
Added Overpayments-Prior Tax Appeals			37,105.84
Grants Canceled (Net)			2,267.19
Budget Operations	A-4	125,638.05	6,983.16
<u>TOTAL EXPENDITURES</u>		<u>\$ 61,450,662.26</u>	<u>\$ 57,693,082.52</u>
Excess in Revenue		\$ 912,202.13	\$ 1,020,385.28
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-21	350,000.00	
Statutory Excess to Fund Balance		\$ 1,262,202.13	\$ 1,020,385.28
Fund Balance, January 1	A:A-1	2,274,920.10	2,030,534.82
		<u>\$ 3,537,122.23</u>	<u>\$ 3,050,920.10</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	1,276,000.00	776,000.00
Fund Balance, December 31	A:A-1	<u>\$ 2,261,122.23</u>	<u>\$ 2,274,920.10</u>

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	NJSA 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 1,276,000.00		\$ 1,276,000.00	
Miscellaneous Revenues:					
ABC Licenses	A-8	\$ 18,626.00	\$	\$ 17,793.00	\$ (833.00)
Other Licenses	A-2	5,700.00		8,095.50	2,395.50
Fees and Permits	A-2	76,200.00		119,313.42	43,113.42
Municipal Court	A-8	317,881.00		302,263.03	(15,617.97)
Interest and Costs on Taxes	A-8	144,100.00		146,940.28	2,840.28
Parking Meters	A-8	74,700.00		74,652.84	(47.16)
Interest on Investments and Deposits	A-8	6,275.00		7,067.52	792.52
Metuchen Senior Housing Service Charge	A-8	7,000.00		7,345.00	345.00
Cable TV Franchise Fee	A-8	57,591.00		62,543.00	4,952.00
Alarm System Fee	A-8	12,482.00		10,780.00	(1,702.00)
Consolidated Municipal Property Tax Relief Aid	A-8	84,411.00		84,411.00	
Energy Receipts Taxes	A-8	1,364,544.00		1,364,544.00	
Uniform Construction Code	A-8	337,112.00		480,368.00	143,256.00
Uniform Fire Safety Act	A-8	27,400.00		29,283.16	1,883.16
Metuchen Parking Authority	A-8	700,000.00		1,033,675.00	333,675.00
Sewer Service Charge	A-8	28,900.00		30,531.83	1,631.83
NJ Clean Communities	A-18	27,028.65		27,028.65	
Municipal Alliance	A-18	16,207.00		16,207.00	
Middlesex County Cultural Arts Program	A-18	3,200.00		3,200.00	
Body Armor Grant	A-18		2,773.24	2,773.24	
Alcohol Education & Rehabilitation	A-18		1,060.80	1,060.80	
Recycling Tonnage Grant	A-18	20,532.22		20,532.22	
Click It or Ticket	A-18	4,000.00		4,000.00	
Drunk Driving Enforcement Fund	A-18	15,298.46	3,585.82	18,884.28	
Pedestrian Safety	A-18	4,000.00		4,000.00	
Middlesex County Open Space	A-18	1,095,000.00		1,095,000.00	
Middlesex County Energy Device Grant	A-18		4,495.96	4,495.96	
Drive Sober	A-18		5,000.00	5,000.00	
Safe Routes to School Grant	A-18	192,000.00		192,000.00	
FEMA Hazard Mitigation Grant	A-18	65,960.00		65,960.00	
Sustainable Jersey Grant	A-18	2,000.00		2,000.00	
Middlesex County History Grant	A-18	2,138.00		2,138.00	
Middlesex County History Grant Match	A-18	535.00		535.00	
	A-1	\$ 4,710,821.33	\$ 16,915.82	\$ 5,244,421.73	\$ 516,684.58
Receipts from: Delinquent Taxes	A-1:A-6	\$ 590,000.00	\$	\$ 588,480.36	\$ (1,519.64)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	\$ 11,100,026.38	\$	\$ 11,322,778.09	\$ 222,751.71
Municipal Library Tax	A-2:A-6	721,294.18		721,294.18	
<u>Budget Totals</u>		\$ 18,398,141.89	\$ 16,915.82	\$ 19,152,974.36	\$ 754,832.47
Non-Budget Revenue	A-2			\$ 205,847.96	\$ 205,847.96
		\$ 18,398,141.89	\$ 16,915.82	\$ 19,358,822.32	\$ 960,680.43
	REF.	A-3	A-3		

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>	
Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A-6	\$ 54,704,083.52
Allocated to:		
Local District School Tax		\$ 34,845,940.00
County Taxes		8,697,612.38
Municipal Library Tax		<u>721,294.18</u>
		44,264,846.56
Balance for Support of Municipal Budget Appropriations		\$ 10,439,236.96
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>883,541.13</u>
Amount of Support for Municipal Budget Appropriations	A-2	<u>\$ 11,322,778.09</u>
 <u>OTHER LICENSES</u> 		
Board of Health	A-8	\$ 7,095.50
Clerk	A-8	<u>1,000.00</u>
	A-2	<u>\$ 8,095.50</u>
 <u>FEES AND PERMITS</u> 		
Police	A-8	\$ 1,256.60
Engineering	A-8	332.75
Planning/Zoning	A-8	28,589.00
Sidewalk Inspections	A-8	6,300.00
Clerk/Other	A-8	<u>82,835.07</u>
	A-2	<u>\$ 119,313.42</u>
 <u>ANALYSIS OF NON-BUDGET REVENUE</u> 		
Miscellaneous Revenue Not Anticipated:		
PERS Reimbursements		\$ 67,054.00
Police Outside Overtime Admin Fee		48,102.00
Settlements		42,812.02
Verizon Tower Rent		24,000.00
Sale of Recycled Materials		11,480.05
DMV Inspection Fines		5,794.50
Other		4,835.39
Senior Citizen and Veterans' Admin Fee		<u>1,770.00</u>
	A-1:A-2:A-4	<u>\$ 205,847.96</u>

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive:						
Salaries and Wages	\$ 140,000.00	\$ 140,000.00	\$ 136,727.35	\$ 3,272.65	\$	
Other Expenses	212,500.00	218,500.00	176,846.85	41,653.15		
Special Emergency - Redevelopment		300,000.00	300,000.00			
Mayor and Committee						
Salaries and Wages	9,200.00	9,200.00	8,000.00	1,200.00		
Other Expenses	3,000.00	3,000.00	2,511.85	488.15		
Municipal Clerk:						
Salaries and Wages	51,500.00	52,525.00	52,504.54	20.46		
Other Expenses	1,300.00	1,300.00	1,130.00	170.00		
Election:						
Other Expenses	7,000.00	7,300.00	7,266.43	33.57		
DEPARTMENT OF FINANCE						
Financial Administration:						
Salaries and Wages	192,676.00	192,676.00	184,717.93	7,958.07		
Audit Services	37,950.00	37,950.00	37,950.00			
Municipal Advisory	8,250.00	8,250.00		8,250.00		
Payroll Processing	20,000.00	20,000.00	14,000.00	6,000.00		
Collection of Taxes:						
Other Expenses	15,800.00	15,800.00	11,699.39	4,100.61		
Assessment of Taxes:						
Salaries and Wages	59,310.00	59,310.00	59,302.80	7.20		
Other Expenses	10,000.00	10,000.00	8,298.00	1,701.00		
LEGAL SERVICES AND COSTS						
Legal Services:						
Other Expenses	120,000.00	175,000.00	170,706.89	4,293.11		
Municipal Prosecutor:						
Salaries and Wages	13,000.00	13,000.00	12,300.00	700.00		
DEPARTMENT OF PUBLIC WORKS						
Public Works Administration:						
Salaries and Wages	240,624.00	240,624.00	239,066.05	1,557.95		
Other Expenses	5,500.00	5,500.00	4,665.38	834.62		

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>DEPARTMENT OF PUBLIC WORKS (CONTINUED)</u>					
Forestry:					
Salaries and Wages	\$ 204,574.00	\$ 204,574.00	\$ 191,856.50	\$ 12,717.50	
Other Expenses	10,000.00	10,000.00	8,109.00	1,891.00	
Public Buildings and Grounds:					
Salaries and Wages	73,403.00	75,403.00	68,540.17	6,862.83	
Other Expenses	90,000.00	97,000.00	91,262.98	5,737.02	
Planning Board:					
Salaries and Wages	22,622.00	22,622.00	18,612.38	4,009.62	
Other Expenses	7,700.00	7,700.00	8,057.46	1,642.54	
Zoning Board of Adjustment:					
Salaries and Wages	45,326.00	46,326.00	43,440.88	2,885.12	
Other Expenses	4,900.00	4,900.00	4,873.65	26.35	
Shade Tree Commission:					
Other Expenses	4,510.00	4,510.00	1,986.00	2,524.00	
<u>DEPARTMENT OF PUBLIC SAFETY</u>					
Fire Department:					
Salaries and Wages	11,676.00	11,676.00	8,988.45	2,687.55	
Fire Hydrant Service	300,000.00	304,000.00	299,996.30	4,003.70	
Miscellaneous - Other Expenses	170,000.00	170,000.00	169,882.10	117.90	
Police:					
Salaries and Wages	3,309,150.00	3,249,150.00	3,141,015.21	108,134.79	
Other Expenses	172,755.00	172,755.00	155,871.50	16,883.50	
Auxiliary Police Department:					
Salaries and Wages	3,800.00	3,800.00	3,799.95	0.05	
Other Expenses	3,800.00	3,800.00	3,670.00	130.00	
Emergency Management:					
Salaries and Wages	7,850.00	7,850.00	7,146.38	703.62	
Other Expenses	10,000.00	10,000.00	4,165.05	5,834.95	
First Aid Contribution	14,000.00	14,000.00	14,000.00		
Uniform Fire Safety Act:					
Salaries and Wages	27,415.00	27,415.00	27,415.00		
Municipal Court:					
Salaries and Wages	120,840.00	120,840.00	119,606.44	1,233.56	
Other Expenses	17,600.00	17,600.00	10,544.51	7,055.49	

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>DEPARTMENT OF PUBLIC WORKS</u>					
Streets and Roads:					
Salaries and Wages	\$ 373,245.00	\$ 363,245.00	\$ 349,381.10	\$ 13,863.90	
Other Expenses	264,432.00	254,307.00	240,126.72	14,180.28	
Sewer System:					
Salaries and Wages	141,777.00	143,777.00	136,740.16	7,036.84	
Other Expenses	80,000.00	75,000.00	66,988.23	8,011.77	
Garbage and Trash Removal:					
Salaries and Wages	414,819.00	466,319.00	423,242.89	43,076.11	
Other Expenses	38,000.00	38,000.00	37,291.03	708.97	
Recycling:					
Salaries and Wages	10,000.00	10,500.00	10,147.73	352.27	
Other Expenses	37,000.00	37,000.00	35,186.57	1,813.43	
Landfill/Solid Waste Disposal Costs:					
Other Expenses	300,000.00	270,000.00	259,008.43	10,991.57	
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Salaries and Wages	28,049.97	28,049.97	25,586.29	2,463.68	
Other Expenses	1,000.00	1,000.00	913.00	87.00	
<u>PARKS AND RECREATION</u>					
Recreation Services and Programs:					
Salaries and Wages	78,029.00	78,029.00	78,024.46	4.54	
Other Expenses	12,350.00	12,350.00	7,438.71	4,911.29	
Parks and Playgrounds:					
Salaries and Wages	124,650.00	129,750.00	124,797.80	4,952.20	
Other Expenses	16,800.00	16,800.00	10,164.07	6,635.93	
Senior Citizen Bus Transportation:					
Salaries and Wages	15,708.00	15,708.00	10,302.01	5,405.99	
Senior Citizens Center:					
Salaries and Wages	42,625.00	43,225.00	41,779.60	1,445.40	
Other Expenses	11,000.00	11,000.00	7,972.18	3,027.82	
METV Cable:					
Salaries and Wages	72,694.00	72,794.00	70,981.92	1,812.08	
Other Expenses	38,000.00	38,000.00	36,270.04	1,729.96	

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Insurance:					
Group Insurance for Employees	\$ 1,439,000.00	\$ 1,439,000.00	\$ 1,439,000.00	\$	\$
Other Insurance Premiums	6,000.00	6,000.00	2,979.00	3,021.00	
Joint Insurance Fund	390,000.00	390,000.00	372,367.56	17,632.44	
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	257,112.00	257,112.00	175,732.99	81,379.01	
Other Expenses	80,000.00	80,000.00	74,096.18	5,903.82	
Unclassified:					
Gasoline and Fuel	200,000.00	200,000.00	181,725.02	8,274.98	
Telephone	65,000.00	65,000.00	63,138.76	1,861.24	
Street Lighting	205,000.00	187,000.00	186,992.18	7.82	
Utilities	265,000.00	311,000.00	297,648.78	13,351.22	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 10,786,821.97	\$ 11,135,821.97	\$ 10,604,557.78	\$ 531,264.19	\$
TOTAL OPERATIONS WITHIN "CAPS"					
Detail:					
Salaries and Wages	\$ 6,091,674.97	\$ 6,085,499.97	\$ 5,769,756.98	\$ 315,742.99	\$
Other Expenses	4,695,147.00	5,050,322.00	4,834,800.80	215,521.20	
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Contribution to Public Employees' Retirement System	\$ 348,362.00	\$ 348,362.00	\$ 348,361.04	\$ 0.96	\$
Social Security System (O.A.S.I.)	275,000.00	275,000.00	253,542.40	21,457.60	
Contribution to Police and Firemen's Retirement System	570,170.00	570,170.00	570,170.00		
State Unemployment System	8,000.00	8,000.00	8,000.00		
Contribution to Defined Contribution Plan	7,000.00	8,000.00	7,386.54	613.46	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 1,208,532.00	\$ 1,209,532.00	\$ 1,187,459.98	\$ 22,072.02	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 11,995,353.97	\$ 12,345,353.97	\$ 11,792,017.76	\$ 553,336.21	\$
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	\$ 721,294.18	\$ 721,294.18	\$ 702,629.74	\$ 18,664.44	\$
Authority - Service Charges - Contractual (MCJA)	1,051,246.52	1,051,246.52	890,386.63	70,859.89	100,000.00
Recycling Tax	14,000.00	14,000.00	14,000.00		
Tax Appeals	50,000.00	50,000.00	23,678.53	26,121.47	

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

BOROUGH OF METUCHEN
CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 1,836,540.70	\$ 1,836,540.70	\$ 1,620,894.90	\$ 115,645.80	\$ 100,000.00
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENT</u>					
Township of Edison - Animal Control	\$ 20,061.00	\$ 20,061.00	\$ 20,061.00	\$	\$
County of Middlesex:					
Health Service Contract	49,965.50	49,965.50	49,965.50		
Library Consortium	28,980.26	28,980.26	28,980.26		
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENT</u>	\$ 99,006.76	\$ 99,006.76	\$ 99,006.76	\$	\$
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
NJ Clean Communities	\$ 27,028.65	\$ 27,028.65	\$ 27,028.65	\$	\$
Municipal Alliance	16,207.00	16,207.00	16,207.00		
Middlesex County Cultural Arts Program	3,200.00	3,200.00	3,200.00		
Body Armor Grant (40A4-47 + \$2,773.24)		2,773.24	2,773.24		
Alcohol Education & Rehabilitation (40A4-47 + \$1,060.80)		1,060.80	1,060.80		
Recycling Tonnage Grant	20,532.22	20,532.22	20,532.22		
Click It or Ticket	4,000.00	4,000.00	4,000.00		
Drunk Driving Enforcement Fund (40A4-47 + \$3,585.82)	15,298.46	18,884.28	18,884.28		
Pedestrian Safety	4,000.00	4,000.00	4,000.00		
Middlesex County Open Space Property Purchase	1,095,000.00	1,095,000.00	1,095,000.00		
Middlesex County Energy Device Grant (40A4-47 + \$4,495.96)		4,495.96	4,495.96		
Department of Law & Public Safety- Drive Sober (40A4-47 + \$5,000.00)		5,000.00	5,000.00		
Safe Routes to School Grant	192,000.00	192,000.00	192,000.00		
FEMA Hazard Mitigation Grant	65,960.00	65,960.00	65,960.00		
Sustainable Jersey Grant	2,000.00	2,000.00	2,000.00		
Middlesex County History Grant	2,138.00	2,138.00	2,138.00		
Middlesex County History Grant Match	535.00	535.00	535.00		
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>	\$ 1,447,899.33	\$ 1,464,815.15	\$ 1,464,815.15	\$	\$
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 3,383,446.79	\$ 3,400,362.61	\$ 3,184,716.81	\$ 115,645.80	\$ 100,000.00
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	\$ 22,500.00	\$ 22,500.00	\$ 22,500.00	\$	\$
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	\$ 22,500.00	\$ 22,500.00	\$ 22,500.00	\$	\$

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 1,540,000.00	\$ 1,540,000.00	\$ 1,540,000.00	\$	
Interest on Bonds	573,300.00	573,300.00	573,255.25		44.75
<u>TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>	\$ 2,113,300.00	\$ 2,113,300.00	\$ 2,113,255.25	\$	44.75
<u>TOTAL DEF. CHARGES - MUNI - EXCLUD. FROM "CAPS" PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 5,519,246.79	\$ 5,536,162.61	\$ 5,320,472.06	\$ 115,645.80	\$ 100,044.75
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	\$ 883,541.13	\$ 883,541.13	\$ 883,541.13	\$	\$
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 18,398,141.89	\$ 18,765,057.71	\$ 17,996,030.95	\$ 668,982.01	\$ 100,044.75

REF.

Budget					
Emergency Appropriation	A-3	\$ 18,398,141.89			
Amendment - NJSA 40A: 4-87	A-21	350,000.00			
	A-2	16,915.82			
		<u>\$ 18,765,057.71</u>			
Reserve for Uncollected Taxes	A-2		\$ 883,541.13		
Accounts Payable	A-19		476,299.24		
Reserve for Grants Appropriated	A-17		1,464,815.15		
Disbursements	A-4		15,451,389.00		
Reserve for Redevelopment	A-20		300,000.00		
Refunds	A-4		(582,013.57)		
			<u>\$ 17,996,030.95</u>		

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TRUST FUND

BOROUGH OF METUCHEN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>ASSETS</u>			
Assessment Fund:			
Cash	B:B-2	\$ 950.42	\$ 950.42
		<u>\$ 950.42</u>	<u>\$ 950.42</u>
Animal Control Fund:			
Cash	B:B-2	\$ 8,740.78	\$ 12,886.09
		<u>\$ 8,740.78</u>	<u>\$ 12,886.09</u>
Other Funds:			
Cash	B-2	\$ 3,316,641.88	\$ 3,122,335.53
Community Development Block Grants Receivable	B-10	21,194.76	24,151.01
	B	<u>\$ 3,337,836.64</u>	<u>\$ 3,146,486.54</u>
<u>TOTAL ASSETS</u>	B	<u>\$ 3,347,527.84</u>	<u>\$ 3,160,323.05</u>
Assessment Fund:			
Fund Balance	B:B-1:B-3	\$ 950.42	\$ 950.42
		<u>\$ 950.42</u>	<u>\$ 950.42</u>
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-5	\$ 8,735.38	\$ 12,874.69
Due State of New Jersey	B-8	5.40	11.40
	B	<u>\$ 8,740.78</u>	<u>\$ 12,886.09</u>
Other Funds:			
Reserve for:			
Trust Other	B-7	\$ 1,294,599.79	\$ 1,488,357.11
Payroll Deductions Payable	B-14	47,352.02	82,927.45
COAH	B-11	234,100.63	188,477.94
Recreation	B-15	95,467.49	91,935.17
Unemployment	B-9	30,941.42	28,238.44
Police Outside Overtime	B-13	29,465.15	48,230.25
Law Enforcement	B-16	1,769.96	1,768.17
Developers Escrow	B-12	1,428,894.60	1,051,591.86
Forfeiture	B-17	36,111.98	90,620.26
Equitable Sharing Forfeiture	B-19	47,415.53	
Election	B-6	1,552.73	1,349.26
Fire Penalties	B-18	2,987.97	2,984.99
Accounts Payable	B-4	87,177.37	70,005.64
	B	<u>\$ 3,337,836.64</u>	<u>\$ 3,146,486.54</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	B	<u>\$ 3,347,527.84</u>	<u>\$ 3,160,323.05</u>

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

BOROUGH OF METUCHEN

TRUST FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS - ASSESSMENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Balance, January 1	B:B-3	\$ <u>950.42</u>	\$ <u>950.42</u>
Balance, December 31	B:B-3	\$ <u><u>950.42</u></u>	\$ <u><u>950.42</u></u>

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

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GENERAL CAPITAL FUND

BOROUGH OF METUCHENGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 806,132.91	\$ 959,385.60
Deferred Charges to Future Taxation:			
Funded	C-4	18,642,000.00	20,182,000.00
Unfunded	C-5	3,155.00	3,155.00
Accounts Receivable	C-9	1,524,548.20	1,568,194.70
		\$ 20,975,836.11	\$ 22,712,735.30
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-11	\$ 18,642,000.00	\$ 20,182,000.00
Contracts Payable	C-7	1,188,937.60	578,460.99
Capital Improvement Fund	C-8	22,624.00	124.00
Reserve for Capital Improvements	C-6	16,045.50	4,548.00
Improvement Authorizations:			
Funded	C-10	1,076,456.65	1,917,829.95
Unfunded	C-10	3,155.00	3,155.00
Fund Balance	C-1	26,617.36	26,617.36
		\$ 20,975,836.11	\$ 22,712,735.30

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

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Balance, January 1	C	\$ 26,617.36	\$ 39,061.39
Decreased by Disbursements		<u> </u>	<u>12,444.03</u>
Balance, December 31	C	<u>\$ 26,617.36</u>	<u>\$ 26,617.36</u>

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

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SWIMMING POOL UTILITY FUND

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>ASSETS</u>			
Operating Fund:			
Cash	D-5	\$ 145,495.27	\$ 135,900.09
		<u>\$ 145,495.27</u>	<u>\$ 135,900.09</u>
Capital Fund:			
Cash	D-5	\$ 22,981.12	\$ 22,981.12
Fixed Capital	D-13	1,095,731.00	1,095,731.00
Fixed Capital Authorized and Uncompleted	D-6	300,000.00	300,000.00
		<u>\$ 1,418,712.12</u>	<u>\$ 1,418,712.12</u>
		<u>\$ 1,564,207.39</u>	<u>\$ 1,554,612.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-7	\$ 21,519.44	\$ 30,013.77
Accounts Payable	D-10	23,042.86	1,782.37
Accrued Interest Payable	D-11	1,418.61	1,915.91
Fund Balance	D-2	99,514.36	102,188.04
		<u>\$ 145,495.27</u>	<u>\$ 135,900.09</u>
Capital Fund:			
Improvement Authorizations:			
Funded	D-8	\$ 14,406.66	\$ 14,406.66
Unfunded	D-8	400.00	400.00
Bonds Payable	D-14	240,000.00	258,000.00
Reserve for Amortization	D-12	1,095,531.00	1,095,531.00
Deferred Reserve for Amortization	D-16	59,600.00	41,600.00
Capital Improvement Fund	D-9	8,338.46	8,338.46
Fund Balance	D-1	436.00	436.00
		<u>\$ 1,418,712.12</u>	<u>\$ 1,418,712.12</u>
		<u>\$ 1,564,207.39</u>	<u>\$ 1,554,612.21</u>

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

BOROUGH OF METUCHEN

SWIMMING POOL CAPITAL UTILITY FUND

STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Balance, January 1	D	\$ <u>436.00</u>	\$ <u>436.00</u>
Balance, December 31	D	\$ <u>436.00</u>	\$ <u>436.00</u>

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

BOROUGH OF METUCHENSWIMMING POOL UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-2: D-3	\$ 90,000.00	\$ 84,000.00
Membership and Guest Fees	D-3	322,887.75	308,018.00
Non-budget Revenue	D-3	42,677.38	30,223.24
Other Credits to Income:			
Accounts Payable Canceled			9,597.30
Unexpended Balance of Appropriation Reserves	D-7	<u>31,761.19</u>	<u>48,063.41</u>
		<u>\$ 487,326.32</u>	<u>\$ 479,901.95</u>
<u>TOTAL INCOME</u>			
 <u>EXPENDITURES</u>			
Operating	D-4	\$ 364,234.00	\$ 358,492.00
Debt Service	D-4	21,761.00	14,040.00
Deferred Charges and Statutory Expenditures	D-4	14,005.00	14,005.00
Budget Operations			<u>1,206.00</u>
		<u>\$ 400,000.00</u>	<u>\$ 387,743.00</u>
<u>TOTAL EXPENDITURES</u>			
Excess in Revenue		\$ 87,326.32	\$ 92,158.95
 <u>Fund Balance</u>			
Balance, January 1	D	<u>102,188.04</u>	<u>94,029.09</u>
		\$ 189,514.36	\$ 186,188.04
Less:			
Fund Balance Utilized	D-2	<u>90,000.00</u>	<u>84,000.00</u>
Balance, December 31	D	<u>\$ 99,514.36</u>	<u>\$ 102,188.04</u>

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

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Utilized	D-2	\$ 90,000.00	\$ 90,000.00	\$
Membership and Guest Fees	D-2:D-5	<u>310,000.00</u>	<u>322,887.75</u>	<u>12,887.75</u>
		<u>\$ 400,000.00</u>	<u>\$ 412,887.75</u>	<u>\$ 12,887.75</u>
	<u>REF.</u>	<u>D-4</u>		
Non-Budget Revenue	D-2:D-5		<u>\$ 42,677.38</u>	
			<u>\$ 455,565.13</u>	

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

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Operating:				
Salaries and Wages	\$ 175,000.00	\$ 175,000.00	\$ 171,189.99	\$ 3,810.01
Other Expenses	189,234.00	189,234.00	172,968.98	16,265.02
<u>Total Operating</u>	<u>\$ 364,234.00</u>	<u>\$ 364,234.00</u>	<u>\$ 344,158.97</u>	<u>\$ 20,075.03</u>
Debt Service:				
Principal on Bonds	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$
Interest on Bonds	3,761.00	3,761.00	3,761.00	
<u>Total Debt Service</u>	<u>\$ 21,761.00</u>	<u>\$ 21,761.00</u>	<u>\$ 21,761.00</u>	<u>\$</u>
Statutory Expenditures:				
Social Security	\$ 13,005.00	\$ 13,005.00	\$ 12,560.59	\$ 444.41
Unemployment Compensation Insurance	1,000.00	1,000.00		1,000.00
<u>Total Statutory Expenditures</u>	<u>\$ 14,005.00</u>	<u>\$ 14,005.00</u>	<u>\$ 12,560.59</u>	<u>\$ 1,444.41</u>
	<u>\$ 400,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 378,480.56</u>	<u>\$ 21,519.44</u>
<u>REF.</u>	D-3			D:D-2
Disbursements			\$ 351,676.70	
Accrued Interest			3,761.00	
Accounts Payable			<u>23,042.86</u>	
D-2			<u>\$ 378,480.56</u>	

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

PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF METUCHEN
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash:			
Public Assistance Trust Fund I	E-1	\$ <u>564.56</u>	\$ <u>563.97</u>
		\$ <u>564.56</u>	\$ <u>563.97</u>
<u>LIABILITIES</u>			
Reserve for Public Assistance Trust Fund I	E-2	\$ <u>564.56</u>	\$ <u>563.97</u>
		\$ <u>564.56</u>	\$ <u>563.97</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF METUCHEN
STATEMENT OF GENERAL FIXED ASSETS
BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
Fixed Assets:		
Land	\$ 11,895,500.00	\$ 11,400,500.00
Buildings and Improvements	6,131,600.00	6,131,600.00
Machinery and Equipment	<u>8,760,036.92</u>	<u>8,481,380.93</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 26,787,136.92</u>	<u>\$ 26,013,480.93</u>
Reserve:		
Investments in General Fixed Assets	<u>\$ 26,787,136.92</u>	<u>\$ 26,013,480.93</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF METUCHEN

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

Swimming Pool Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned swimming pool.

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

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

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

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

General Fixed Assets - N.J.A.C. 5:30-5.6 Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage system are not capitalized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of the purchase and are not capitalized in their own respective funds. The Borough has valued its land and buildings at assessed values. GAAP requires capital assets to be recorded at their historical cost or estimated historical cost. Additionally, GAAP requires depreciation to be calculated on capital assets, with the exception of land.

General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Fixed Capital - Swim Pool Utility - Accounting for utility fund "fixed capital" is done in compliance with N.J.A.C. 5:30-5.6. Property and equipment purchased by the Swim Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized.

The balance in the Reserve for Amortization account in the utility capital fund represents changes to operations for the cost of acquisitions of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

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

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

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

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

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Metuchen had the following cash and cash equivalents at December 31, 2015:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Reconciling Items</u>	<u>Total</u>
Current Fund	\$ 4,365,229.52	\$ (478,851.46)	\$ 3,886,378.06
Assessment Trust Fund	951.37		951.37
Animal Control Trust Fund	8,740.78		8,740.78
Trust Other Fund	3,322,995.80	(6,353.92)	3,316,641.88
General Capital Fund	475,925.07	330,207.84	806,132.91
Swim Pool Utility Operating Fund	186,524.32	(41,029.05)	145,495.27
Swim Pool Utility Capital Fund	23,383.11	(401.99)	22,981.12
Public Assistance Trust Fund	564.56		564.56
<u>Total</u>	<u>\$ 8,384,314.53</u>	<u>\$ (196,428.58)</u>	<u>\$ 8,187,885.95</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2015, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance in the bank was exposed to custodial credit risk. Of the cash balance in the bank, \$526,070.19 was covered by Federal Depository Insurance and \$7,858,208.46 was covered by NJGUDPA. The New Jersey Cash Management Fund is an investment pool and is not insured by either FDIC or GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS

B. Investments

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

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

NOTE 2: CASH AND CASH EQUIVALENT (CONTINUED)

B. Investments (Continued)

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

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

As of December 31, 2015, the Borough has \$35.88 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, are included in the below 'Summary of Municipal Debt' and 'Summary of Statutory Debt Condition Annual Debt Statement'.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued:			
General:			
Bonds and Notes	\$ 18,642,000.00	\$ 20,182,000.00	\$ 19,880,955.00
Swim Pool:			
Bonds and Notes	<u>240,000.00</u>	<u>258,000.00</u>	<u>268,800.00</u>
Debt Issued	<u>\$ 18,882,000.00</u>	<u>\$ 20,440,000.00</u>	<u>\$ 20,149,755.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 3,155.00	\$ 3,155.00	\$ 1,260,400.00
Swim Pool			
Bonds and Notes	<u>600.00</u>	<u>600.00</u>	<u>200.00</u>
Total Authorized But Not Issued	<u>\$ 3,755.00</u>	<u>\$ 3,755.00</u>	<u>\$ 740,500.00</u>
Total Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 18,885,755.00</u>	<u>\$ 20,443,755.00</u>	<u>\$ 21,410,355.00</u>

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.860%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 22,625,000.00	\$ 22,625,000.00	\$
Swim Pool Utility Debt	240,600.00	240,600.00	
General Debt	<u>18,645,155.00</u>		<u>18,645,155.00</u>
	<u>\$ 41,510,755.00</u>	<u>\$ 22,865,600.00</u>	<u>\$ 18,645,155.00</u>

Net debt \$18,645,155.00 divided by equalized valuation basis per N.J.S. 40A:2-2, \$2,167,911,523.67 equals 0.860%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis - December 31, 2015	\$ <u>2,167,911,523.67</u>
3 1/2% of Equalized Valuation Basis	\$ 75,876,903.33
Net Debt	<u>18,645,155.00</u>
Remaining Borrowing Power	\$ <u>57,231,748.33</u>

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

LONG-TERM DEBT

General Serial Bonds:

\$10,830,000.00 General Improvement Refunding Bonds of 2014 due in annual installments of \$150,000.00 to \$2,510,000 with interest from 3% to 5%	\$ 10,680,000.00
\$8,402,000.00 General Improvement Bonds of 2014 due in Annual installments of \$440,000.00 to \$880,000.00 with Interest from 2% to 3%	7,962,000.00
\$258,000.00 Pool Utility Bonds of 2014 due in annual Installments of \$18,000.00 to \$20,000.00 with interest from 2% To 3%	<u>240,000.00</u>
	\$ <u>18,882,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2015, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$	3,155.00
Swim Pool Capital Fund		<u>600.00</u>
Total	\$	<u><u>3,755.00</u></u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SWIMMING POOL UTILITY PER N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year and Anticipated Surplus		\$	455,565.13
<u>Deductions:</u>			
Operation and Maintenance	\$	364,234.00	
Debt Service		<u>21,761.00</u>	
Total Deductions			<u>385,995.00</u>
Excess in Revenue - Self-Liquidating		\$	<u><u>69,570.13</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTERES
FOR BONDED DEBT ISSUED AND OUTSTANDING

Year	General Capital		Swim Pool Utility Capital		Total
	Principal	Interest	Principal	Interest	
2016	\$2,030,000.00	\$580,677.50	\$20,000.00	\$5,675.00	\$2,636,352.50
2017	2,365,000.00	524,227.50	20,000.00	5,275.00	2,914,502.50
2018	2,690,000.00	465,777.50	20,000.00	4,875.00	3,180,652.50
2019	2,895,000.00	367,277.50	20,000.00	4,475.00	3,286,752.50
2020	2,967,000.00	285,027.50	20,000.00	4,075.00	3,276,102.50
2021	755,000.00	150,387.50	20,000.00	3,675.00	929,062.50
2022	775,000.00	133,400.00	20,000.00	3,225.00	931,625.00
2023	790,000.00	115,962.50	20,000.00	2,775.00	928,737.50
2024	810,000.00	97,200.00	20,000.00	2,300.00	929,500.00
2025	830,000.00	76,950.00	20,000.00	1,800.00	928,750.00
2026	855,000.00	52,050.00	20,000.00	1,200.00	928,250.00
2027	880,000.00	26,400.00	20,000.00	600.00	927,000.00
Total	<u>\$18,642,000.00</u>	<u>\$2,875,337.50</u>	<u>\$240,000.00</u>	<u>\$39,950.00</u>	<u>\$21,797,287.50</u>

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. The Borough had no outstanding notes at year end.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance, at December 31, 2015, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2016, was \$1,355,076.00 for the Current Fund and \$90,000.00 for the Swim Pool Utility Operating Fund.

NOTE 5: PROPERTY TAXES

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

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

	<u>Balance</u> <u>December 31, 2015</u>	<u>Balance</u> <u>December 31, 2014</u>
Prepaid Taxes	\$ <u>208,260.28</u>	\$ <u>236,829.04</u>

NOTE 6: PENSION PLANS

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

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

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

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

Vesting and Benefit Provisions

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

NOTE 6: PENSION PLANS (CONTINUED)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service. Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effect 2015 PERS provides for employee contributions of 7.06% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2015, members contributed at a uniform rate of 10.00% of base salary.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by the Federal Insurance Contribution Act. The Borough's share of pension, which is based upon the annual billings received from the State, amounted to \$918,531.04 for 2015, \$859,097.33 for 2014, and \$876,533.54 for 2013.

NOTE 6: PENSION PLANS

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2015.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$12,985,531.00 for the Borough of Metuchen’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough’s proportion was 0.0393917031 percent, which was a decrease of 0.005675113 percent from its proportion measured as of June 30, 2014.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$544,147.00 for the Borough of Metuchen's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$329,418.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$210,955.00
Changes of assumptions		949,630.00
Net difference between projected and actual earnings on pension plan investments	\$142,173.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>184,971.00</u>	
	<u>\$327,144.00</u>	<u>\$1,160,585.00</u>

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

Year Ended <u>June 30</u>	<u>Amount</u>
2016	\$145,166.00
2017	145,166.00
2018	145,166.00
2019	256,629.00
2020	141,314.00

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Additional Information

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Borough's Proportion	0.0393917031%	0.0399592144%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

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

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$10,990,329.00	\$8,842,648.00	\$7,042,047.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 6: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$12,985,531.00 for the Borough of Metuchen's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0779606744 percent, which was an increase of 0.0086003756 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$1,360,624.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$532,735.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$112,004.00	
Changes of assumptions		\$2,397,452.00
Net difference between projected and actual earnings on pension plan investments	226,002.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		1,076,310.00
	<u>\$338,006.00</u>	<u>\$3,473,762.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	\$630,299.00
2017	630,299.00
2018	630,299.00
2019	852,885.00
2020	391,974.00

Additional Information

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$3,527,123,787	\$456,706,121
Collective deferred inflows of resources	466,113,435	1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Borough's Proportion	0.0779606744%	0.0693602988%

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age)		
2012-2021	2.60-9.48 Percent	3.95-8.62 Percent
Thereafter	3.60-10.48 Percent	4.95-9.62 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate- Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

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

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough’s proportionate share of the PFRS pension liability	\$17,119,052.00	\$12,985,531.00	\$9,615,013.00

Pension plan fiduciary net position.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen’s Retirement System (PFRS).

NOTE 7: COMPENSATED ABSENCES

Under the terms of various contracts, employees are compensated for unused sick and vacation time. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements. The Borough appropriates annually the amount required to be paid in that year's budget, if applicable, and no liability is accrued at December 31, 2015.

NOTE 8: DEFERRED COMPENSATION PLAN

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

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

All assets of the Plan are held by an independent administrator, the Equitable Life Assurance Society of the United States (the "Equitable").

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan is fully contributory and the Borough has no liabilities in conjunction with the plan.

NOTE 9: LITIGATION

The Borough's Attorney's letters did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the Borough.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2015. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from current tax revenues, through the establishment of a reserve, or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 11: CONTINGENT LIABILITIES

The Borough participated in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Borough does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains insurance coverage through the Middlesex County Joint Insurance Fund (JIF) covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

<u>Year</u>	<u>Interest on Deposits</u>	<u>Municipal and Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 31.68	\$ 24,197.38	\$ 21,526.08	\$ 30,941.42
2014	27.57	25,140.09	17,781.60	28,238.44
2013	17.23	30,886.50	17,435.16	20,852.38

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes, commencing with the 2008 fiscal year.

Plan Description

The Borough of Metuchen provides Post-Retirement Benefits to eligible employees. Members of the PBA that retire from active service with at least 25 years of service receive free of charge medical and prescription drug benefits plan for life, as do spouses. Dependent children are covered free of charge under the same terms for active employees.

In addition, certain employees that fall into department head and supervisory capacities may be granted on a discretionary basis medical and prescription drug benefits for themselves but not their dependents. For valuation purposes, 16 active employees were identified that fall into this category and all are assumed to receive retirement benefits. Those that are granted this retiree benefit are required to pay one half of the COBRA rate. For valuation conservatism we assumed that after age 65 a reduced COBRA rate will be charged, thus decreasing the retiree cost and thereby increasing the employer obligation.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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 45. The valuation has been conducted as of December 31, 2008 based upon census, plan design and claims information provided by Insurance Design Administrators. Census includes 30 retired participants and 124 active participants as of the valuation date.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2008 report from Buck Consultants. 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 member OPEB requirements taken from the July 1, 2008 report from Aon Consultants.

The actuarial cost method used to determine the plan's costs is the Per Capita Cost Method. The valuation reflects per capital net premium costs of \$776.06 per member per month for valuation purposes. The age specific cost was derived based on per person costs at the average age of the active population (44) 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 the cost.

Actuary OPEB Cost

The Present Value of Future Benefits ("PVFB") as of December 31, 2009 is \$7,407,740 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2009.

The Actuarial Accrued Liability ("AAL") as of December 31, 2009 is \$5,820,515 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2009.

Actual Cost

As the Borough is self-insured, there is no premium cost. The actual costs disbursed by the Borough include an administrative fee totaling \$118,526.18 for 2015. The claims billings do not specifically differentiate between active employees retired status, therefore we are unable to present the actual post-retirement expense for claims, however based on COBRA maximum cost estimates, the Borough estimates the post-retirement portion of claims to be approximately \$562,432.25 for 2015.

NOTE 14: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 11, 2016 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

BOROUGH OF METUCHEN

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF METUCHEN
CURRENT FUND
SCHEDULE OF CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 3,504,883.28
Increased by Receipts:			
Taxes Receivable	A-6	\$ 54,966,142.86	
Petty Cash	A-5	1,200.00	
Tax Overpayments	A-15	75,567.99	
Prepaid Taxes	A-10	208,260.28	
State of New Jersey-Senior Citizens Deductions	A-7	88,500.00	
Appropriation Refunds	A-3	582,013.57	
Miscellaneous Revenue Not Anticipated	A-2	205,847.96	
Grants Receivable	A-18	1,204,697.06	
Revenue Accounts Receivable	A-8	<u>3,779,606.58</u>	
			<u>61,111,836.30</u>
			\$ <u>64,616,719.58</u>
Decreased by Disbursements:			
Appropriations	A-3	\$ 15,451,389.00	
Appropriation Reserves	A-9	423,819.63	
Local District School Taxes	A-13	34,845,940.00	
County Taxes	A-12	8,687,162.13	
Budget Operations	A-1	125,638.05	
Tax Overpayments	A-15	11,693.60	
Petty Cash	A-5	1,200.00	
Grants Appropriated	A-17	<u>1,183,499.11</u>	
			<u>60,730,341.52</u>
Balance, December 31, 2015	A		\$ <u><u>3,886,378.06</u></u>

BOROUGH OF METUCHEN
CURRENT FUND
SCHEDULE OF PETTY CASH

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 1,200.00
Increased by:		
Receipts	A-4	1,200.00
		<u>\$ 2,400.00</u>
Decreased by:		
Disbursements	A-4	<u>1,200.00</u>
Balance, December 31, 2015	A	<u>\$ 1,200.00</u>

ANALYSIS OF BALANCE:

Finance	\$ 300.00
Police	450.00
Public Works	300.00
Library	<u>150.00</u>
	<u>\$ 1,200.00</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>LEVY & ADDED</u>	<u>COLLECTIONS</u>	<u>TRANSFERRED TO LIENS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2015</u>
		<u>2014</u>	<u>2015</u>			
Prior	\$ 598,572.45	\$	\$ 588,480.36	\$ 684.78	\$ 9,407.31	\$
2015		55,605,178.77	54,467,254.48	10,155.61	46,957.03	843,982.61
	<u>\$ 598,572.45</u>	<u>\$ 55,605,178.77</u>	<u>\$ 55,055,734.84</u>	<u>\$ 10,840.39</u>	<u>\$ 56,364.34</u>	<u>\$ 843,982.61</u>
<u>REF.</u>	A	A-2:A-10	A-2	A-11		A

Cash
 Overpayments Applied
 State Share of Senior Citizens and Veterans Deductions

REF.
 A-4
 A-15
 A-7

\$ 54,966,142.86
 738.47
 88,853.51
\$ 55,055,734.84

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD:
 General Purpose Tax

\$ 55,605,178.77

TAX LEVY:
 Local District School Tax
 County Taxes:
 County Tax
 County Open Space Preservation Tax
 County Taxes Added and Omitted

\$ 34,845,940.00
 8,697,612.38

Local Tax for Municipal and Library Purposes
 Add: Additional Tax Levied
 Local Tax for Municipal Purposes Levied

\$ 11,821,320.52
240,305.87

12,061,626.39
\$ 55,605,178.77

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
CHAPTER 73, P.L. 1976

	<u>REF.</u>		
Balance, December 31, 2014 (Due From)	A		\$ 34,760.82
Increased by:			
Deductions Per Tax Billings	A-7	\$ 93,500.00	
Deductions Allowed By Collector	A-7	<u>1,000.00</u>	
			\$ <u>94,500.00</u>
			\$ 129,260.82
Decreased by:			
Received in Cash From State	A-4	\$ 88,500.00	
Senior Citizens Deductions Disallowed	A-7	<u>5,646.49</u>	
			<u>94,146.49</u>
Balance, December 31, 2015 (Due From)	A		\$ <u>35,114.33</u>

ANALYSIS OF STATE SHARE OF 2015 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

Deductions Per Tax Billing	A-7	\$ 93,500.00	
Deductions Allowed By Collector	A-7	<u>1,000.00</u>	
			\$ 94,500.00
Less:			
Senior Citizens Deductions Disallowed	A-7		<u>5,646.49</u>
	A-6		\$ <u>88,853.51</u>

BOROUGH OF METUCHENCURRENT FUNDSCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014</u>	<u>ACCRUED</u> <u>IN 2015</u>	<u>COLLECTED BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2015</u>
Clerk:					
Licenses:		\$	\$	\$	\$
Alcoholic Beverages	A-2		17,793.00	17,793.00	
Other	A-2		1,000.00	1,000.00	
Fees and Permits	A-2		82,835.07	82,835.07	
Interest and Costs on Taxes	A-2		146,940.28	146,940.28	
Interest on Investments and Deposits	A-2		7,067.52	7,067.52	
Construction Code Official	A-2		480,368.00	480,368.00	
Planning and Zoning:					
Fees and Permits	A-2		28,589.00	28,589.00	
Sidewalk Inspections:					
Fees and Permits	A-2		6,300.00	6,300.00	
Engineering:					
Fees and Permits	A-2		332.75	332.75	
Board of Health:					
Other Licenses	A-2		7,095.50	7,095.50	
Municipal Court:					
Fines and Costs	A-2	24,832.70	305,215.33	302,263.03	27,785.00
Police:					
Fees and Permits	A-2		1,256.60	1,256.60	
Parking Meters	A-2		74,652.84	74,652.84	
Cable TV Franchise Fees	A-2		62,543.00	62,543.00	
Alarm System Fees	A-2		10,780.00	10,780.00	
Consolidated Municipal Property Tax Relief Aid	A-2		84,411.00	84,411.00	
Energy Receipts Tax	A-2		1,364,544.00	1,364,544.00	
Uniform Fire Safety	A-2		29,283.16	29,283.16	
Senior Housing Authority	A-2		7,345.00	7,345.00	
Parking Authority	A-2		1,033,675.00	1,033,675.00	
Sewer Service Charge	A-2		30,531.83	30,531.83	
		\$ 24,832.70	\$ 3,782,558.88	\$ 3,779,606.58	\$ 27,785.00
	<u>REF.</u>	<u>A</u>		<u>A-4</u>	<u>A</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	TRANSFERS AND PRIOR ACCOUNTS PAYABLE	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
SALARIES AND WAGES:					
Administrative and Executive	\$ 263.78	\$	\$ 263.78	\$	\$ 263.78
Mayor and Council	200.00		200.00		200.00
Clerk	465.09		465.09	373.17	91.92
Financial Administration	55.33		55.33		55.33
Public Works Administration	2,071.98		2,071.98	543.44	1,528.54
Forestry	5,147.02	475.00	5,622.02	5,503.14	118.88
Public Buildings and Grounds		1,800.00	1,800.00	1,767.86	32.14
Planning Board	124.10		124.10		124.10
Zoning Board of Adjustments	1,836.21		1,836.21	1,362.15	474.06
Fire Department	4,286.26		4,286.26	330.04	3,956.22
Police	63,591.99		63,591.99	39,500.18	24,091.81
Auxiliary Police Department	20.00		20.00		20.00
Municipal Court	2,608.05	(2,000.00)	608.05	377.91	230.14
Street and Road Maintenance	11,335.34		11,335.34	10,845.26	490.08
Sewer System	4,107.65	650.00	4,757.65	4,288.10	469.55
Garbage and Trash Removal	13,218.97		13,218.97	11,700.51	1,518.46
Recycling	1,817.61		1,817.61	294.00	1,523.61
Board of Health	0.56		0.56		0.56
Recreation	0.90		0.90		0.90
Park and Playgrounds	3,638.28		3,638.28	3,280.64	357.64
Senior Citizen Bus Transportation	1,664.02	(1,000.00)	664.02	610.02	54.00
Senior Citizen Center	1,313.88		1,313.88	1,285.68	28.20
METV Cable	1,694.43		1,694.43	1,478.54	215.89
Construction Code Enforcement	29,823.80		29,823.80	519.58	29,304.22
OTHER EXPENSES:					
Administrative and Executive	5,883.48	48,120.01	54,003.49	44,946.68	9,056.81
Mayor and Council	6.10	79.90	86.00	79.90	6.10
Municipal Clerk	491.43	84.57	576.00	100.00	476.00
Election	28.35	15.43	43.78		43.78
Collection of Taxes	1,530.31	912.50	2,442.81	912.50	1,530.31
Financial Administration	2,000.00	154.72	2,154.72	651.95	1,502.77
Assessment of Taxes	680.79	2,888.50	3,569.29	3,056.95	512.34
Public Work Administration	258.50	810.88	867.18	573.77	293.41
Legal Services and Costs	3,558.88	22,601.52	26,160.40	22,396.23	3,764.17
Forestry	81.88	2,000.00	2,081.88	1,674.00	407.88
Public Buildings and Grounds	1,906.86	6,649.03	8,555.89	7,254.76	1,301.13
Planning Board	1,036.00		1,036.00	800.00	236.00
Zoning Board of Adjustment	1,286.00	400.00	1,686.00	1,200.00	486.00
Shade Tree Commission	795.00	3,400.00	4,195.00	3,400.00	795.00
Fire Hydrant Service	3,900.00	21,220.40	25,120.40	25,061.80	58.60
Fire Department - Miscellaneous	70.07	59,466.99	59,537.06	35,982.43	23,554.63
Police	1,195.66	23,209.81	24,405.47	20,714.94	3,690.53
Auxiliary Police Department	0.02	800.00	800.02	800.00	0.02
Emergency Management Services	4,515.05	1,000.00	5,515.05		5,515.05
Municipal Court	3,426.71	(1,961.00)	1,465.71	92.40	1,373.31
Streets and Road Maintenance	96.95	80,516.34	80,613.29	76,965.14	3,648.15
Sewer System	332.35	39,111.75	39,444.10	39,083.72	360.38
Garbage and Trash Removal	48.11	2,928.93	2,977.04	711.16	2,265.88
Recycling	3,486.31	(2,805.00)	681.31		681.31
Solid Waste Collection	7,748.67	19,820.88	27,569.55	24,256.05	3,313.50
Board of Health	89.00		89.00		89.00
Recreation Services and Programs	203.79	92.49	296.28		296.28
Parks and Playgrounds	871.39	5,158.98	6,030.37	4,956.96	1,073.41
Senior Citizen Center	1,800.41	1,770.08	3,570.49	1,774.08	1,796.41
METV Cable	585.14	8,053.30	8,638.44	7,318.86	1,319.58

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	TRANSFERS AND PRIOR ACCOUNTS PAYABLE	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>					
Group Insurance For Employees	\$ 7,676.00	\$	\$ 7,676.00	\$	\$ 7,676.00
Other Insurance	887.00		887.00		887.00
Construction Code Enforcement	15,934.17	2,000.00	17,934.17	321.61	17,612.56
Gasoline and Fuel	4,506.26	24,236.56	28,742.82	11,812.50	16,930.32
Telephone	3,306.51		3,306.51		3,306.51
Street Lighting	2,326.03		2,326.03		2,326.03
Utilities	2.42		2.42		2.42
Municipal Portion Defined Contribution Plan	448.67		448.67		448.67
Maintenance of Free Public Library	20,519.96	14,825.39	35,345.35	35,062.68	282.69
MCUA- Contractual Sewer Charges	0.94		0.94		0.94
County of Middlesex- Library Consortium	475.80		475.80		475.80
Township of Edison - Animal Control		911.61	911.61	911.61	
County Health Service Contract	0.81		0.81		0.81
TOTAL	\$ 253,281.03	\$ 388,199.37	\$ 641,480.40	\$ 456,932.88	\$ 184,547.52

REF.

A

A-19

A-1

Disbursements
Accounts Payable

A-4
A-19

\$ 423,819.63
33,113.25
\$ 456,932.88

"A-10"

BOROUGH OF METUCHEN
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	236,829.04
Increased by:			
Receipts	A-4	\$	<u>208,260.28</u>
			445,089.32
Decreased by:			
Applied to Taxes Receivable	A-6		<u>236,829.04</u>
Balance, December 31, 2015	A	\$	<u><u>208,260.28</u></u>

"A-11"

SCHEDULE OF TAX TITLE LIENS

Balance, December 31, 2014	A	\$	120,535.84
Increased by:			
Transferred From Taxes Receivable	A-6	\$	<u>10,840.39</u>
Interest & Costs			<u>154.77</u>
			10,995.16
Balance, December 31, 2015	A	\$	<u><u>131,531.00</u></u>

"A-12"

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 33,579.29
Increased by:		
Tax Levy	A-1:A-6	<u>8,697,612.38</u>
		\$ 8,731,191.67
Decreased by:		
Payments	A-4	<u>8,687,162.13</u>
Balance, December 31, 2014	A	<u><u>\$ 44,029.54</u></u>

"A-13"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy-Calendar Year	A-1:A-6	\$ <u>34,845,940.00</u>
Decreased by:		
Payments	A-4	\$ <u><u>34,845,940.00</u></u>

"A-14"

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF FORECLOSED PROPERTY

REF.

Balance, December 31, 2014 and December 31, 2015	A	\$	<u>350,300.00</u>
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"A-15"

SCHEDULE OF RESERVE FOR TAX OVERPAYMENTS

Balance, December 31, 2014	A	\$	175,332.79
Increased by:			
Receipts	A-4		<u>75,567.99</u>
		\$	<u>250,900.78</u>
Decreased by:			
Refunds	A-4	\$	11,693.60
Applied To Taxes Receivable	A-6		738.47
Canceled	A-1		<u>133,325.55</u>
			<u>145,757.62</u>
Balance, December 31, 2015	A	\$	<u>105,143.16</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

REF.

BALANCE
DECEMBER 31,
2015 & 2014

Middlesex County History

\$ 1,604.00

A

\$ 1,604.00

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2014	APPROPRIATION	EXPENDED	CANCEL	BALANCE DECEMBER 31, 2015
Statewide Livable Communities-Library 2004	\$ 2,805.00	\$	\$	\$ 2,805.00	\$
Recycling Tonnage	7,724.94		7,724.94		
Municipal Alliance	11,334.40				11,334.40
Body Armor 2010	211.82		211.82		
County Open Space Myrtle/ Charles	51,138.57				51,138.57
Drunk Driving Enforcement Fund 2011	4,042.72		4,042.72		
Recycling Tonnage 2011	10,425.59		3,074.30		7,351.29
2012 Dept Law Public Safety-Aggressive Driver	1,550.00			1,550.00	
2012 Recycling Tonnage	15,380.19				15,380.19
2012 Recycling Enhancement	5,637.80		5,428.79		209.01
Cops in Shops 2013	739.41			739.41	
Drive Sober 2013	1,575.00			1,575.00	
Body Armor 2013	595.25		595.25		
Recycling Tonnage 2013	16,977.25				16,977.25
2014 Clean Communities	21,639.10		8,527.14		13,111.96
2014 Municipal Alliance	10,512.29		9,821.71		690.58
2014 Youth Service Board Match	3,315.00		3,315.00		
2014 Middlesex County History Grant Match	346.70		346.70		
2014 NJ Dept of Law Distracted Driving	2,500.00		1,465.00		1,035.00
2014 NJ DEP State Forestry Services	3,000.00				3,000.00
2014 Alcohol Education and Rehabilitation Fund	827.12				827.12
2014 Body Armor Grant	2,777.49		952.38		1,825.11
2014 NJ Dept of Law Pedestrian Safety	100.00		100.00		
2014 Federal Bulletproof Vest Partnership	6,586.80		5,378.10		1,208.70
2015 Clean Communities		27,028.65			27,028.65
2015 Municipal Alliance		12,965.00	4,958.36		8,006.64
2015 Youth Service Board Match		3,242.00			3,242.00
2015 Middlesex County Cultural Arts		3,200.00	3,200.00		
2015 Recycling Tonnage		20,532.22			20,532.22
2015 Click It or Ticket		4,000.00	2,700.00		1,300.00
2015 DDEF		18,884.28	950.17		17,934.11
2015 Dept Law Public Safety Pedestrian Safety		4,000.00	4,000.00		
2015 Middlesex County History Grant		2,138.00	781.77		1,356.23
2015 Middlesex County History Grant Match		535.00	535.00		
Middlesex County Open Space Property Purchase		1,095,000.00	1,095,000.00		
2015 Safe Routes to School		192,000.00			192,000.00
2015 FEMA Hazard Mitigation		65,960.00	15,894.00		50,066.00
2015 Sustainable Jersey Grant		2,000.00			2,000.00
2015 Body Armor		2,773.24			2,773.24
2015 DHTS Drive Sober Pulled Over Y/E Holiday Crackdown		5,000.00			5,000.00
2015 Middlesex County Energy Device		4,495.96	4,495.96		
2015 Alcohol Education and Rehab Fund		1,060.80			1,060.80
	\$ 181,742.44	\$ 1,464,815.15	\$ 1,183,499.11	\$ 6,669.41	\$ 458,389.07
REF.	A	A-3:A-18	A-4	A-1	A

"A-18"

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>BALANCE DECEMBER 31, 2014</u>	<u>ACCRUED 2015</u>	<u>RECEIPTS</u>	<u>CANCEL</u>	<u>BALANCE DECEMBER 31, 2015</u>
2011 Middlesex County Cultural Arts	50.00			50.00	1,914.41
Drive Sober 2013	1,914.41				
Emergency Mgmt 2013	450.00			450.00	
2014 Municipal Alliance	9,650.75		9,650.75		
2014 Youth Service Board Match	0.75		0.75		
2014 NJ Dept of Law Distracted Driving	2,500.00		999.00		1,501.00
2014 NJ DEP State Forestry Services	3,000.00				3,000.00
2014 NJ Dept of Law Pedestrian Safety	4,000.00		4,000.00		
2014 Federal Bulletproof Vest Partnership	6,586.80				6,586.80
2015 Clean Communities		27,028.65	27,028.65		
2015 Municipal Alliance		12,965.00	4,596.16		8,368.84
2015 Youth Service Board Match		3,242.00	3,242.00		
2015 Middlesex County Cultural Arts		3,200.00	3,200.00		
2015 Recycling Tonnage		20,532.22	20,532.22		
2015 Click It or Ticket		4,000.00	2,700.00		1,300.00
2015 DDEF		18,884.28	18,884.28		
2015 Dept Law Public Safety Pedestrian Safety		4,000.00	4,000.00		
2015 Middlesex County History Grant Match		535.00	534.00		1.00
2015 Middlesex County History Grant		2,138.00			2,138.00
2015 Middlesex County Open Space Property Purchase		1,095,000.00	1,095,000.00		
2015 Safe Routes to School		192,000.00			192,000.00
2015 FEMA Hazard Mitigation		65,960.00			65,960.00
2015 Sustainable Jersey Grant		2,000.00	2,000.00		
2015 Body Armor		2,773.24	2,773.24		
2015 DHTS Drive Sober Pulled Over Y/E Holiday Crackdown		5,000.00			5,000.00
2015 Middlesex County Energy Device		4,495.96	4,495.96		
2015 Alcohol Education and Rehab Fund		1,060.80	1,060.80		
	<u>\$ 28,152.71</u>	<u>\$ 1,464,815.15</u>	<u>\$ 1,204,697.06</u>	<u>\$ 500.75</u>	<u>\$ 287,770.05</u>

REF.

A

A-2:A-17

A-4

A-1

A

"A-19"

BOROUGH OF METUCHEN
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 411,708.12
Increased by:			
2015 Appropriations	A-3	\$ 478,299.24	
2014 Appropriation Reserves	A-9	33,113.25	
Reserve for Redevelopment	A-20	<u>190,500.00</u>	
			701,912.49
			<u>\$ 1,113,620.61</u>
Decreased by:			
Transferred to 2014 Appropriation Reserves	A-9	\$ 388,199.37	
Canceled	A-1	<u>19,989.09</u>	
			<u>408,188.46</u>
Balance, December 31, 2015	A		<u>\$ 705,432.15</u>

"A-20"

SCHEDULE OF RESERVE FOR REDEVELOPMENT

Increased by:			
Budget Emergency	A-3	\$ 300,000.00	
Decreased by:			
Accounts Payable	A-19		<u>190,500.00</u>
Balance, December 31, 2015	A		<u>\$ 109,500.00</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>REF.</u>		
Increased by:			
Emergencies	A-1:A-3	\$	350,000.00
Balance, December 31, 2015	A	\$	<u>350,000.00</u>

BOROUGH OF METUCHEN
TRUST FUND
SCHEDULE OF TRUST CASH

REF.	ASSESSMENT FUND	ANIMAL CONTROL	OTHER
B	\$ 950.42	\$ 12,886.09	\$ 3,122,335.53
Balance, December 31, 2014			
Increased by Receipts:			
B-8	\$ 476.40		
Due State of New Jersey Reserve for:			
B-5		3,292.25	
B-7			1,210,993.51
B-14			3,562,760.40
B-11			48,755.19
B-15			169,336.66
B-9			24,229.06
B-13			230,261.90
B-16			1.79
B-12			908,876.60
B-17			11,701.14
B-19			47,415.53
B-6			21,553.47
B-18			2.98
B-10			23,984.25
	\$ 950.42	\$ 3,768.65	\$ 6,259,872.48
		16,654.74	9,382,208.01
Decreased by Disbursements:			
B-8	\$ 482.40		
Due State of New Jersey Reserve for:			
B-5		7,431.56	
B-7			1,418,233.40
B-14			3,598,335.83
B-11			3,132.50
B-15			156,178.04
B-9			21,526.08
B-13			249,027.00
B-12			531,573.86
B-17			66,209.42
B-6			21,350.00
	\$ 950.42	\$ 7,913.96	\$ 6,065,566.13
		8,740.78	3,316,641.88
B	\$ 950.42	\$ 8,740.78	\$ 3,316,641.88
Balance, December 31, 2015			

"B-3"

BOROUGH OF METUCHEN

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

BALANCE
DECEMBER 31,
2015 AND 2014

REF.

Fund Balance

B:B-1

\$ 950.42

BOROUGH OF METUCHEN

OTHER TRUST FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	B		\$ 70,005.64
Increased by:			
Trust Other	B-7	\$ 15,633.24	
Recreation	B-15	<u>21,544.13</u>	
			<u>37,177.37</u>
			\$ 107,183.01
Decreased by:			
Trust Other	B-7	\$ 8,087.81	
Recreation	B-15	<u>11,917.83</u>	
			<u>20,005.64</u>
Balance, December 31, 2015	B		\$ <u>87,177.37</u>

ANALYSIS OF BALANCE

Trust Other	\$ 15,633.24
COAH	<u>50,000.00</u>
Recreation	<u>21,544.13</u>
	\$ <u>87,177.37</u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 12,874.69
Increased by:		
Dog and Cat License Fees	B-2	3,292.25
		<u>\$ 16,166.94</u>
Decreased by:		
Disbursements	B-2	7,431.56
Balance, December 31, 2015	B	<u>\$ 8,735.38</u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2014	\$ 3,973.80
2013	4,805.00
	<u>\$ 8,778.80</u>

SCHEDULE OF RESERVE FOR ELECTION

Balance, December 31, 2014	B	\$ 1,349.26
Increased by:		
Receipts	B-2	21,553.47
		<u>\$ 22,902.73</u>
Decreased by:		
Disbursements	B-2	21,350.00
Balance, December 31, 2015	B	<u>\$ 1,552.73</u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2014	INCREASES	DECREASES	BALANCE DECEMBER 31, 2015
Senior Citizens	\$ 5,932.47	\$ 9,746.00	\$ 9,266.00	\$ 6,412.47
POAA	6,331.26	598.00	650.00	6,279.26
Tax Sale Premiums	398,400.00	283,700.00	218,300.00	463,800.00
Public Defender	30,265.46	9,343.12	7,600.00	32,008.58
Fire Inspector	43,882.90	49,135.31	52,700.54	40,317.67
Insurance Reserves	815,944.75	151,547.57	426,125.59	541,366.73
Redemption	93,967.64	692,152.86	678,261.80	107,858.70
CDBG Senior Programs	4,009.25	8,895.00	8,825.00	4,079.25
Donations	50,277.43	15,500.00	18,846.25	46,931.18
Other	228.89	12,701.46	12,701.46	228.89
Copier Lease	756.56			756.56
Replacement Tree Planting	38,360.50	6,790.00	590.00	44,560.50
	<u>\$ 1,488,357.11</u>	<u>\$ 1,240,109.32</u>	<u>\$ 1,433,866.64</u>	<u>\$ 1,294,599.79</u>

B

REF.

B

Receipts		\$ 1,210,993.51	
CDBG		21,028.00	
Prior Year Accounts Receivable		8,087.81	
		<u>\$ 1,240,109.32</u>	
Disbursements			\$ 1,418,233.40
Accounts Payable			15,633.24
			<u>\$ 1,433,866.64</u>

"B-8"

BOROUGH OF METUCHEN

ANIMAL CONTROL FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 11.40
Increased by:		
License Fees Due to the State	B-2	476.40
		<u>\$ 487.80</u>
Decreased by:		
Payments	B-2	482.40
Balance, December 31, 2015	B	<u>\$ 5.40</u>

"B-9"

SCHEDULE OF RESERVE FOR
UNEMPLOYMENT COMPENSATION INSURANCE

Balance, December 31, 2014	B	\$ 28,238.44
Increased by:		
Receipts	B-2	24,229.06
		<u>\$ 52,467.50</u>
Decreased by:		
Disbursement	B-2	21,526.08
Balance, December 31, 2015	B	<u>\$ 30,941.42</u>

"B-10"

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 24,151.01
Increased by:		
New Accounts Receivable	B-7	21,028.00
		\$ <u>45,179.01</u>
Decreased by:		
Receipts	B-2	<u>23,984.25</u>
Balance, December 31, 2015	B	\$ <u><u>21,194.76</u></u>

"B-11"

SCHEDULE OF RESERVE FOR COAH

Balance, December 31, 2014	B	\$ 188,477.94
Increased by:		
Receipts	B-2	48,755.19
		\$ <u>237,233.13</u>
Decreased by:		
Disbursements	B-2	<u>3,132.50</u>
Balance, December 31, 2015	B	\$ <u><u>234,100.63</u></u>

"B-12"

BOROUGH OF METUCHEN
TRUST FUND
SCHEDULE OF ESCROW DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 1,051,591.86
Increased by:		
Receipts	B-2	908,876.60
		\$ <u>1,960,468.46</u>
Decreased by:		
Disbursements	B-2	<u>531,573.86</u>
Balance, December 31, 2015	B	\$ <u><u>1,428,894.60</u></u>

"B-13"

SCHEDULE OF RESERVE FOR
POLICE OUTSIDE OVERTIME

Balance, December 31, 2014	B	\$ 48,230.25
Increased by:		
Receipts	B-2	230,261.90
		\$ <u>278,492.15</u>
Decreased by:		
Disbursements	B-2	<u>249,027.00</u>
Balance, December 31, 2015	B	\$ <u><u>29,465.15</u></u>

"B-14"

SCHEDULE OF RESERVE FOR
PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2014	B	\$ 82,927.45
Increased by:		
Deposits-Payroll Deductions	B-2	3,562,760.40
		\$ <u>3,645,687.85</u>
Decreased by:		
Payments	B-2	<u>3,598,335.83</u>
Balance, December 31, 2015	B	\$ <u><u>47,352.02</u></u>

"B-15"

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION

	<u>REF.</u>		
Balance, December 31, 2014	B		\$ 91,935.17
Increased by:			
Receipts	B-2	\$ 169,336.66	
Prior Year Accounts Payable	B-4	<u>11,917.83</u>	
			\$ <u>181,254.49</u>
			\$ 273,189.66
Decreased by:			
Disbursements	B-2	\$ 156,178.04	
Accounts Payable	B-4	<u>21,544.13</u>	
			<u>177,722.17</u>
Balance, December 31, 2015	B		\$ <u><u>95,467.49</u></u>

"B-16"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT

Balance, December 31, 2014	B		\$ 1,768.17
Increased by:			
Interest	B-2		<u>1.79</u>
Balance, December 31, 2015	B		\$ <u><u>1,769.96</u></u>

"B-17"

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF RESERVE FOR FORFEITURE

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 90,620.26
Increased by:		
Receipts	B-2	11,701.14
		<u>\$ 102,321.40</u>
Decreased by:		
Disbursements	B-2	66,209.42
Balance, December 31, 2015	B	<u>\$ 36,111.98</u>

"B-18"

SCHEDULE OF RESERVE FOR FIRE PENALTIES

Balance, December 31, 2014	B	\$ 2,984.99
Increased by:		
Receipts	B-2	2.98
Balance, December 31, 2015	B	<u>\$ 2,987.97</u>

BOROUGH OF METUCHEN

OTHER TRUST FUND

SCHEDULE OF RESERVE FOR EQUITABLE SHARING FORFEITURE

	<u>REF.</u>		
Increased by:			
Receipts	B-2	\$	47,415.53
Balance, December 31, 2015	B	\$	<u>47,415.53</u>

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2014	C		\$ 959,385.60
Increased by Receipts:			
Accounts Receivable	C-9	\$ 43,646.50	
Reserve for Capital Improvements	C-6	11,497.50	
Capital Improvement Fund	C-8	<u>22,500.00</u>	
			\$ <u>77,644.00</u>
			\$ 1,037,029.60
Decreased by Disbursements:			
Contracts Payable	C-7		<u>230,896.69</u>
Balance, December 31, 2015	C		\$ <u><u>806,132.91</u></u>

"C-3"

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>
Fund Balance		\$ 26,617.36
Capital Improvement Fund		22,624.00
Improvement Authorizations-Funded		1,076,456.65
Contracts Payable		1,188,937.60
Accounts Receivable		(1,524,548.20)
Reserve for Capital Improvements		<u>16,045.50</u>
	C	<u>\$ 806,132.91</u>

"C-4"

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - FUNDED

Balance, December 31, 2014	C	\$ 20,182,000.00
Decreased by:		
Bonds Paid	C-11	<u>1,540,000.00</u>
Balance, December 31, 2015	C	<u>\$ 18,642,000.00</u>

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE DECEMBER 31, 2014 & 2015</u>
00-07	Various Improvements	\$	2,680.00
08-07	Various Improvements		<u>475.00</u>
		\$	<u>3,155.00</u>
		<u>REF.</u>	<u>C</u>

"C-6"

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENTS

	<u>REF.</u>		
Balance, December 31, 2014	C	\$	4,548.00
Increased by:			
Receipts	C-2		<u>11,497.50</u>
Balance, December 31, 2015	C	\$	<u><u>16,045.50</u></u>

"C-7"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2014	C	\$	578,460.99
Increased by:			
Improvement Authorizations	C-10		<u>969,624.67</u>
		\$	<u>1,548,085.66</u>
Decreased by:			
Disbursements	C-2	\$	230,896.69
Canceled	C-10		<u>128,251.37</u>
			<u>359,148.06</u>
Balance, December 31, 2015	C	\$	<u><u>1,188,937.60</u></u>

"C-8"

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 124.00
Increased by: 2015 Budget Appropriation	C-2	<u>22,500.00</u>
Balance, December 31, 2015	C	<u>\$ 22,624.00</u>

"C-9"

SCHEDULE OF ACCOUNTS RECEIVABLE

Balance, December 31, 2014	C	\$ 1,568,194.70
Decreased by: Receipts	C-2	<u>43,646.50</u>
Balance, December 31, 2015	C	<u>\$ 1,524,548.20</u>

BOROUGH OF METUCHEN
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATIONS	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2014		CONTRACTS PAYABLE	CONTRACTS PAYABLE CANCELED	BALANCE DECEMBER 31, 2015	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
92-26	Senior Citizen Center Project	8/3/92	\$ 567,945.00	\$ 16,963.00	\$	\$	\$	16,963.00	\$
92-34	Removal of Underground Tanks	10/05/92	210,000.00	166.00				166.00	
98-03	Various Improvements	4/1/96	657,000.00	61.00				61.00	
98-08	Various Improvements	6/17/96	432,000.00	209.00				209.00	
97-09	Various Improvements	6/17/97	782,000.00	78.61				78.61	
98-01	Various Improvements	5/4/98	883,000.00	1,846.33				1,846.33	
00-07	Various Improvements	4/3/00	1,220,000.00	6,865.00				6,865.00	2,680.00
02-01/04-11	Construction of Municipal Building	2/19/02	7,220,000.00	50,639.53		150,000.00	112,551.93	13,191.46	
02-05	Various Improvements	4/15/02	1,085,000.00	0.04				0.04	
03-05	Various Improvements	3/18/03	2,052,000.00	689.83				689.83	
03-09	Various Improvements	6/17/03	472,000.00	17,660.00				17,660.00	
03-10	Refunding Bond Ordinance	9/2/03	2,510,000.00	71.46				71.46	
04-05	Various Improvements	4/19/04	1,212,000.00	3,090.59		15,698.44		18,790.03	
05-04	Various Improvements	4/4/05	1,819,100.00	107,424.09		82,369.44		25,054.65	
06-05	Various Improvements	6/2/06	1,611,000.00	1,780.99		0.01		1,780.98	
07-03	Various Improvements	4/16/07	1,677,100.00	36,224.97		36,000.00		224.97	475.00
08-07	Various Improvements	7/22/08	1,312,500.00	554.70				554.70	
09-05	Various Improvements	4/13/09	705,420.00	14,829.21		10,898.30		3,930.91	
10-03	Various Improvements	2/16/10	1,093,100.00	118,372.74		26,363.00		92,019.74	
11-07	Various Improvements	6/20/11	1,970,100.00	833,299.25		82,986.17		750,313.08	
12-04	Various Improvements	5/21/12	1,088,700.00	24,427.81		150.00		24,277.91	
13-9	Various Improvements	12/2/13	654,064.00	52,485.70		47,512.50		4,973.20	
14-9	Various Improvements	6/23/14	794,128.00	630,000.00		533,355.25		96,644.75	
				\$ 1,917,829.95	\$ 3,155.00	\$ 969,624.67	\$ 128,251.37	\$ 1,076,456.65	\$ 3,155.00

REF.

C-C-5

C

C-7

C-7

C

C

REF.

C

C

C-7

C

C-C-5

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2015</u>
			<u>OUTSTANDING DECEMBER 31, 2015</u>	<u>AMOUNT</u>			
General Improvement	12/01/04	\$ 13,842,000.00				\$ 1,100,000.00	\$ 1,100,000.00
Refunding Bonds	03/01/14	10,830,000.00	09/01/16	\$ 1,585,000.00	3.00%		
			09/01/17	1,915,000.00	3.00%		
			09/01/18	2,235,000.00	4.00%		
			09/01/19	2,435,000.00	3.00%		
			09/01/20	2,510,000.00	5.00%	10,680,000.00	10,680,000.00
General Improvement	09/01/14	8,402,000.00	09/01/16	445,000.00	2.00%		
			09/01/17	450,000.00	2.00%		
			09/01/18	455,000.00	2.00%		
			09/01/19	460,000.00	2.00%		
			09/01/20	457,000.00	2.00%		
			09/01/21	755,000.00	2.25%		
			09/01/22	775,000.00	2.25%		
			09/01/23	790,000.00	2.38%		
			09/01/24	810,000.00	2.50%		
			09/01/25	830,000.00	3.00%		
			09/01/26	855,000.00	3.00%		
			09/01/27	880,000.00	3.00%	8,402,000.00	7,962,000.00
						<u>8,402,000.00</u>	<u>440,000.00</u>
						<u>\$ 20,182,000.00</u>	<u>\$ 1,540,000.00</u>
						<u>\$ 18,642,000.00</u>	<u>\$ 18,642,000.00</u>

REF.

C

C-4

C

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2015</u>
00-07	Various Improvements	\$ 2,680.00
08-7/13-11	Various Improvements	<u>475.00</u>
		<u>\$ 3,155.00</u>

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY FUND

SCHEDULE OF SWIMMING POOL UTILITY CASH

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance, December 31, 2014	D	\$ 135,900.09	\$ 22,981.12
Increased by Receipts:			
Pool Memberships/Fees	D-3	\$ 322,887.75	\$
Non-Budget Revenue	D-3	<u>42,677.38</u>	
		365,565.13	
		<u>\$ 501,465.22</u>	<u>\$ 22,981.12</u>
Decreased by Disbursements:			
Appropriations	D-4	\$ 351,676.70	\$
Appropriation Reserves	D-7	34.95	
Accrued Interest on Bonds	D-11	<u>4,258.30</u>	
		<u>355,969.95</u>	
Balance, December 31, 2015	D	<u>\$ 145,495.27</u>	<u>\$ 22,981.12</u>

BOROUGH OF METUCHEN

SWIM POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORDINANCE AMOUNT</u>	<u>BALANCE DECEMBER 31, 2014 AND 2015</u>
08-08	Improvements to Swimming Pool	04/21/08	\$ 300,000.00	\$ <u>300,000.00</u>
				\$ <u>300,000.00</u>
			<u>REF.</u>	<u>D</u>

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014 & 2015</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>
08-08	Improvements to Swimming Pool	4/21/2008	\$ 300,000.00	\$ 14,406.66	\$ 400.00
				\$ 14,406.66	\$ 400.00
			<u>REF.</u>	<u>D</u>	<u>D</u>

"D-9"

BOROUGH OF METUCHEN
SWIMMING POOL UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

REF.

Balance, December 31, 2014 and December 31, 2015	D	\$ <u>8,338.46</u>
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"D-10"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2014	D	\$ 1,782.37
Increased by: Appropriations	D-4	<u>23,042.86</u> \$ 24,825.23
Decreased by: Transferred to Appropriation Reserve	D-7	<u>1,782.37</u>
Balance, December 31, 2015	D	\$ <u>23,042.86</u>

"D-11"

BOROUGH OF METUCHEN
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF ACCRUED INTEREST PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	D	\$ 1,915.91
Increased by:		
Budget Appropriation	D-4	3,761.00
		\$ <u>5,676.91</u>
Decreased by:		
Disbursements	D-5	<u>4,258.30</u>
Balance, December 31, 2015	D	\$ <u><u>1,418.61</u></u>

"D-12"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2014 and December 31, 2015	D	\$ <u><u>1,095,531.00</u></u>
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BOROUGH OF METUCHEN
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

REF.

Balance, December 31, 2014 and December 31, 2015	D	\$ <u><u>1,095,731.00</u></u>
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ANALYSIS OF BALANCE:

Swimming Pool and Bathhouse Cover for Swimming Pool	\$ 344,027.00
Landscape	6,449.00
Improvements to Swimming Pool	2,598.00
Improvements to Wading Pool	524,577.00
Improvements to Swimming Pool	8,365.00
Improvements to Swimming Pool	200,000.00
	<u>9,715.00</u>
	\$ <u><u>1,095,731.00</u></u>

"D-14"

BOROUGH OF METUCHEN

SWIM POOL UTILITY CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Pool Improvements	12/17/14	\$ 258,000.00	09/01/16-20	\$ 20,000.00	2.00%	\$ 258,000.00	\$ 240,000.00
			09/01/21-22	20,000.00	2.25%		
			09/01/23	20,000.00	2.38%		
			09/01/24	20,000.00	2.50%		
			09/01/25-27	20,000.00	3.00%	\$ 18,000.00	\$ 18,000.00
						\$ 258,000.00	\$ 240,000.00

REF.

D

D-16

D

"D-15"

BOROUGH OF METUCHEN

SWIM POOL UTILITY CAPITAL FUND

SCHEDULE OF BONDS AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
93-14	Improvement to Swimming Pool	\$ 200.00
08-8	Improvement to Swimming Pool	400.00
		<hr/>
		\$ 600.00
		<hr/> <hr/>

"D-16"

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2014	D	\$ 41,600.00
Increased by:		
Bonds Paid	D-14	18,000.00
		<hr/>
Balance, December 31, 2014	D	\$ 59,600.00
		<hr/> <hr/>

"E-1"

BOROUGH OF METUCHEN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>		
Balance, December 31, 2014	E	\$	563.97
Increased by:			
Interest	E-2		<u>0.59</u>
Balance, December 31, 2015	E	\$	<u>564.56</u>

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance, December 31, 2014	E	\$	563.97
Increased by:			
Interest	E-1		<u>0.59</u>
Balance, December 31, 2015	E	\$	<u>564.56</u>

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BOROUGH OF METUCHEN

PART II

REPORTS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

**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 Metuchen
County of Middlesex
Metuchen, New Jersey 08840

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Metuchen, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 11, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Metuchen prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Metuchen's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Metuchen's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 11, 2016

BOROUGH OF METUCHEN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD</u>		<u>GRANT AWARD AMOUNT</u>	<u>RECEIVED</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2015</u>
		<u>FROM</u>	<u>TO</u>				
Federal Bulletproof Vest Program	16.607	1/1/2014	12/31/2014	\$ 6,586.80	\$	\$ 5,378.10	\$ 5,378.10
Click It Or Ticket	20.616	1/1/2015	12/31/2015	4,000.00	2,700.00	2,700.00	2,700.00
FEMA Hazard Mitigation (Generator)	97.039	2/6/2014	1/13/2018	65,960.00		15,894.00	15,894.00
					\$ 2,700.00	\$ 23,972.10	\$ 23,972.10

SCHEDULE 2

BOROUGH OF METUCHEN

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>RECEIVED</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2015</u>
<u>Pass Through From County of Middlesex:</u>					
Municipal Alliance - 2010		\$ 13,257.00	\$	\$	\$ 1,922.60
Municipal Alliance - 2014		19,739.50	9,650.75	9,821.71	19,048.92
Municipal Alliance - 2015		12,965.00	4,596.16	4,958.36	4,958.36
			\$ 14,246.91	\$ 14,780.07	\$ 25,929.88
<u>Department of Environmental Protection:</u>					
Clean Communities Program - 2014	4900-765-042-4900	25,352.46	\$	\$	12,240.50
Clean Communities Program - 2015	4900-765-042-4900	27,028.65	27,028.65	8,527.14	
Forestry Services		3,000.00			
Sustainable Jersey Grant - 2015		2,000.00	2,000.00		
Recycling Tonnage Grant - 2010	4900-752-042-4900	20,161.34		7,724.94	20,161.34
Recycling Tonnage Grant - 2011	4900-752-042-4900	19,271.00		3,074.30	11,919.71
Recycling Tonnage Grant - 2012	4900-752-042-4900	15,380.19			
Recycling Tonnage Grant - 2013	4900-752-042-4900	16,977.25			
Recycling Tonnage Grant - 2015	4900-752-042-4900	20,532.22	20,532.22		
			\$ 49,560.87	\$ 19,326.38	\$ 44,321.55
<u>Department of Law and Public Safety:</u>					
Drunk Driving Enforcement Fund - 2011	1110-100-066-1110	7,730.80	\$	\$	7,730.80
Drunk Driving Enforcement Fund - 2015	1110-100-066-1110	18,884.28	18,884.28	950.17	950.17
Alcohol Education Rehabilitation - 2014		827.12			
Alcohol Education Rehabilitation - 2015		1,060.80	1,060.80		
Drive Sober/Get Pulled Over - 2015		5,000.00			
Distracted Driving - 2014		5,000.00	999.00	1,465.00	3,965.00
Pedestrian Safety - 2014		4,000.00	4,000.00	100.00	4,000.00
Pedestrian Safety - 2015		4,000.00	4,000.00	4,000.00	4,000.00
Body Armor Replacement Fund - 2010	1020-718-066-1020	3,891.42		211.82	3,891.42
Body Armor Replacement Fund - 2013	1020-718-066-1020	3,582.46		595.25	3,582.46
Body Armor Replacement Fund - 2014	1020-718-066-1020	2,777.49		952.38	952.38
Body Armor Replacement Fund - 2015	1020-718-066-1020	2,773.24	2,773.24		
			\$ 31,717.32	\$ 12,317.34	\$ 29,072.23
<u>Department of Transportation:</u>					
Various Road Improvements-General Capital		2,638,000.00	\$	\$	2,156,683.02
			\$ 0.00	\$ 311,104.00	\$ 2,156,683.02
			\$ 95,525.10	\$ 357,527.79	\$ 2,256,006.68

BOROUGH OF METUCHEN

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

YEAR ENDED DECEMBER 31, 2015

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule of expenditures agree with the amounts reported in the related federal and state financial report.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in the Current and General Capital Funds in 2015.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 2,700.00	\$ 95,525.10	\$ 1,106,471.96	\$ 1,204,697.06
General Capital Fund				0.00
	<u>\$ 2,700.00</u>	<u>\$ 95,525.10</u>	<u>\$ 1,106,471.96</u>	<u>\$ 1,204,697.06</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 23,972.10	\$ 46,423.79	\$ 1,113,103.22	\$ 1,183,499.11
General Capital Fund		311,104.00		311,104.00
	<u>\$ 23,972.10</u>	<u>\$ 357,527.79</u>	<u>\$ 1,113,103.22</u>	<u>\$ 1,494,603.11</u>

NOTE 5. OTHER

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

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BOROUGH OF METUCHEN

PART III

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,276,000.00	2.05%	\$ 776,000.00	1.32%
Miscellaneous - From Other Than Local Property Tax Levies	5,794,300.51	9.29%	4,162,426.43	7.09%
Collection of Delinquent Taxes and Tax Title Liens	588,480.36	0.94%	618,238.96	1.05%
Collections of Current Tax Levy	54,704,083.52	87.72%	53,156,802.41	90.54%
<u>Total Revenue</u>	<u>\$ 62,362,864.39</u>	<u>100.00%</u>	<u>\$ 58,713,467.80</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 17,781,471.83	28.94%	\$ 15,275,024.49	26.48%
County Taxes	8,697,612.38	14.15%	8,452,856.84	14.65%
Local School District Taxes	34,845,940.00	56.71%	33,918,845.00	58.78%
Other Expenditures	125,638.05	0.20%	46,356.19	0.08%
<u>Total Expenditures</u>	<u>\$ 61,450,662.26</u>	<u>100.00%</u>	<u>\$ 57,693,082.52</u>	<u>100.00%</u>
Excess in Revenue	\$ 912,202.13		\$ 1,020,385.28	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	350,000.00			
Statutory Excess to Fund Balance	\$ 1,262,202.13		\$ 1,020,385.28	
Fund Balance - January 1	2,274,920.10		2,030,534.82	
	\$ 3,537,122.23		\$ 3,050,920.10	
Less: Utilization as Anticipated Revenue	1,276,000.00		776,000.00	
Fund Balance, December 31	\$ 2,261,122.23		\$ 2,274,920.10	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - SWIM POOL UTILITY OPERATING FUND

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 90,000.00	18.47%	\$ 84,000.00	17.50%
Collection of Pool Membership & Guest Fees	322,887.75	66.26%	308,018.00	64.19%
Miscellaneous	74,438.57	15.27%	87,883.95	18.31%
<u>Total Revenue</u>	<u>\$ 487,326.32</u>	<u>100.00%</u>	<u>\$ 479,901.95</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 364,234.00	91.06%	\$ 358,492.00	92.46%
Capital Improvements	21,761.00	5.44%	14,040.00	3.62%
Statutory Expenditures	14,005.00	3.50%	14,005.00	3.61%
			1,206.00	0.31%
<u>Total Expenditures</u>	<u>\$ 400,000.00</u>	<u>100.00%</u>	<u>\$ 387,743.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 87,326.32		\$ 92,158.95	
Fund Balance - January 1	102,188.04		94,029.09	
	\$ 189,514.36		\$ 186,188.04	
Less: Utilization as Anticipated Revenue	90,000.00		84,000.00	
Fund Balance, December 31	<u>\$ 99,514.36</u>		<u>\$ 102,188.04</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ <u>5.642</u>	\$ <u>5.501</u>	\$ <u>5.389</u>
Municipal	\$ 1.132	\$ 1.082	\$ 0.950
Municipal Library	0.073	0.071	0.074
County	0.816	0.800	0.802
County Open Space	0.067	0.066	0.070
Local School	<u>3.554</u>	<u>3.482</u>	<u>3.493</u>

Assessed Valuations:

2015	<u>\$980,572,100.00</u>		
2014		<u>\$973,964,500.00</u>	
2013			<u>\$969,674,199.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of the tabulation will 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>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$	55,605,178.77	\$	54,704,083.52	98.38%
2014	\$	53,791,088.96	\$	53,156,802.41	98.82%
2013		52,430,378.90		51,765,282.11	98.73%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$131,531.00	\$843,982.61	\$975,513.61	1.75%
2014	120,535.84	598,572.45	719,108.29	1.40%
2013	112,057.41	618,665.76	730,723.17	1.42%

PROPERTY ACQUIRED BY TAX LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2015	\$350,300.00
2014	350,300.00
2013	350,300.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance Current Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$2,261,122.23	\$1,355,076.00
2014	2,274,920.10	1,276,000.00
2013	2,030,534.82	776,000.00
2012	1,456,464.07	650,000.00
2011	1,313,366.43	650,000.00

<u>Year</u>	<u>Balance Swim Pool Utility Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$99,514.36	\$90,000.00
2014	102,188.04	90,000.00
2013	94,029.09	84,000.00
2012	82,917.48	78,022.00
2011	76,112.68	72,619.00

ASSESSED VALUATIONS - LAND AND IMPROVEMENTS BY CLASS

<u>YEAR</u>	<u>VACANT LAND</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>APARTMENT</u>	<u>TOTAL</u>
2015	\$ 9,286,700	\$ 807,914,500	\$ 109,292,700	\$ 36,460,500	\$ 17,617,700	\$ 980,572,100
2014	8,509,000	802,952,900	108,942,400	37,676,400	15,883,800	973,964,500
2013	8,719,600	795,065,000	109,058,500	37,736,900	16,183,800	966,763,800
2012	8,891,700	797,570,600	110,815,100	38,296,000	16,258,800	971,832,200
2011	9,349,400	796,856,500	110,288,000	39,145,500	16,258,800	971,898,200

ASSESSED VALUATIONS - NET VALUATIONS TAXABLE

<u>YEAR</u>	<u>REAL ESTATE LAND AND IMPROVEMENTS</u>	<u>RATIO TO TRUE VALUE</u>	<u>COUNTY EQUALIZED VALUATION</u>
2015	\$ 980,572,100	45.01%	\$ 2,190,249,757
2014	973,964,500	46.17%	2,121,701,671
2013	966,763,800	45.20%	2,154,613,252
2012	971,832,200	44.05%	2,223,377,407
2011	971,898,200	42.62%	2,298,237,066

TAX REQUIREMENTS - MUNICIPAL AND OVERLAPPING GOVERNMENTS

<u>YEAR</u>	<u>TOTAL TAX REQUIREMENTS</u>	<u>LOCAL PURPOSES</u>	<u>SCHOOLS</u>	<u>COUNTY</u>
\$ 2015	\$ 55,323,878	\$ 11,824,355	\$ 34,845,940	\$ 8,653,583
2014	53,575,563	11,237,441	33,918,845	8,419,278
2013	52,430,379	11,085,449	33,087,617	8,257,313
2012	51,153,847	10,716,921	32,547,895	7,889,032
2011	50,158,761	10,461,253	31,998,104	7,699,405

FINANCIAL INFORMATION

DEBT STATEMENTS

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey ("the Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

DEBT INCURRING CAPACITY
AS OF DECEMBER 31, 2015

Municipal Borrowing Capacity:

1. Equalized Valuations (last three years average)	\$2,167,911,524
2. Borrowing Margin-3 1/2% of Average Equalized Valuation Basis	75,876,903
3. Statutory Net Debt	18,645,155
4. Excess School Borrowing	-0-
5. Total Charges to Borrowing Margin	18,645,155
6. Remaining Municipal Borrowing Capacity (line 2 minus line 5)	57,231,748

BOROUGH OF METUCHEN
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2015

Gross Debt:		
Local School District Debt:		
Issued & Outstanding:		
Serial Bonds	\$	22,625,000
 Swim Pool Utility Debt:		
Issued & Outstanding:		
Bond Anticipation Notes	\$	240,000
Authorized But Not Issued		<u>600</u>
		240,600
 Municipal Debt:		
Issued and Outstanding:		
Serial Bonds and Loans	\$	18,642,000
Authorized But Not Issued		<u>3,155</u>
		<u>18,645,155</u>
	<u>Total Gross Debt</u>	<u>\$ 41,510,755</u>
 Less:		
Statutory Deductions:		
Municipal Debt	\$	-0-
Utility Debt		240,600
School Debt		<u>22,625,000</u>
		<u>\$ 22,865,600</u>
 Statutory Net Debt		<u>\$ 18,645,155</u>
 Average Equalized Valuation of Real Property (Years 2013, 2014, 2015)		<u>\$ 2,167,911,524</u>
 Statutory Net Debt Percentage		<u>0.86%</u>

**STATISTICS ON DEBT
AS OF DECEMBER 31, 2015**

Gross Debt (Municipal and School)	\$41,510,755.00
Overlapping Debt	<u>733,639.43</u>
Total Gross Debt (Including Overlapping)	\$42,244,394.43
Statutory Net Debt	18,645,155.00
Net Debt and Overlapping Debt	19,378,794.43
Average Equalized Valuations	\$2,167,911,523.67

**OVERLAPPING DEBT
AS OF DECEMBER 31, 2015**

The Overlapping Debt of the Borough was as follows:

	<u>GROSS DEBT</u>	<u>TOWN SHARE</u>	<u>AMOUNT</u>
County of Middlesex	\$735,109,645.00	0.0998%	\$733,639

**GROSS AND STATUTORY NET DEBT
AS OF DECEMBER 31
(EXCLUSIVE OF OVERLAPPING DEBT)**

<u>YEAR</u>	<u>GROSS DEBT</u>		<u>STATUTORY NET DEBT</u>	
	<u>AMOUNT</u>	<u>PERCENTAGE*</u>	<u>AMOUNT</u>	<u>PERCENTAGE*</u>
2015	\$41,510,755.00	1.91%	\$18,645,155.00	0.86%
2014	44,798,755.00	2.07%	20,185,155.00	0.93%
2013	61,052,805.00	2.84%	22,223,805.00	1.03%
2012	48,145,255.00	2.18%	21,360,855.00	0.97%
2011	50,546,485.00	2.23%	20,999,685.00	0.92%

* Of Average Equalizations

BOROUGH OF METUCHEN

2016 MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:		
Fund Balance	\$	1,355,076.00
Miscellaneous Revenues:		
State and Federal Aid		1,513,987.40
Other		2,820,841.00
Receipts From Delinquent Taxes		650,000.00
Amount to be Raised by Taxation for:		
Library		748,641.87
Municipal Purposes		11,712,207.08
		<hr/>
<u>Total Anticipated Revenues</u>	\$	<u>18,800,753.35</u>
Appropriations:		
Within "CAPS":		
Operations	\$	11,423,630.00
Deferred Charges and Statutory Expenditures		1,325,419.00
Excluded From "CAPS":		
Operations		2,169,797.27
Deferred Charges		140,000.00
Capital Improvements		104,076.00
Municipal Debt Service		2,610,678.00
Reserve for Uncollected Taxes		1,027,153.08
		<hr/>
<u>Total Appropriations</u>	\$	<u>18,800,753.35</u>

SUMMARY OF THE 2016 CAPITAL BUDGET

2016 Capital Program Total Estimated Project Costs		\$ <u>980,000.00</u>
Planned Funding:		
Capital Improvement Fund	\$ 49,000.00	
Debt Authorized	<u>931,000.00</u>	
		\$ <u>980,000.00</u>
Six Year Capital Program Total Estimated Project Costs:		
2016	\$ 980,000.00	
2017	1,742,000.00	
2018	1,610,000.00	
2019	7,628,000.00	
2020	1,253,750.00	
2021	<u>370,000.00</u>	
Total		\$ <u>13,583,750.00</u>
Planned Funding:		
Capital Improvement Fund	\$ 679,188.00	
Debt Authorized	<u>12,904,562.00</u>	
		\$ <u>13,583,750.00</u>

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Thomas Vahalla	Mayor	*
Ronald Grayzel	Council President	*
James Wallace	Councilmember	*
Dorothy Rasmussen	Councilmember	*
Jay Muldoon	Councilmember	*
Reed Leibfried	Councilmember	*
Allison Inerro	Councilmember	*
Jennifer Maier	Borough Administrator	*
Susan Jackson	Acting Borough Clerk	*
Rebecca Cuthbert	Tax Collector/Chief Financial Officer	*
James Graziano	Magistrate	*
Anne Tucker	Court Administrator	*
David Rodriguez Spevack	Prosecutor	*
Denis G. Murphy	Borough Attorney	*
John Soltesz	Construction Code Official	*
Anand Verma	Tax Assessor	*
David Irizarry	Police Chief	*
Rob Donnan	Fire Chief	*

Officials and employees handling and collecting funds are covered by the Middlesex County JIF blanket coverage up to \$1,000,000.00.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

Effective January 7, 2013, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00. Effective August 17, 2015, the Borough's bid threshold was increased to \$40,000 with the appointment of a Qualified Purchasing Agent and approval to utilize the statutory maximum bid threshold. The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items in 2015:

Fire & Safety Services
Pool Maintenance
Generator Installation
Road Projects

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

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 "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.A. 40A:11-6."

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

Borough Attorney
Borough Engineer
Borough Prosecutor
Borough Auditor

Bond Counsel
Labor Counsel
Borough Planner
Other Consulting Services

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 5, 2015, adopted the following resolutions authorizing interest to be charged on delinquent taxes:

“WHEREAS, under N.J.S.A. 54:4-67 the Governing Body may fix the rate of interest to be charged for the nonpayment of taxes or assessments;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Metuchen that the interest rate to be charged by the Borough of Metuchen on delinquent taxes, assessment and other municipal liens, is hereby fixed at 8% per annum on the first \$1,500 on the delinquency and 18% on any amount in excess of \$1,500, to be calculated from the date the tax was payable until the date of actual payment, effective immediately”

It appears from an examination of the Tax Collector’s records that interest was collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 29, 2015 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2015	4
2014	3
2013	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 tax paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>Type</u>	
Information Tax Positive Confirmation	50
Delinquent Tax Positive Confirmation	20

OTHER COMMENTS

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

FINANCE

Our audit of the various accounts of the Borough revealed numerous instances of excessive unresolved reconciling items on the bank reconciliations.

OTHER DEPARTMENTS

Our examination of the Borough's departmental records revealed several instances of noncompliance and lack of proper controls. There were no receipts records maintained for the collection of fees, permits, and licenses relating to the board of health and the registrar department for most of 2015. A comparison of swim pool revenue from the department's source documents to actual cash received by the finance office revealed a consistent pattern of unrecorded, misrecorded, and/or duplicate recorded items resulting in an unresolved difference of over \$46,000. Also, a comparison of animal licenses recorded as being sold compared to remaining inventory on hand revealed numerous tags are unaccounted for.

RECOMMENDATIONS

- * That all bank reconciling items be resolved.
- * That the board of health, registrar, pool, and animal license departments implement controls to properly record all receipts and account for all licenses.
- * Unresolved prior year recommendations

