BOROUGH OF EAST NEWARK

COUNTY OF HUDSON

NEW JERSEY

REPORT ON

EXAMINATION OF ACCOUNTS

FOR THE YEAR 2016

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF EAST NEWARK
COUNTY OF HUDSON, NEW JERSEY

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PART I

REPORT ON EXAMINATION

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

AND

SUPPLEMENTARY EXHIBITS

YEAR ENDED DECEMBER 31, 2016

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of East Newark
East Newark, New Jersey 07029

Report on the Financial Statements

We have audited the financial statements - regulatory basis of the various funds and account groups of the Borough of East Newark, in the County of Hudson, as of and for the years then ended December 31, 2016 and 2015, and the related notes to the financial statements - regulatory basis, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis in accordance with accounting principles 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements - regulatory basis based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements - regulatory basis are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements - regulatory basis. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements - regulatory basis, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements - regulatory basis 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements - regulatory basis.

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, these financial statements - regulatory basis have been prepared in conformity with accounting principles 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 demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. The effects on the financial statements - regulatory basis 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles"* paragraph, the financial statements - regulatory basis referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2016 and 2015, and the results of its operations for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of East Newark at December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements - regulatory basis that collectively comprise the Borough's financial statements - regulatory basis. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements - regulatory basis.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements - regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements - regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements - regulatory basis or to the financial statements - regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements - regulatory basis taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated May 31, 2017 on our consideration of the Borough of East Newark'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 East Newark's internal control over financial reporting and compliance.

Samuel Klein and Company

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Joseph J. Faccone

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
May 31, 2017

BOROUGH OF EAST NEWARK
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A

ASSETS AND DEFERRED CHARGES	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Cash - Treasurer	A-4	$ 1,586,805.09	$ 1,737,483.79
Change Fund	A-5	50.00	50.00
		1,586,855.09	1,737,533.79
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-6	153,902.19	131,592.11
Property Acquired for Taxes at Assessed Value	A-7	312,100.00	312,100.00
Sewer Service Charge	A-8	30,173.60	34,973.60
Interfunds Receivable	A-9	28,549.58	25.11
Revenue Accounts Receivable	A-10	16,969.68	22,743.08
	Below	541,695.05	501,433.90
Deferred Charges:			
Special Emergency Authorizations	A-11	50,000.00	
		2,178,550.14	2,238,967.69
Grant Fund			
Cash	A-4	263,765.85	294,154.97
Grants Receivable	A-12	481,810.53	452,974.48
		745,576.38	747,129.45
		$ 2,924,126.52	$ 2,986,097.14

LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund			
Appropriation Reserves:			
Encumbered	A-3,13	$ 5,221.00	$ 43,083.96
Unencumbered	A-3,13	462,918.94	416,343.86
Due to State of New Jersey (Ch. 129, P.L. 1976)	A-14	245.00	245.00
Interfunds Payable	A-15	70,393.00	338,149.58
Accounts Payable	A-16	20,598.07	20,598.07
Due to State of New Jersey	A-17	346.53	349.74
Reserve for Tax Appeals Pending	A-18	424,680.56	299,680.56
County Taxes Payable	A-19	1,522.62	1,700.68
Local School Tax Payable	A-20	76,227.41	62,117.39
Tax Overpayments	A-21	4,377.20	4,660.54
Prepaid Taxes	A-22	14,038.36	6,899.51
Various Reserves	A-23	50,000.00	
		1,130,568.69	1,193,828.89
Reserve for Receivables and Other Assets	Above	541,695.05	501,433.90
Emergency Note Payable	A-24	50,000.00	
Fund Balance	A-1	456,286.40	543,704.90
		2,178,550.14	2,238,967.69
Grant Fund			
Reserve for Grants	A-25	738,329.63	734,297.81
Unappropriated Reserves	A-26	7,246.75	12,831.64
		745,576.38	747,129.45
		$ 2,924,126.52	$ 2,986,097.14

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

A-1

	Ref.	Year 2016	Year 2015
Revenue and Other Income			
Fund Balance Utilized	A-2	$ 395,000.00	$ 325,000.00
Miscellaneous Revenue Anticipated	A-2	1,491,910.74	1,722,778.26
Receipts from Delinquent Taxes	A-2a	131,112.64	166,484.83
Receipts from Current Taxes	A-2a	3,726,071.38	3,632,395.92
Nonbudget Revenue	A-2b	55,323.88	48,885.19
Other Credits to Income:			
Interfunds Receivable Liquidated			261.11
Unexpended Balance of Appropriation Reserves	A-13	167,399.17	257,636.74
		5,966,817.81	6,153,442.05
Expenditures			
Budget Appropriations:			
Operations:			
Salaries and Wages		1,082,564.00	1,024,994.34
Other Expenses		2,002,804.64	2,050,081.07
Statutory Expenditures		254,720.00	219,730.66
Judgments		2,500.00	2,500.00
Capital Improvements		10,000.00	210,000.00
Debt Service		198,788.59	175,703.27
	A-3	3,551,377.23	3,683,009.34
Interfunds Receivable Established	A-9	28,524.47	
Grant Receivable Cancelled			7,925.00
County Taxes	A-19	709,402.61	723,574.92
Local School District Tax	A-20	1,419,932.00	1,391,712.00
		5,709,236.31	5,806,221.26
Excess in Revenues		257,581.50	347,220.79
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Years	A-3	50,000.00	
Statutory Excess to Fund Balance		307,581.50	347,220.79
Fund Balance			
Balance January 1	A	543,704.90	521,484.11
		851,286.40	868,704.90
Decreased by:			
Utilized as Anticipated Revenue	Above	395,000.00	325,000.00
Balance December 31	A	$ 456,286.40	$ 543,704.90

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS

A-2

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Appropriated	A-1	$ 395,000.00	$ 395,000.00	$
Miscellaneous Revenues				
Alcoholic Beverage Licenses	A-10	4,000.00	4,500.00	500.00
Other Licenses	A-10	6,800.00	7,421.00	621.00
Other Fees and Permits	A-10	75,000.00	80,982.85	5,982.85
Municipal Court Fines and Costs	A-10	260,000.00	251,314.05	(8,685.95)
Interest and Costs on Taxes	A-10	44,000.00	41,391.91	(2,608.09)
Interest on Investments and Deposits	A-10	5,000.00	3,518.15	(1,481.85)
Energy Receipt Tax	A-10	391,444.00	391,444.00	
Consolidated Municipal Property Tax Relief Act	A-10	197,564.00	197,564.00	
Construction Code Permits	A-10	9,200.00	17,243.00	8,043.00
East Newark Board of Education Shared Cost	A-10	80,000.00	81,685.36	1,685.36
Verizon FIOS	A-10	7,800.00	11,223.24	3,423.24
Reserve to Pay Debt Service	A-15	50,000.00	50,000.00	
Marriage License Fees	A-10	22,000.00	43,255.00	21,255.00
Sewer Rents	A-10	186,000.00	186,325.74	325.74
Comcast Cablevision Franchise Tax	A-10	8,200.00	7,112.80	(1,087.20)
		1,347,008.00	1,374,981.10	27,973.10
Federal and State Grants:				
Hudson County Peer Grouping		20,000.00	20,000.00	
Hudson County CDBG - Senior Citizens' Activities		30,000.00	30,000.00	
Hudson County Area Aging/Aging and Disability Resource Connection		54,098.00	54,098.00	
Clean Communities - Unappropriated		4,000.00	4,000.00	
Office on Aging Grant - Unappropriated		8,831.64	8,831.64	
	A-12	116,929.64	116,929.64	
Total Miscellaneous Revenue	A-1	1,463,937.64	1,491,910.74	27,973.10
Receipts from Delinquent Taxes	A-2a	145,000.00	131,112.64	(13,887.36)
Amount to be Raised by Taxation: Municipal Purposes	A-2a,6	1,754,266.00	1,853,436.77	99,170.77
Budget Total	A-3	3,758,203.64	3,871,460.15	113,256.51
Nonbudget Revenue	A-2b		55,323.88	55,323.88
Total Revenue		$ 3,758,203.64	$ 3,926,784.03	$ 168,580.39

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF REALIZED REVENUE - REGULATORY BASIS

A-2a

	Ref.	Total	Delinquent Tax Receipts	Current Tax Collections
Allocation of Tax Collections				
Taxes Receivable	A-6	$ 3,846,284.51	$ 131,112.64	$ 3,715,171.87
Prepayments Applied	A-6	6,899.51		6,899.51
Exemptions Granted	A-6	4,000.00		4,000.00
Total Tax Collections	A-1	3,857,184.02	131,112.64	3,726,071.38
Allocated to:				
County Levy and Added Taxes	A-19	(709,402.61)		(709,402.61)
Local School District Taxes	A-20	(1,419,932.00)		(1,419,932.00)
Reserve for Uncollected Taxes	A-3	256,700.00		256,700.00
Realized Revenue	A-2	$ 1,984,549.41	$ 131,112.64	$ 1,853,436.77

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF NONBUDGET REVENUE - REGULATORY BASIS

A-2b

	Ref.		
Miscellaneous Revenue Not Anticipated			
DMV Inspection Fines		$ 1,250.00	
Miscellaneous		5,645.00	
Construction Fine		2,000.00	
Prior Year Budget Refunds		5,677.50	
Budget Refunds		20,867.46	
FEMA Reimbursement - Superstorm Sandy		19,537.68	
2% Administration Fee for Senior Citizens and Veterans		80.00	
	A-4	55,057.64	
Interfunds Receivable - Excess Animal Control	A-9	266.24	
Realized Revenue	A-1,2		$ 55,323.88

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #1

Appropriations	Appropriations: Budget	Appropriations: Modified Budget	Expended: Paid or Charged	Expended: Reserved: Encumbered	Expended: Reserved: Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive:						
Other Expenses:						
Miscellaneous	$ 28,000.00	$ 28,000.00	$ 17,718.86	$	$ 10,281.14	$
Advertising	4,250.00	4,250.00	2,199.75		2,050.25	
Mayor and Council:						
Salaries and Wages	15,000.00	15,000.00	14,999.52		0.48	
Other Expenses	20,000.00	32,320.00	32,320.00			
Borough Clerk:						
Salaries and Wages	72,319.00	75,722.00	75,721.36		0.64	
Elections:						
Other Expenses	5,000.00	5,000.00	4,574.99		425.01	
Financial Administration:						
Salaries and Wages	34,000.00	34,000.00	33,968.02		31.98	
Other Expenses:						
Miscellaneous	17,500.00	17,500.00	11,892.73		5,607.27	
Audit	25,000.00	25,000.00			25,000.00	
Collection of Taxes:						
Salaries and Wages	22,300.00	22,300.00	22,209.00		91.00	
Other Expenses	5,500.00	8,580.00	8,566.83		13.17	
Legal Services and Costs:						
Other Expenses	85,000.00	118,000.00	106,389.87		11,610.13	
Foreclosure Cost	400.00	400.00			400.00	
Municipal Prosecutor:						
Salaries and Wages	8,100.00	8,100.00	7,407.60		692.40	
Other Expenses	100.00	100.00			100.00	
Public Buildings and Grounds:						
Salaries and Wages	38,000.00	38,000.00	36,050.75		1,949.25	
Other Expenses	31,000.00	33,500.00	32,384.55		1,115.45	

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #2

Appropriations	Appropriations: Budget	Appropriations: Modified Budget	Expended: Paid or Charged	Expended: Reserved: Encumbered	Expended: Reserved: Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Assessment of Taxes:						
Salaries and Wages	$ 13,500.00	$ 13,500.00	$ 13,440.00	$	$ 60.00	$
Other Expenses	900.00	50,900.00	50,039.41		860.59	
Appeals	25,000.00	25,000.00	11,608.50		13,391.50	
Engineering Services and Costs:						
Other Expenses	25,000.00	25,000.00	22,511.63		2,488.37	
Shade Tree:						
Other Expenses	2,000.00	2,000.00			2,000.00	
Planning Board:						
Salaries and Wages	3,000.00	3,000.00	3,000.00			
Other Expenses	2,000.00	2,000.00	371.94		1,628.06	
Attorney Fees	3,500.00	3,500.00	2,500.00		1,000.00	
	486,369.00	590,672.00	509,875.31		80,796.69	
PUBLIC SAFETY						
Police Department:						
Salaries and Wages:						
Police	600,000.00	585,000.00	568,828.37		16,171.63	
Telephone Operator	20,000.00	5,000.00			5,000.00	
Other Expenses	60,000.00	60,000.00	45,704.26	2,326.00	11,969.74	
Fire Department:						
Other Expenses	32,000.00	36,000.00	30,441.52	2,895.00	2,663.48	
School Crossing Guards:						
Salaries and Wages	56,700.00	56,700.00	56,590.59		109.41	
Emergency Management Service:						
Other Expenses	750.00	750.00			750.00	
Legal:						
Other Expenses	13,000.00	6,000.00	5,761.50		238.50	

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #3

Appropriations	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS WITHIN "CAPS"						
PUBLIC SAFETY						
Uniform Fire Safety Act (Ch. 383, P.L. 1983):						
Salaries and Wages	$ 8,000.00	$ 8,000.00	$ 7,503.00	$	$ 497.00	$
Other Expenses	3,750.00	3,750.00	1,297.44		2,452.56	
	794,200.00	761,200.00	716,126.68	5,221.00	39,852.32	
STREETS AND ROADS						
Road Repair and Maintenance:						
Salaries and Wages	40,600.00	39,600.00	37,551.20		2,048.80	
Other Expenses	5,100.00	4,100.00	2,797.62		1,302.38	
Snow Removal:						
Other Expenses	50,000.00	47,000.00	45,184.00		1,816.00	
Sewer System:						
Salaries and Wages	18,000.00	18,000.00	18,000.00			
Other Expenses	16,000.00	24,000.00	22,850.70		1,149.30	
	129,700.00	132,700.00	126,383.52		6,316.48	
HEALTH AND WELFARE						
Board of Health:						
Salaries and Wages	1,000.00	1,000.00			1,000.00	
Other Expenses	1,500.00	1,500.00	993.50		506.50	
Health Contract - Kearny	7,500.00	7,500.00	7,500.00			
Administration of Public Assistance:						
Salaries and Wages	25,210.00	25,212.00	25,211.02		0.98	
Other Expenses	400.00	400.00			400.00	
	35,610.00	35,612.00	33,704.52		1,907.48	

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #4

Appropriations	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS WITHIN "CAPS"						
RECREATION						
Parks and Playgrounds:						
Salaries and Wages	$ 2,500.00	$ 2,500.00	$	$	$ 2,500.00	$
Other Expenses	10,000.00	2,000.00			2,000.00	
Senior Citizens:						
Salaries and Wages	15,000.00	20,160.00	20,125.12		34.88	
Other Expenses	13,000.00	16,500.00	16,359.14		140.86	
Celebration of Public Events and Holidays:						
Other Expenses	1,000.00	1,000.00	104.80		895.20	
	41,500.00	42,160.00	36,589.06		5,570.94	
SANITATION						
Garbage Collection:						
Contractual	195,000.00	189,615.00	161,711.80		27,903.20	
Mandatory Recycling:						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	20,000.00	20,000.00	17,231.50		2,768.50	
	215,500.00	210,115.00	178,943.30		31,171.70	
OTHER OPERATIONS						
Municipal Court:						
Salaries and Wages	76,000.00	73,000.00	71,997.15		1,002.85	
Other Expenses	13,500.00	14,500.00	14,177.91		322.09	
Municipal Defender:						
Salaries and Wages	4,100.00	4,100.00			4,100.00	
	93,600.00	91,600.00	86,175.06		5,424.94	

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #5

Appropriations	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS WITHIN "CAPS"						
UNIFORM CONSTRUCTION CODE						
Construction Officials:						
Salaries and Wages	$ 23,750.00	$ 23,750.00	$ 22,299.72	$	$ 1,450.28	$
Other Expenses	1,500.00	1,500.00	1,000.00		500.00	
	25,250.00	25,250.00	23,299.72		1,950.28	
UNCLASSIFIED						
Utilities:						
Electricity	30,000.00	30,000.00	21,799.78		8,200.22	
Street Lighting	55,000.00	55,000.00	49,189.76		5,810.24	
Insurance (N.J.S.A. 40A:4-45.3(00)):						
General Liability	190,000.00	192,000.00	191,619.00		381.00	
Employee Group Health	187,191.00	187,191.00	176,094.51		11,096.49	
Compensated Balances	30,000.00	30,000.00			30,000.00	
Wage and Salary Adjustment	30,000.00	10,420.00			10,420.00	
Motor Vehicle Pool:						
Other Expenses	37,000.00	37,000.00	14,546.30		22,453.70	
	559,191.00	541,611.00	453,249.35		88,361.65	
CONTINGENT	2,000.00	2,000.00			2,000.00	
Total Operations	2,382,920.00	2,432,920.00	2,164,346.52	5,221.00	263,352.48	
Detail:						
Salaries and Wages	1,127,579.00	1,082,564.00	1,034,902.42		47,661.58	
Other Expenses	1,255,341.00	1,350,356.00	1,129,444.10	5,221.00	215,690.90	
STATUTORY EXPENDITURES						
Contribution to:						
Social Security System (OASI)	65,000.00	65,000.00	45,387.69		19,612.31	
Public Employees' Retirement System	31,783.00	31,783.00	31,779.02		3.98	

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #6

Appropriations	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS WITHIN "CAPS"						
STATUTORY EXPENDITURES						
Contribution to:						
Police and Firemen's Retirement System of N.J.	$ 137,937.00	$ 137,937.00	$ 137,937.00	$	$	$
Unemployment Compensation Insurance	20,000.00	20,000.00	1,259.00		18,741.00	
	254,720.00	254,720.00	216,362.71		38,357.29	
Judgments	2,500.00	2,500.00			2,500.00	
Total Appropriations Within "CAPS"	2,640,140.00	2,690,140.00	2,380,709.23	5,221.00	304,209.77	
APPROPRIATIONS EXCLUDED FROM "CAPS"						
OTHER OPERATIONS						
Sewer System:						
Passaic Valley Sewer Contract	290,952.00	290,952.00	283,242.83		7,709.17	
BPP Adjustment - Due to Local School Board	19,258.00	19,258.00	19,258.00			
Insurance (N.J.S.A. 40A:4-45.3(00)):						
Employee Group Health	2,809.00	2,809.00	2,809.00			
Matching Funds for Grants	1,000.00	1,000.00			1,000.00	
Tax Appeals Pending	150,000.00	150,000.00			150,000.00	
	464,019.00	464,019.00	305,309.83		158,709.17	

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #7

Appropriations	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS EXCLUDED FROM "CAPS"						
INTERLOCAL MUNICIPAL SERVICES AGREEMENTS						
Town of Harrison:						
Street Cleaning	$ 20,000.00	$ 20,000.00	$ 20,000.00	$	$	$
Dispatching Services	45,000.00	45,000.00	45,000.00			
Shared Ambulance Services	6,500.00	6,500.00	6,500.00			
	71,500.00	71,500.00	71,500.00			
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Hudson County Peer Grouping	20,000.00	20,000.00	20,000.00			
Hudson County Office on Aging:						
Senior Services	8,831.64	8,831.64	8,831.64			
Clean Communities Program	4,000.00	4,000.00	4,000.00			
Hudson County CDBG - Senior Citizens' Activity	30,000.00	30,000.00	30,000.00			
Hudson County Area Agency on Aging/Aging and Disability Resource Connection	54,098.00	54,098.00	54,098.00			
	116,929.64	116,929.64	116,929.64			
Total Other Operations	652,448.64	652,448.64	493,739.47		158,709.17	
Detail:						
Other Expenses	652,448.64	652,448.64	493,739.47		158,709.17	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
	10,000.00	10,000.00	10,000.00			

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #8

Appropriations	Appropriations: Budget	Appropriations: Modified Budget	Expended: Paid or Charged	Expended: Reserved: Encumbered	Expended: Reserved: Unencumbered	Unexpended Balance Cancelled
APPROPRIATIONS EXCLUDED FROM "CAPS"						
DEBT SERVICE						
Payment of Bond Anticipation Notes	$ 136,000.00	$ 136,000.00	$ 136,000.00	$	$	$
Interest on Notes	6,750.00	6,750.00	6,672.33			77.67
Waste Water Loan:						
Loan Repayment for Principal and Interest	34,300.00	34,300.00	34,253.08			46.92
Green Trust Loan Program:						
Loan Repayment for Principal and Interest	21,865.00	21,865.00	21,863.18			1.82
	198,915.00	198,915.00	198,788.59			126.41
Total Appropriations Excluded from "CAPS"	861,363.64	861,363.64	702,528.06		158,709.17	126.41
Sub-Total	3,501,503.64	3,551,503.64	3,083,237.29	5,221.00	462,918.94	126.41
Reserve for Uncollected Taxes	256,700.00	256,700.00	256,700.00			
Total Appropriations	$ 3,758,203.64	$ 3,808,203.64	$ 3,339,937.29	$ 5,221.00	$ 462,918.94	$ 126.41
Reference	Sheet #9		Sheet #9	Sheet #9	Sheet #9	Sheet #9

BOROUGH OF EAST NEWARK
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #9

	Ref.	Appropriations Budget	Appropriations Modified Budget	Expended Paid or Charged	Expended Reserved Encumbered	Expended Reserved Unencumbered
Adopted Budget	A-2	$ 3,758,203.64	$ 3,758,203.64	$	$	$
Reserve for Uncollected Taxes	A-2a		(256,700.00)	256,700.00		
Cash Disbursed	A-4			2,906,307.65		
Emergency Authorizations	A-11,23		50,000.00	50,000.00		
Capital Improvement Fund	A-15			10,000.00		
Reserve for Grants	A-25			116,929.64		
Appropriations Cancelled	Sheet #8		(126.41)			
Encumbered	Sheet #8				5,221.00	
Appropriation Reserves	Sheet #8					462,918.94
		$ 3,758,203.64	$ 3,551,377.23	$ 3,339,937.29	$ 5,221.00	$ 462,918.94
	Reference	Sheet #8	A-1	Sheet #8	A	A

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
TRUST FUNDS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

B

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Animal Control Fund			
Cash	B-1	$ 385.80	$ 495.11
Interfunds Receivable	B-2	22.20	22.20
		408.00	517.31
Other Trust Funds			
Cash	B-1	79,369.56	70,308.24
Community Development Block Grant Receivable	B-3	19,153.72	19,153.72
Interfunds Receivable	B-7	70,393.00	145,271.20
		168,916.28	234,733.16
		$169,324.28	$235,250.47
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund			
Reserve for Animal Control Expenditures	B-5	$ 408.00	$ 492.20
Interfunds Payable	B-6		25.11
		408.00	517.31
Other Trust Funds			
Interfunds Payable	B-7	40,301.10	40,301.10
Payroll Deductions Payable	B-8	12,975.58	3,400.47
Various Reserve Funds	B-9	115,639.60	191,031.59
		168,916.28	234,733.16
		$169,324.28	$235,250.47

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

C

ASSETS AND DEFERRED CHARGES	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Interfunds Receivable	C-3	$ 40,278.90	$ 233,157.28
Grants Receivable	C-4	31,700.45	31,700.45
Deferred Charges to Future Taxation:			
Funded	C-5	296,193.21	347,485.23
Unfunded	C-6	1,725,538.80	755,538.80
		$2,093,711.36	$1,367,881.76

LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes	C-14	$ 344,501.00	$ 480,501.00
Interfunds Payable	C-13	28,549.58	
Green Acres Loan Payable	C-7	10,823.33	32,149.61
N.J. Environmental Infrastructure Loan Payable	C-8	285,369.88	315,335.62
Capital Improvement Fund	C-9	55,026.77	104,026.77
Reserve for Grant Expenditures	C-10	43,572.92	43,572.92
Reserve for Payment of Debt Service	C-11	30,758.68	80,758.68
Improvement Authorizations:			
Funded	C-12	267,372.31	105,304.19
Unfunded	C-12	981,049.32	159,545.40
Fund Balance	C-1	46,687.57	46,687.57
		$2,093,711.36	$1,367,881.76
Bonds and Notes Authorized but Not Issued	C-15	$1,381,037.80	$ 275,037.80

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	Ref.	
Balance December 31, 2015	C	$46,687.57
Balance December 31, 2016	C	$46,687.57

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
WATER UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Cash	D-4	$ 311,161.07	$ 289,006.14
Receivable with Full Reserve:			
Consumer Accounts Receivable	D-5	30,173.60	34,973.60
		341,334.67	323,979.74
Capital Fund			
Fixed Capital	D-6	117,643.28	117,643.28
Interfunds Receivable	D-7	60,000.00	60,000.00
		177,643.28	177,643.28
		$ 518,977.95	$ 501,623.02
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-3,8	$ 41,373.02	$ 22,063.68
Interfunds Payable	D-9	60,000.00	60,000.00
		101,373.02	82,063.68
Reserve for Receivables	Reserve	30,173.60	34,973.60
Fund Balance	D-1	209,788.05	206,942.46
		341,334.67	323,979.74
Capital Fund			
Capital Improvement Fund	D-10	60,000.00	60,000.00
Reserve for Amortization	D-11	117,643.28	117,643.28
		177,643.28	177,643.28
		$ 518,977.95	$ 501,623.02

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
WATER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

D-1

	Ref.	Year 2016	Year 2015
Revenue and Other Income			
Fund Balance Utilized	D-2,Below	$ 16,300.00	$ 18,000.00
Water Rents	D-2	186,325.74	193,562.15
Miscellaneous	D-2	4,888.13	5,027.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-8	14,431.72	5,824.60
		221,945.59	222,414.31
Expenditures			
Operating:			
Salaries and Wages		15,000.00	15,000.00
Other Expenses		150,000.00	150,000.00
Capital Improvements		35,000.00	30,000.00
Statutory Expenditures		2,800.00	2,800.00
	D-3	202,800.00	197,800.00
Statutory Excess to Fund Balance		19,145.59	24,614.31
Fund Balance			
Balance January 1	D	206,942.46	200,328.15
		226,088.05	224,942.46
Decreased by:			
Utilized as Anticipated Revenue	Above	16,300.00	18,000.00
Balance December 31	D	$ 209,788.05	$ 206,942.46

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
WATER UTILITY

STATEMENT OF REVENUE - REGULATORY BASIS

D-2

	Ref.	Budget	Realized	Excess
Fund Balance Utilized	D-1	$ 16,300.00	$ 16,300.00	$
Water Rents	D-1,5	185,000.00	186,325.74	1,325.74
Miscellaneous Revenue	D-1,Below	1,500.00	4,888.13	3,388.13
	D-3	$ 202,800.00	$ 207,513.87	$ 4,713.87

Analysis of Miscellaneous Revenue		
Interest Earned		$ 1,337.99
Interest on Delinquencies		3,550.14
	D-4,Above	$ 4,888.13

See accompanying notes to financial statements.

BOROUGH OF EAST NEWARK
WATER UTILITY

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-3

Appropriations	Original Budget	Modified Budget	Paid or Charged	Reserved
Operating				
Salaries and Wages	$ 15,000.00	$ 8,700.00	$ 5,201.68	$ 3,498.32
Other Expenses	150,000.00	156,300.00	156,225.30	74.70
	165,000.00	165,000.00	161,426.98	3,573.02
Capital Improvements				
Capital Outlay	35,000.00	35,000.00		35,000.00
Statutory Expenditures				
Contribution to:				
Social Security System (OASI)	1,400.00	1,400.00		1,400.00
Unemployment Compensation Insurance	1,400.00	1,400.00		1,400.00
	2,800.00	2,800.00		2,800.00
	$ 202,800.00	$ 202,800.00	$ 161,426.98	$ 41,373.02
Reference	D-1,2		D-4	D

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of East Newark is organized as a Small Municipality Plan municipality under the provisions of N.J.S. 40:69A-115 et seq. The Borough is "governed by an elected Council and a Mayor, and by such other officers and employees as may be duly appointed. The Council shall consist of six members elected at large by voters of the municipality and shall serve for a term of three years beginning on the first day of January next following their election and that the Mayor shall be elected directly by the voters of the municipality for a term of 4 years beginning on the first day of January next following their election".

Each member of the Council carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The financial statements of the Borough of East Newark include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S. 40A:5-5.

B. Description of Funds

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

The accounting policies of the Borough of East Newark 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. These principles are a "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of East Newark accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund and the General Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

B. *Description of Funds (Continued)*

Utility Fund - The Water Utility is treated as a separate entity. It maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Borough of East Newark pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund. As of March 1999, the administration of the Borough of East Newark transferred the Public Assistance Department to the County of Hudson in accordance with provisions of P.L. 1977, C. 3.7.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable capital fixed assets of the Borough as discussed under the caption of "Basis of Accounting". There is no current financial data for these accounts.

C. *Basis of Accounting*

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

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

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

C. *Basis of Accounting (Continued)*

Expenditures (Continued)

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

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

Compensated Absences

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

Unpaid Insurance Claims

Unpaid claims are not recorded in the financial statements until paid. GAAP requires the recording of a liability for unpaid insurance claims when incurred.

Property Acquired for Taxes

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a fixed corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets at market value on the date of acquisition.

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

C. *Basis of Accounting (Continued)*

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. All repairs, water connections and maintenance services of the Water Utility are contracted and an inventory is not maintained. There is no inventory on hand. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of East Newark has developed a capital fixed asset accounting and reporting system. An inventory of capital fixed assets was prepared in 1992 and has not been maintained or updated by Borough officials.

GAAP requires that capital fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility capital fixed assets should also be recorded.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual capital fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established capital fixed assets are valued at cost. No updated costs or valuation basis was available as of December 31, 2016.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable capital fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

C. *Basis of Accounting (Continued)*

Utilities: (Continued)

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

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 of East Newark presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

2. *CASH, CASH EQUIVALENTS AND INVESTMENTS*

A. *Cash and Cash Equivalents*

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board 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.

2. *CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)*

A. *Cash and Cash Equivalents (Continued)*

As of December 31, 2016, the Borough of East Newark had investments in the State of New Jersey Cash Management Fund in the sum of $192,247.37. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

B. *Investments*

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

As of December 31, 2016, the Borough had funds invested and on deposit in checking and New Jersey Cash Management Accounts and Certificates of Deposits in the amount of $2,438,905.93. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

3. *TAXES AND TAX TITLE LIENS RECEIVABLE*

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

3. *TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)*

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first $1,500.00 of delinquency and 18% on any delinquency in excess of $1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of $10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	2016	2015	2014	2013	2012
Tax Rate	$9.229	$9.064	$9.114	$9.091	$8.627
Apportionment of Tax Rate:					
Municipal	$4.170	$4.043	$4.061	$3.978	$3.790
*County	1.684	1.715	1.919	1.952	1.703
School	3.375	3.306	3.134	3.161	3.134

*Includes Open Space.

Assessed Valuations

Year	Amount
2016	$ 42,067,249.00
2015	42,102,361.00
2014	41,967,694.00
2013	39,601,075.00
2012	39,541,571.00

Comparison of Tax Levies and Collections

Year	Tax Levy		Collections	Percentage of Collections
2016	$ 3,879,494.10	*	$ 3,726,071.38	96.04 %
2015	3,824,662.45		3,632,395.92	94.97
2014	3,824,935.63		3,597,522.00	94.05
2013	3,657,461.77	*	3,176,838.01	86.85
2012	3,297,355.92	*	3,150,175.52	95.53

*Net of Tax Appeals.

3. *TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)*

Year	Amount of Delinquent Taxes	Percentage of Tax Levy
2016	$ 153,902.19	3.97 %
2015	131,592.11	3.44
2014	227,413.63	5.95
2013	480,623.76	13.14
2012	148,208.44	4.49

4. *PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION*

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

Year	Amount
2016	$ 312,100.00
2015	312,100.00
2014	312,100.00
2013	312,100.00
2012	312,100.00

5. *WATER CONSUMER ACCOUNTS RECEIVABLE*

The Borough of East Newark maintains a utility fund for the billing and collection of water rents.

A comparison of Water Utility billings and collections for the past five years are as follows:

Year	Billing	Collection*
2016	$ 181,525.74	$ 186,325.74
2015	189,620.13	193,562.15
2014	177,086.48	181,288.33
2013	209,666.92	213,635.64
2012	196,821.89	191,642.12

*Collections of prior year balances are included.

6. *FUND BALANCES APPROPRIATED*

	Year	Balance December 31,	Budgets of Succeeding Year
Current Fund:	2016	$ 456,286.40	$ 400,000.00
	2015	543,704.90	395,000.00
	2014	521,484.11	325,000.00
	2013	273,578.51	240,000.00
	2012	382,468.35	350,000.00
Water Utility Operating Fund:	2016	209,788.05	35,000.00
	2015	206,942.46	16,300.00
	2014	200,328.15	18,000.00
	2013	179,649.91	15,000.00
	2012	129,044.94	15,000.00

7. *PENSION PLANS*

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Borough's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. 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. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

7. *PENSION PLANS (Continued)*

***Description of Systems* (Continued)**

	PERS		
	2016	2015	2014
Covered Employee Payroll	$ 241,786	$ 233,788	$ 252,697
Total Payroll	1,106,025	985,518	965,260
Actuarial Contribution Requirements	28,519	30,946	29,584
Total Contributions	46,872	46,835	47,656
Employer Share	28,519	30,946	29,584
% of Covered Payroll	11.80%	13.24%	11.71%
Employee's Share	18,353	15,889	18,072
% of Covered Payroll	7.59%	6.80%	7.15%

	PFRS		
	2016	2015	2014
Covered Employee Payroll	$ 560,499	$ 494,029	$ 446,199
Total Payroll	1,106,025	985,518	965,260
Actuarial Contribution Requirements	111,382	131,174	105,763
Total Contributions	167,900	181,710	151,283
Employer Share	111,382	131,174	105,763
% of Covered Payroll	19.87%	26.55%	23.70%
Employee's Share	56,518	50,536	45,520
% of Covered Payroll	10.08%	10.23%	10.20%

Assumptions

The total PERS and PFRS pension liability for June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. The pension liability was rolled forward to June 30, 2016. The actuarial valuation used an inflation rate of 3.08%, projected salary increases through 2026 of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.65%.

The discount rate used to measure the total pension liability was 3.98% for PERS and 5.55% for PFRS as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 - Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

7. *PENSION PLANS (Continued)*

***Description of Systems* (Continued)**

Public Employees' Retirement System:

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 Public Employees' Retirement System 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 of local jurisdiction.

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent of each month that the member is under age 65.

- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.

- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Borough's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98% and 4.90% as of June 30, 2016 and 2015, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

7. *PENSION PLANS (Continued)*

***Significant Legislation* (Continued)**

Sensitivity of the Borough's Proportionate Share of the PERS Local Share Net Pension Liability to Changes in the Discount Rate

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
2016	$ 1,165,058	$ 950,771	$ 773,857

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
2015	$ 1,004,263	$ 808,014	$ 643,481

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

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

7. *PENSION PLANS (Continued)*

***Significant Legislation* (Continued)**

Police and Firemen's Retirement System: (Continued)

The following presents the Borough's proportionate share of the PFRS net pension liability calculated using the discount rate of 5.55% and 5.79% as of June 30, 2016 and 2015, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

Sensitivity of the Borough's Proportionate Share of the PFRS Local Share Net Pension Liability to Changes in the Discount Rate

	At 1% Decrease (4.55%)	At Current Discount Rate (5.55%)	At 1% Increase (6.55%)
2016	$ 3,647,400	$ 2,609,561	$ 2,161,098

	At 1% Decrease (4.79%)	At Current Discount Rate (5.79%)	At 1% Increase (6.79%)
2015	$ 3,854,329	$ 2,687,949	$ 2,164,806

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2016 and 2015 are based on the ratio of each employer's contributions total employer contributions of the group for the fiscal years ended June 30, 2016 and 2015, respectively.

Following is the total of the Borough's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2016.

	PERS	PFRS
Net Pension Liabilities	$ 950,771	$ 2,609,561
Deferred Outflow of Resources	256,533	746,662
Deferred Inflow of Resources	63,441	429,670
Pension Expense	49,983	122,684
Contributions Made After Measurement Date	28,519	111,382

7. *PENSION PLANS (Continued)*

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2016 and 2015. The Borough's proportionate share of the collective net pension liability as of June 30, 2016 and 2015 was .0032102047% and .0035994946% for PERS and .0136607941% and .0161375240% for PFRS, respectively.

It is important to note that 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 and counties to disclose GASB 68 information in the Notes to the Financial Statements.

At June 30, 2016, the amount determined as the Borough's proportionate share of the PERS net pension liability was $950,771. For the year ended June 30, 2016, the Borough would have recognized PERS pension expense of $49,983. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 17,681	$
Change of Assumptions	196,949	
Net Difference Between Projected and Actual Investment Earnings	36,254	63,441
Net Changes in Proportion	5,649	
Total Contributions and Proportionate Share of Contributions After the Measurement Date	28,519	
	$ 285,052	$ 63,441

7. *PENSION PLANS (Continued)*

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

At June 30, 2016, the amount determined as the Borough's proportionate share of the PFRS net pension liability was $2,609,561. For the year ended June 30, 2016, the Borough would have recognized PFRS pension expense of $122,684. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$	$ 17,106
Change of Assumptions	361,446	
Net Difference Between Projected and Actual Investment Earnings	182,847	
Net Change in Proportions	202,369	412,564
Total Contributions and Proportionate Share of Contributions After the Measurement Date	111,382	
	$858,044	$429,670

Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio 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 the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

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

7. *PENSION PLANS (Continued)*

Contributions Required and Made

Contributions made by employees for PERS was 7.06% from January 1 to June 30, 2016 and 7.20% from July 1 to December 31, 2016. PFRS is 10.0% of their base wages. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

	PERS		PFRS	
Year	Borough	Employees	Borough	Employees
2016	$ 31,783.00	$ 20,952.77	$ 137,937.00	$ 114,849.66
2015	30,416.00	18,396.13	112,506.00	74,970.30
2014	27,536.00	19,335.63	120,710.00	72,931.01

In 2009 the Borough deferred half of the required amount in accordance with State permission. This deferral will be paid back starting in 2012 and paid over 15 years at 8.50% interest.

8. *DEFINED CONTRIBUTION RETIREMENT PROGRAM*

Description of System

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

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

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to $5,000.00.

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

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

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).

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

- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.

- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least $5,000.00.

8. *DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)*

***Description of System* (Continued)**

- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least $5,000.00 annually.

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

Contributions Required and Made

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

During the year 2016, there were no officials or employees enrolled in the DCRP.

9. *MUNICIPAL DEBT*

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Operating and School Debt)

	Year 2016	Year 2015	Year 2014
Issued			
General:			
Bonds and Notes	$ 344,501.00	$ 480,501.00	$ 592,096.00
Green Acres Loan Payable	10,823.33	32,149.61	53,055.68
N.J. Environmental Infrastructure Loan Payable	285,369.88	315,335.62	345,020.55
Authorized but Not Issued			
General:			
Bonds and Notes	1,381,037.80	275,037.80	275,037.80
Net Bonds and Notes Issued and Authorized but Not Issued	$ 2,021,732.01	$ 1,103,024.03	$ 1,265,210.03

9. *MUNICIPAL DEBT (Continued)*

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.614%.

	Gross Debt	Deductions	Net Debt
General Debt	$ 2,021,732.01	$ -	$ 2,021,732.01
Average Equalized Valuation Basis of Real Property (N.J.S. 40A:22)			$ 125,235,932.00

Net debt divided by Average Equalized Valuation Basis of Real Property equals 1.614%.

The foregoing debt information is in agreement with the "Revised" Annual Debt Statement filed by the Chief Financial Officer.

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

3 1/2% of Equalized Valuation Basis	$ 4,383,257.62
Net Debt	2,021,732.01
Remaining Borrowing Power (Exceeds Maximum)	$ 2,361,525.61

School Debt Deductions

School debt is deductible up to the extent of 3.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

Intergovernmental Loan

A Green Trust Loan, in the sum of $351,592.89, for the acquisition and improvement of a parcel of land for Recreation/Conservation Purposes was approved by the New Jersey Department of Environmental Protection Agency in 1996 and consummated in 1997 at an interest rate of 2%. The following debt schedule was prepared by the New Jersey Department of Environmental Protection Agency and shows that the balance due as of December 31, 2016 is $10,823.33:

Year	Interest	Principal
2017	$ 108.20	$ 10,823.33

9. *MUNICIPAL DEBT (Continued)*

New Jersey Environmental Infrastructure Loan

The Borough entered into two loans with the State of New Jersey for improvements to the Borough. The sum of $144,890.00 was borrowed under the Trust Program at low interest rates and the sum of $434,672.00 Fund Loan which calls for principal only payments. The following is a schedule of future payments:

	Fund Loan	Trust Loan		Total	
Year	Principal	Principal	Interest	Principal	Interest
2017	$ 22,593.81	$ 7,668.28	$ 3,556.32	$ 30,262.09	$ 3,556.32
2018	22,593.81	7,982.68	3,241.92	30,576.49	3,241.92
2019	22,593.81	8,317.16	2,907.44	30,910.97	2,907.44
2020	22,593.81	8,672.30	2,552.30	31,266.11	2,552.30
2021	22,593.82	9,046.94	2,177.66	31,640.76	2,177.66
2022	22,593.81	9,442.29	1,782.30	32,036.10	1,782.30
2023	22,593.81	9,856.81	1,367.78	32,450.62	1,367.78
2024	22,593.81	10,291.50	933.10	32,885.31	933.10
2025	22,594.01	10,747.42	477.18	33,341.43	477.18
	$ 203,344.50	$ 82,025.38	$ 18,996.00	$ 285,369.88	$ 18,996.00

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

Notes	Interest Rate	Amount
General Capital	1.40%	$ 344,501.00

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

Note Issued	Installments Due	Required as of May 1
2005	2008 - 2015	2016
2008	2011 - 2018	2019
2010	2013 - 2020	2021
2011	2014 - 2021	2022

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amount:

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
General Capital Fund:		
General Improvements	$ 1,381,037.80	$ 275,037.80

10. *INTERFUND RECEIVABLES AND PAYABLES*

As of December 31, 2016, interest receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
Current Fund	$ 28,549.58	$ 70,393.00
Animal Control Fund	22.20	
General Trust Fund	70,393.00	40,301.10
General Capital Fund	40,278.90	28,549.58
Water Operating Fund		60,000.00
Water Capital Fund	60,000.00	
	$ 199,243.68	$ 199,243.68

11. *DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS*

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, there were the following deferred charges on the balance sheet of the Current Fund:

Special Emergency Authorizations:

	Balance Dec. 31, 2016	Raised in 2017 Budget	To be Raised in Subsequent Budgets
Property Revaluation Program	$ 31,000.00	$ 6,200.00	$ 24,800.00
Preparation of Tax Map	19,000.00	3,800.00	15,200.00
	$ 50,000.00	$ 10,000.00	$ 40,000.00

12. *DEFERRED COMPENSATION PLAN*

The Borough of East Newark does not offer its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457.

13. *RISK MANAGEMENT*

The Borough has contracted with a private insurance carrier related to risks for losses related to Auto, General Liability, Workmen's Compensation, Property Damage and Public Officials Liability. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters which may have been caused or related to the Borough or its employees.

14. *CONTINGENT LIABILITIES*

A. *Compensated Absences*

The Borough of East Newark has an Accrued Sick Policy Plan whereby eligible employees, upon retirement, will receive one-half of accumulated sick time not to exceed fifty days. The Borough's policy as it relates to the Police Department calls for the payment of all unused vacation days.

14. CONTINGENT LIABILITIES (Continued)

A. Compensated Absences (Continued)

At December 31st, based upon each years' pay rates for the past five years, Borough officials have estimated the dollar value in unused sick days and compensatory time accumulated. Subject to the limitations described above, these amounts could be due and payable to Borough employees upon separation:

Year	Amount	Number of Employees
2016	$ 207,803.54	10
2015	250,963.42	10
2014	129,810.46	8
2013	135,107.10	8
2012	134,898.32	8

The above amounts represent contingent liabilities and are not reflected on the financial statements. The figures for all years have been calculated by management and are unaudited.

B. Tax Appeals

There are two (2) tax appeals for the year 2007 that are currently being defended.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Borough to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2). As of December 31, 2016, the Borough has established a Reserve for Tax Appeals in the amount of $424,680.56.

C. Federal and State Awards

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2016 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

D. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

E. Payments in Lieu of Taxes (PILOT)

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

14. *CONTINGENT LIABILITIES (Continued)*

F. *Litigation*

The Borough Attorney's letter indicated that there is no litigation pending that could have a material financial impact on the Borough.

There are two (2) tax appeals for the year 2007 which are currently pending.

15. *SECONDARY MARKET DISCLOSURE*

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

16. *SUBSEQUENT EVENT*

The Borough of East Newark has evaluated subsequent events that occurred after the balance sheet date, but before May 31, 2017. No items were determined to require disclosure.

BOROUGH OF EAST NEWARK
CURRENT FUND

CASH - COLLECTOR AND TREASURER

A-4

	Ref.	Regular Fund		Grant Fund	
Balance December 31, 2015	A		$ 1,737,483.79		$ 294,154.97
Increased by Receipts:					
Nonbudget Revenue	A-2b	$ 55,057.64		$	
Taxes Receivable	A-6	3,846,284.51			
Interfunds Collected	A-9	358.55			
Revenue Accounts Receivable	A-10	1,324,981.10			
Grants Receivable	A-12			75,261.95	
Due from State of New Jersey: Senior Citizens' and Veterans' Deductions	A-14	4,000.00			
Interfunds Collected	A-15	74,432.55			
Due to State of New Jersey	A-17	981.00			
Prepaid Taxes	A-22	14,038.36			
Emergency Note Payable	A-24	50,000.00			
Unappropriated Grants	A-26			7,246.75	
			5,370,133.71		82,508.70
			7,107,617.50		376,663.67
Decreased by Disbursements:					
Budget Appropriated	A-3	2,906,307.65			
Interfunds Receivable	A-9	67.20			
Appropriation Reserves	A-13	167,028.65			
Interfunds Payable	A-15	330,738.71			
Due to State of New Jersey - Fees	A-17	984.21			
County Taxes Payable	A-19	709,580.67			
School Tax Payable	A-20	1,405,821.98			
Tax Overpayments	A-21	283.34			
Federal and State Grant Expenditures	A-25			112,897.82	
			5,520,812.41		112,897.82
Balance December 31, 2016	A		$ 1,586,805.09		$ 263,765.85

BOROUGH OF EAST NEWARK
CURRENT FUND

CASH - CHANGE FUND

A-5

	Ref.	
Balance December 31, 2015	A	$ 50.00
Balance December 31, 2016	A	$ 50.00

BOROUGH OF EAST NEWARK
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-6

Year	Balance Dec. 31, 2015	2016 Levy	Collections 2015	Collections 2016	Due from State of New Jersey	Cancelled	Balance Dec. 31, 2016
2015	$ 131,592.11	$	$	$ 131,112.64	$	$ -	$ 479.47
2016		3,890,731.19	6,899.51	3,715,171.87	4,000.00	11,237.09	153,422.72
	$ 131,592.11	$ 3,890,731.19	$ 6,899.51	$ 3,846,284.51	$ 4,000.00	$ 11,237.09	$ 153,902.19
Reference	A	Below	A-2a,22	A-2a,4	A-2a,14	Reserve	A

ANALYSIS OF PROPERTY TAX LEVY

	Ref.	
Tax Yield		
General Purpose Tax		$ 3,882,386.61
Added/Omitted Taxes		8,344.58
	Above	$ 3,890,731.19

	Ref.	
Tax Levy		
Local School District Tax:		
Levy	A-20	$ 1,419,932.00
County:		
General (Abstract)	A-19	707,879.99
Added Taxes	A-19	1,522.62
Local Tax for Municipal Purposes	A-2	1,754,266.00
Additional Taxes	Reserve	7,130.58
	Above	$ 3,890,731.19

BOROUGH OF EAST NEWARK
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATIONS

A-7

	Ref.	
Balance December 31, 2015	A	$ 312,100.00
Balance December 31, 2016	A	$ 312,100.00

SEWER SERVICE CHARGE RECEIVABLE

A-8

	Ref.	
Balance December 31, 2015	A	$ 34,973.60
Increased by:		
Billings (Net)	Reserve	181,525.74
		216,499.34
Decreased by:		
Collections	Reserve	186,325.74
Balance December 31, 2016	A	$ 30,173.60

BOROUGH OF EAST NEWARK
CURRENT FUND

INTERFUNDS RECEIVABLE

A-9

	Ref.	Total	General Capital Fund	Animal Control Fund
Balance December 31, 2015	A	$ 25.11	$	$ 25.11
Increased by:				
Excess Fund Balance	A-2b	266.24		266.24
Cash Disbursed	A-4	67.20		67.20
Transfer from Interfunds Payable	A-15	28,549.58	28,549.58	
		28,908.13	28,549.58	358.55
Decreased by:				
Cash Receipts	A-4	358.55		358.55
Balance December 31, 2016	A	$ 28,549.58	$ 28,549.58	$ -

Analysis of Net Debit to Operations		
Balance December 31, 2016	Above	$ 28,549.58
Balance December 31, 2015	Above	25.11
Net Credit to Operations	A-1	$ 28,524.47

BOROUGH OF EAST NEWARK
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE

A-10

	Ref.	Balance Dec. 31, 2015	Accrued 2016	Realized 2016	Balance Dec. 31, 2016
Clerk:					
Alcoholic Beverage License	A-2	$	$ 4,500.00	$ 4,500.00	$
Other Licenses	A-2		7,421.00	7,421.00	
Other Fees and Permits	A-2		80,982.85	80,982.85	
Construction Code Official:					
Building Permits	A-2		17,243.00	17,243.00	
Interest on Investments	A-2		3,518.15	3,518.15	
Municipal Court:					
Fines and Costs	A-2	22,743.08	245,540.65	251,314.05	16,969.68
East Newark Board of Education					
Shared Cost	A-2		81,685.36	81,685.36	
Collector:					
Interest and Costs on Taxes	A-2		41,391.91	41,391.91	
State of New Jersey:					
Energy Receipt Tax	A-2		391,444.00	391,444.00	
Consolidated Municipal Property					
Tax Relief Act	A-2		197,564.00	197,564.00	
Marriage License Fees	A-2		43,255.00	43,255.00	
Sewer Rents	A-2		186,325.74	186,325.74	
Verizon FIOS	A-2		11,223.24	11,223.24	
Comcast Cablevision - Franchise					
Comcast Cablevision - Franchise Tax	A-2		7,112.80	7,112.80	
		$22,743.08	$1,319,207.70	$1,324,981.10	$ 16,969.68
	Reference	A	Reserve	A-4	A

BOROUGH OF EAST NEWARK
CURRENT FUND

SPECIAL EMERGENCY AUTHORIZATIONS

A-11

	Ref.	
Increased by:		
2016 Authorizations	A-3	$ 50,000.00
Balance December 31, 2016	A,Below	$ 50,000.00
Analysis of Balance		
Property Revaluation Program		$ 31,000.00
Preparation of Tax Map		19,000.00
	Above	$ 50,000.00

BOROUGH OF EAST NEWARK
GRANT FUND

GRANTS RECEIVABLE

A-12

Grant	Balance Dec. 31, 2015	Realized as Anticipated Revenue	Decreased By	Balance Dec. 31, 2016
Clean Communities	$	$ 4,000.00	$ 4,000.00	$
Hudson County Office on Aging		8,831.64	8,831.64	
FEMA Hazard Mitigation	127,752.00			127,752.00
Hudson County Area Agency/ Aging and Disability Resource Connection		54,098.00	51,061.39	3,036.61
Hudson County Peer Grouping		20,000.00	20,000.00	
Hudson County CDBG - Senior Citizens Activities		30,000.00	4,200.56	25,799.44
Transportation Trust Fund:				
Grant Avenue	2,208.43			2,208.43
Second Street	272.60			272.60
2000 Award	88,000.00			88,000.00
2014 Award	34,741.45			34,741.45
2015 Award	200,000.00			200,000.00
	$ 452,974.48	$ 116,929.64	$ 88,093.59	$ 481,810.53
Reference	A	A-2	Below	A

	Ref.	
Cash Receipt	A-4	$ 75,261.95
Unappropriated Grants Applied	A-26	12,831.64
	Above	$ 88,093.59

BOROUGH OF EAST NEWARK
CURRENT FUND

APPROPRIATION RESERVES

A-13
Sheet #1

	Balance Dec. 31, 2015 Reserved Encumbered	Balance Dec. 31, 2015 Reserved Unencumbered	Balance After Transfers	Expended	Balance Lapsed
Salaries and Wages					
Mayor and Council	$	$ 0.48	$ 0.48	$	$ 0.48
Borough Clerk		0.83	0.83		0.83
Financial Administration		697.92	697.92		697.92
Collection of Taxes		626.87	626.87		626.87
Municipal Prosecutor		0.69	0.69		0.69
Public Buildings and Grounds		4,139.53	2,081.53		2,081.53
Assessment of Taxes		623.54	623.54		623.54
Police Department		40,209.83	48,209.83	47,391.46	818.37
Telephone Operators		2,016.00	16.00		16.00
School Crossing Guards		502.53	502.53		502.53
Uniform Fire Safety		933.78	933.78		933.78
Road Repair and Maintenance		0.19	0.19		0.19
Board of Health		1,000.00	1,000.00		1,000.00
Public Assistance		283.74	283.74		283.74
Parks and Playgrounds		180.90	180.90		180.90
Senior Citizens		2,292.48	292.48		292.48
Mandatory Recycling		500.00	500.00		500.00
Municipal Court		0.70	0.70		0.70
Public Defender		525.00	525.00		525.00
Constructional Officials		0.30	0.30		0.30
Other Expenses					
Administrative and Executive	35.00	5,959.30	1,994.30	304.83	1,689.47
Advertising		1,228.95	1,228.95		1,228.95
Mayor and Council		1,815.00	1,815.00		1,815.00
Elections		522.59	522.59		522.59
Financial Administration		829.57	829.57	360.00	469.57
Annual Audit		25,000.00	25,000.00	25,000.00	
Collection of Taxes		1,000.00	1,000.00		1,000.00
Assessment of Taxes		774.76	774.76		774.76
Appeals		25,000.00	25,000.00		25,000.00
Legal Services and Costs		400.00	400.00		400.00
Municipal Prosecutor		100.00	100.00		100.00
Public Buildings and Grounds		107.92	119.92	119.31	0.61
Engineering		1,404.75	1,404.75	724.50	680.25
Shade Tree		2,000.00	2,000.00		2,000.00
General Liability - Insurance	41,544.96	6,248.48	47,793.44	47,616.96	176.48
Employee Group Health		9,004.90	9,004.90	6,115.18	2,889.72
Planning Board		1,473.25	1,473.25		1,473.25
Planning Board - Attorney Fees		1,000.00	1,000.00		1,000.00
Police Department	140.00	1,532.17	1,672.17	1,662.72	9.45
Fire Department	1,364.00	3,585.81	4,949.81	3,139.95	1,809.86
Emergency Management		750.00	750.00		750.00
Legal - Police		413.82	413.82	400.00	13.82
Uniform Fire Safety Act		2,775.00	2,775.00		2,775.00
Road Repair Maintenance		234.81	234.81		234.81

BOROUGH OF EAST NEWARK
CURRENT FUND

APPROPRIATION RESERVES

A-13
Sheet #2

	Balance Dec. 31, 2015 Reserved Encumbered	Balance Dec. 31, 2015 Reserved Unencumbered	Balance After Transfers	Expended	Balance Lapsed
Other Expenses					
Snow Removal	$	$ 12,539.59	$ 12,539.59	$ 632.78	$ 11,906.81
Sewer System		0.31	2,046.31	2,046.00	0.31
Board of Health		342.00	342.00		342.00
Administration of Public Assistance		400.00	400.00		400.00
Recreation - Parks and Playgrounds		2,471.45	2,471.45	10.00	2,461.45
Senior Citizens		13,000.00	13,000.00		13,000.00
Celebration of Public Events		2.63	2.63		2.63
Garbage Collection		15,022.98	15,022.98	14,271.72	751.26
Mandatory Recycling		3,768.50	3,768.50	1,566.50	2,202.00
Construction Officials		500.00	500.00	88.98	411.02
Electricity		5,843.34	5,843.34		5,843.34
Sewer System:					
Passaic Valley Sewer Contract		4.05	4.05		4.05
Street Lighting		4,493.88	4,493.88		4,493.88
Motor Vehicle Pool		28,344.01	28,344.01	15,290.06	13,053.95
Municipal Court		1,024.62	1,024.62	39.98	984.64
Tax Appeals Pending		150,000.00	150,000.00	125,000.00	25,000.00
Compensated Balances		1,000.00	1,000.00		1,000.00
Wage and Salary Adjustment		15,000.00	15,000.00		15,000.00
Matching Funds for Grants		1,000.00	1,000.00		1,000.00
Statutory Expenditures					
Social Security System		6,618.11	6,618.11		6,618.11
Compensated Balances					
Public Employees' Retirement System					
Unemployment Insurance		2,772.00	2,772.00	247.72	2,524.28
Contingent		2,000.00	2,000.00		2,000.00
Judgments		2,500.00	2,500.00		2,500.00
	$ 43,083.96	$ 416,343.86	$ 459,427.82	$ 292,028.65	$ 167,399.17
Reference	A	A		Below	A-1

	Ref.	
Cash Disbursed	A-4	$ 167,028.65
Transfer to Reserve for Tax Appeals	A-18	125,000.00
	Above	$ 292,028.65

BOROUGH OF EAST NEWARK
CURRENT FUND

DUE TO STATE OF NEW JERSEY
PER CHAPTER 129, P.L. 1976

A-14

	Ref.		
Balance December 31, 2015	A		$ 245.00
Increased by:			
Cash Receipts	A-4		4,000.00
			4,245.00
Decreased by:			
Exemptions Per Tax Billings:			
Senior Citizens		$ 2,000.00	
Veterans		2,000.00	
	A-6		4,000.00
Balance December 31, 2016	A		$ 245.00

BOROUGH OF EAST NEWARK
CURRENT FUND

INTERFUNDS PAYABLE

A-15

	Ref.	Total	General Trust	General Capital
Balance December 31, 2015	A	$ 338,149.58	$ 145,271.20	$ 192,878.38
Increased by:				
Budget Appropriations	A-3	10,000.00		10,000.00
Cash Receipts - Treasurer	A-4	74,432.55	74,432.55	
Transfer to Interfunds Receivables	A-9	28,549.58		28,549.58
		451,131.71	219,703.75	231,427.96
Decreased by:				
Anticipated Revenue	A-2	50,000.00		50,000.00
Cash Disbursed - Treasurer	A-4	330,738.71	149,310.75	181,427.96
		380,738.71	149,310.75	231,427.96
Balance December 31, 2016	A	$ 70,393.00	$ 70,393.00	$ -

ACCOUNTS PAYABLE

A-16

	Ref.	
Balance December 31, 2015	A	$ 20,598.07
Balance December 31, 2016	A	$ 20,598.07

BOROUGH OF EAST NEWARK
CURRENT FUND

DUE TO STATE OF NEW JERSEY

A-17

	Ref.	Total	Marriage License	State Training Fees
Balance December 31, 2015	A	$ 349.74	$ 175.00	$ 174.74
Increased by:				
State License Fees	A-4	981.00	525.00	456.00
		1,330.74	700.00	630.74
Decreased by:				
Cash Disbursed	A-4	984.21	550.00	434.21
Balance December 31, 2016	A	$ 346.53	$ 150.00	$ 196.53

RESERVE FOR TAX APPEALS PENDING

A-18

	Ref.	
Balance December 31, 2015	A	$ 299,680.56
Increased by:		
Transfer from Appropriation Reserves	A-13	125,000.00
Balance December 31, 2016	A	$ 424,680.56

BOROUGH OF EAST NEWARK
CURRENT FUND

COUNTY TAXES PAYABLE

A-19

	Ref.		
Balance December 31, 2015	A		$ 1,700.68
Increased by:			
2016 County Levy		$ 707,879.99	
Added/Omitted Taxes		1,522.62	
	A-1,2a,6		709,402.61
			711,103.29
Decreased by:			
Payments	A-4		709,580.67
Balance December 31, 2016	A		$ 1,522.62

LOCAL SCHOOL DISTRICT TAX PAYABLE

A-20

	Ref.	
Balance December 31, 2015	A	$ 62,117.39
Increased by:		
Calendar Year 2016 Levy	A-1,2a,6	1,419,932.00
		1,482,049.39
Decreased by:		
Payments	A-4	1,405,821.98
Balance December 31, 2016	A	$ 76,227.41

BOROUGH OF EAST NEWARK
CURRENT FUND

TAX OVERPAYMENTS

A-21

	Ref.	
Balance December 31, 2015	A	$ 4,660.54
Decreased by:		
Cash Disbursed	A-4	283.34
Balance December 31, 2016	A	$ 4,377.20

PREPAID TAXES

A-22

	Ref.	
Balance December 31, 2015	A	$ 6,899.51
Increased by:		
Collections	A-4	14,038.36
		20,937.87
Decreased by:		
Applied to 2016 Taxes Receivable	A-6	6,899.51
Balance December 31, 2016	A	$ 14,038.36

BOROUGH OF EAST NEWARK
CURRENT FUND

VARIOUS RESERVES

A-23

	Ref.	Total	Revaluation Program	Tax Map
Increased by:				
Transfer from Budget Appropriations	A-3	$ 50,000.00	$ 31,000.00	$ 19,000.00
Balance December 31, 2016	A	$ 50,000.00	$ 31,000.00	$ 19,000.00

EMERGENCY NOTE PAYABLE

A-24

	Ref.	
Increased by:		
Cash Receipt	A-4	$ 50,000.00
Balance December 31, 2016	A	$ 50,000.00

BOROUGH OF EAST NEWARK
GRANT FUND

RESERVE FOR GRANTS - APPROPRIATED

A-25

Grant	Balance Dec. 31, 2015	Transferred from 2016 Budget	Decreased By	Balance Dec. 31, 2016
Alcohol Education and Rehabilitation Fund	$ 4,083.64	$	$	$ 4,083.64
Clean Communities Grant:				
CY 2006	1,625.68		1,458.74	166.94
CY 2007	4,000.00			4,000.00
CY 2008	4,000.00			4,000.00
CY 2009	4,000.00			4,000.00
CY 2010	3,489.15			3,489.15
CY 2011	4,000.00			4,000.00
CY 2012	4,000.00			4,000.00
CY 2014	1,141.60			1,141.60
CY 2015	3,678.04			3,678.04
CY 2016		4,000.00		4,000.00
COPS Fast	33,489.22			33,489.22
Driving While Intoxicated	1,588.08		920.00	668.08
Recycling Tonnage Grant	18,213.48			18,213.48
County Fire Aid	1,924.47			1,924.47
Hudson County Office on Aging	68,517.85		30,448.90	38,068.95
Hudson County Office on Aging - 2013	20,677.50			20,677.50
Hudson County Office on Aging - 2014	10,416.02			10,416.02
Hudson County Office on Aging - 2015	59,886.26		9,118.92	50,767.34
Hudson County Office on Aging - 2016		8,831.64	8,831.64	
Hudson County Office on Aging - Senior	132,773.00			132,773.00
Hudson County Aging/Disability		54,098.00	19,171.12	34,926.88
Hudson County Peer Grouping		20,000.00	20,000.00	
Hudson County CDBG - Senior Citizens		30,000.00		30,000.00
Drunk Driving Enforcement Fund	25,969.95			25,969.95
Police Body Armor Grant	1,258.02			1,258.02
Police Body Armor Grant - 2012	1,096.45			1,096.45
Police Body Armor Grant - 2013	1,200.53			1,200.53
Click It or Ticket	3,768.69			3,768.69
Click It or Ticket - 2012	4,000.00			4,000.00
Click It or Ticket - 2013	520.00			520.00
Obey the Signs or Pay the Fines	7,378.39			7,378.39
FEMA Hazard Mitigation	127,752.00		21,648.50	106,103.50
Transportation Trust Fund:				
2014 Award	43,358.95			43,358.95
2015 Award	118,469.21			118,469.21
Sherman Avenue	9,140.99		1,300.00	7,840.99
Third Street	4,916.81			4,916.81
2000 Award	3,963.83			3,963.83
	$ 734,297.81	$ 116,929.64	$ 112,897.82	$ 738,329.63
Reference	A	A-3	A-4	A

BOROUGH OF EAST NEWARK
GRANT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED

A-26

Grant	Balance Dec. 31, 2015	Cash Receipts	Applied	Balance Dec. 31, 2016
Clean Communities	$ 4,000.00	$ 4,000.00	$ 4,000.00	$ 4,000.00
Hudson County Office on Aging	8,831.64		8,831.64	
Recycling Tonnage Grant		3,246.75		3,246.75
	$ 12,831.64	$ 7,246.75	$ 12,831.64	$ 7,246.75
Reference	A	A-4	A-12	A

BOROUGH OF EAST NEWARK
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR AND TREASURER

B-1

	Ref.	Animal Control Fund		Other Trust Fund	
Balance December 31, 2015	B		$495.11		$ 70,308.24
Increased by:					
Due to State of New Jersey	B-4	$ 67.20		$	
Reserve for Animal Control	B-5	5.84			
Interfunds Payable	B-6	244.00			
Payroll Deductions	B-8			1,106,025.18	
Employer's Share	B-8			215,114.52	
Various Reserve Funds	B-9			7,528.70	
			317.04		1,328,668.40
			812.15		1,398,976.64
Decreased by:					
Due to State of New Jersey	B-4	67.20			
Interfunds Payable	B-6	359.15			
Payroll Deductions	B-8			1,311,564.59	
Various Reserve Funds	B-9			8,042.49	
			426.35		1,319,607.08
Balance December 31, 2016	B		$385.80		$ 79,369.56

BOROUGH OF EAST NEWARK
TRUST FUNDS

INTERFUNDS RECEIVABLE
ANIMAL CONTROL FUND

B-2

	Ref.	Total	Payroll Fund
Balance December 31, 2015	B	$22.20	$22.20
Balance December 31, 2016	B	$22.20	$22.20

BOROUGH OF EAST NEWARK
TRUST FUNDS

COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

B-3

	Ref.	
Balance December 31, 2015	B	$ 19,153.72
Balance December 31, 2016	B,Below	$ 19,153.72

Analysis of Balance

Project Number	Purpose	Amount
2-05A1-09	Senior Activities Program	$ 19,153.72
	Reference	Above

DUE TO STATE OF NEW JERSEY

B-4

	Ref.	
Increased by:		
2016 Dog License State Registration Fees	B-1	$ 67.20
Decreased by:		
Cash Disbursed	B-1	67.20
		$ -

BOROUGH OF EAST NEWARK
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL EXPENDITURES

B-5

	Ref.		
Balance December 31, 2015	B		$492.20
Increased by:			
Interest Earned	B-1	$ 5.84	
Animal Control Fees	B-6	176.80	
			182.64
			674.84
Decreased by:			
Interfunds Payable	B-6		266.84
Balance December 31, 2016	B		$408.00

License Fees Collected

Year	Number	Amount
2014	39	$231.20
2015	34	176.80
	Maximum Reserve	$408.00

BOROUGH OF EAST NEWARK
TRUST FUNDS

INTERFUNDS PAYABLE
ANIMAL CONTROL FUND

B-6

	Ref.	Current Fund	
Balance December 31, 2015	B		$ 25.11
Increased by:			
Cash Receipt	B-1	$ 244.00	
Reserve for Expenditures - Excess	B-5	266.84	
			510.84
			535.95
Decreased by:			
Cash Disbursed	B-1	359.15	
Animal License Collections	B-5	176.80	
			535.95
			$ -

BOROUGH OF EAST NEWARK
TRUST FUNDS

INTERFUND ACCOUNTS
OTHER TRUST FUNDS

B-7

	Ref.	Total	Current	Animal Control	General Capital
Balance December 31, 2015:					
Due From	B	$145,271.20	$145,271.20	$	$
Due (To)	B	(40,301.10)		(22.20)	(40,278.90)
Increased by:					
Various Reserve Funds	B-9	74,432.55	74,432.55		
Sub-Total		179,402.65	219,703.75	(22.20)	(40,278.90)
Decreased by:					
Various Reserve Funds	B-9	149,310.75	149,310.75		
Balance December 31, 2016:					
Due From	B	$ 70,393.00	$ 70,393.00		
Due (To)	B	$ (40,301.10)		$ (22.20)	$ (40,278.90)

BOROUGH OF EAST NEWARK
TRUST FUNDS

PAYROLL DEDUCTIONS PAYABLE

B-8

	Balance Dec. 31, 2015	Payroll Deductions	Employer's Share	Disbursed	Balance Dec. 31, 2016
Net Payroll	$	$ 667,577.95	$	$ 668,218.81	$ (640.86)
Federal Withholding Tax		137,025.94		137,025.94	
Social Security		29,035.45	29,035.45	58,070.90	
Medicare		15,676.71	15,676.71	31,353.42	
New Jersey State Withholding Tax		33,014.64		33,014.64	
State Disability/Unemployment Insurance		5,609.45	682.36	6,291.81	
Police and Firemen's Retirement System		114,849.66	137,937.00	244,864.46	7,922.20
Public Employees' Retirement System	(0.04)	20,952.77	31,783.00	50,855.75	1,879.98
Credit Union		38,964.82		38,964.82	
N.Y. Metropolitan Life	0.01	2,336.30		2,336.31	
Employee Health Contribution		35,947.73		35,947.73	
Miscellaneous	3,361.43	392.37			3,753.80
PBA Dues		4,580.00		4,620.00	(40.00)
Interest	39.07	61.39			100.46
	$3,400.47	$ 1,106,025.18	$215,114.52	$ 1,311,564.59	$12,975.58
Reference	B	B-1	B-1	B-1	B

BOROUGH OF EAST NEWARK
TRUST FUNDS

VARIOUS RESERVE FUNDS

B-9

	Ref.	Total	State Unemployment Insurance	Hanovia Grant	Community Development Block Grant	Law Enforcement	Escrow	Public Defender	Police Off-Duty	Tax Sale Premiums	Tax Title Redemption	Parking Offense Adjudication	Fire Donations	Fire Prevention Penalties
Balance December 31, 2015	B	$191,031.59	$ 25,116.51	$99.40	$8,048.72	$212.19	$15,849.36	$125.00	$9,073.32	$118,200.00	$ 7,160.55	$6,396.54	$	$750.00
Increased by:														
Cash Receipts	B-1	7,528.70	20.16			0.37	7,508.17							
Interfund Accounts	B-7	74,432.55									68,924.55	1,208.00	4,300.00	
		81,961.25	20.16			0.37	7,508.17				68,924.55	1,208.00	4,300.00	
Decreased by:														
Cash Disbursed	B-1	8,042.49					8,042.49							
Interfund Accounts	B-7	149,310.75								118,200.00	31,110.75			
		157,353.24					8,042.49			118,200.00	31,110.75			
Balance December 31, 2016	B	$115,639.60	$ 25,136.67	$99.40	$8,048.72	$212.56	$15,315.04	$125.00	$9,073.32	$ -	$44,974.35	$7,604.54	$4,300.00	$750.00

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

C-2

	Ordinance Number	Balance Dec. 31, 2015	Transfers From	Transfers To	Balance Dec. 31, 2016
Improvement Authorizations					
Acquisition and Installation of Additional and Replacement Machinery by the Borough	96-02B	$ 187.93	$	$	$ 187.93
Acquisition and Installation of Additional Furnishings and Equipment for the Police Department	96-02C	1,176.67			1,176.67
Acquisition and Installation of Additional and Replacement Equipment at Borough Hall	98-01	525.33			525.33
Improvements to Recreation Center	00-01A	(9,490.80)			(9,490.80)
Acquisition and Installation of Equipment for Fire and Police Departments	00-01B	(42,750.00)			(42,750.00)
Improvements to the Borough Hall	00-01C	(9,500.00)			(9,500.00)
Acquisition of a New Multi-Purpose Four-Wheel Drive Vehicle	00-01D	(17,647.00)			(17,647.00)
Design, Repair, Surfacing to Law Enforcement and Other Facilities	05-08	2,148.10			2,148.10
Lighting, Grass/Turf and Fencing to Public Areas	05-09C	39,750.08			39,750.08
Acquisition of Computers, Photocopies, Security and Telecommunication Systems	05-09D	35,655.52			35,655.52
Central Avenue Parking Lot Construction	06-09	910.22			910.22
Acquisition of Fire Equipment	07-15A	(4,600.00)			(4,600.00)
Acquisition, Installation and Replacement of Playground Equipment	07-15B	3,250.34			3,250.34
Acquisition and Installation of Equipment for Police Department	07-15C	(12,600.00)			(12,600.00)
Acquisition and Installation of Cameras, Monitors and a Digital Recording System	07-15E	(97,000.00)			(97,000.00)
Improvements to Borough Hall	07-15H	95,355.05			95,355.05
Improvements to Public Works Garage	07-15I	(37,259.65)	16,672.35		(53,932.00)
Tree Planting at Various Locations in the Borough	04-11A	1,700.00			1,700.00
Improvements to Sewer Infrastructures	15-01	40,000.00			40,000.00
Improvements to Municipal Building	08-16A		14,315.00	2,400.00	(11,915.00)
Construction of the Searing Avenue Parking Lot	08-16B			4,800.00	4,800.00
Fire Department Equipment	08-16C			2,400.00	2,400.00
Public Works Snow Removal Equipment	08-16D		147,703.68	7,150.00	(140,553.68)
Public Works Street Cleaning Equipment	08-16E			750.00	750.00
Various Improvements to Police Headquarters	08-16F			4,800.00	4,800.00
Purchase of Information Technology Equipment	08-16G		2,736.93	5,650.00	2,913.07
Improvements to DPW Garage	08-16H			4,800.00	4,800.00
Storm and Sanitary Sewer Improvements	08-16I			2,400.00	2,400.00
Acquisition of Real Property	08-16J			23,850.00	23,850.00
Other Accounts					
Due from Current Fund		(192,878.38)	10,000.00	231,427.96	28,549.58
Due from Other Trust Fund		(40,278.90)			(40,278.90)
Reserve to Pay Debt		80,758.68	50,000.00		30,758.68
Department of Transportation Receivable		(31,700.45)			(31,700.45)
Reserve for Grant Expenditures		43,572.92			43,572.92
Capital Improvement Fund		104,026.77	59,000.00	10,000.00	55,026.77
Fund Balance		46,687.57			46,687.57
		$ -	$ 300,427.96	$ 300,427.96	$ -
	Reference		Contra	Contra	

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

INTERFUNDS RECEIVABLE

C-3

	Ref.	Total	General Trust	Current
Balance December 31, 2015	C	$233,157.28	$40,278.90	$192,878.38
Increased by:				
Capital Improvement Fund	C-9	10,000.00		10,000.00
Transfer to Interfunds Payable	C-13	28,549.58		28,549.58
		271,706.86	40,278.90	231,427.96
Decreased by:				
Anticipated as Current Fund Revenue	C-11	50,000.00		50,000.00
Improvement Authorization Expenditures	C-12	181,427.96		181,427.96
		231,427.96		231,427.96
Balance December 31, 2016	C	$ 40,278.90	$40,278.90	$ -

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

DEPARTMENT OF TRANSPORTATION GRANT RECEIVABLE

C-4

	Ref.	
Balance December 31, 2015	C	$ 31,700.45
Balance December 31, 2016	C,Below	$ 31,700.45

Analysis of Balance

Project	Year	
Improvements to Sherman Avenue	1996	$ 31,700.45
	Reference	Above

DEFERRED CHARGES TO FUTURE TAXATION

C-5

	Ref.		
Balance December 31, 2015	C		$347,485.23
Decreased by:			
Payment of Green Acres Loan	C-7	$21,326.28	
N.J. Environmental Infrastructure Loan	C-8	29,965.74	
			51,292.02
Balance December 31, 2016	C		$296,193.21

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Description	Ordinance Number	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Analysis of Balance: Expended	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Unfunded Improvement Authorization
Improvements to Recreation Center	00-01A	$ 9,490.80	$	$	$ 9,490.80	$ 9,490.80	$	$
Acquisition and Installation of Equipment for Fire and Police Departments	00-01B	42,750.00			42,750.00	42,750.00		
Improvements to the Borough Hall	00-01C	9,500.00			9,500.00	9,500.00		
Acquisition of a New Multi-Purpose Four-Wheel Drive Municipal Vehicle	00-01D	17,647.00			17,647.00	17,647.00		
Central Avenue Design and Construction	05-09A	27,385.00		27,385.00				
Acquisition of Computers, Photocopies, Security and Telecommunication Systems	05-09D	20,000.00		20,000.00				
Acquisition of Fire Equipment	07-15A	62,828.00		10,900.00	51,928.00	47,878.00		4,050.00
Acquisition, Installation and Replacement of Playground Equipment	07-15B	14,400.00			14,400.00			14,400.00
Acquisition and Installation of Equipment for Police Department	07-15C	12,600.00		12,600.00				
Acquisition and Installation of Cameras, Monitors and a Digital Recording System	07-15E	97,000.00		25,152.00	71,848.00	71,848.00		
Acquisition of Public Works Vehicles	07-15F	58,792.00		6,910.00	51,882.00		51,882.00	
Improvements to Borough Hall	07-15H	194,257.00		15,000.00	179,257.00		171,257.00	8,000.00
Improvements to Public Works Garage	07-15I	77,861.00		5,526.00	72,335.00	48,406.00	22,861.00	1,068.00
Improvements to Sidewalks Throughout the Borough	10-06	104,995.00		6,494.00	98,501.00		98,501.00	
Undertaking of the Grant Avenue Streetscape Project	04-11B	6,033.00		6,033.00				
Improvements to Municipal Building	08-16A		47,600.00		47,600.00	11,915.00		35,685.00
Construction of the Searing Avenue Parking Lot	08-16B		95,200.00		95,200.00			95,200.00
Fire Department Equipment	08-16C		47,600.00		47,600.00			47,600.00
Public Works Snow Removal Equipment	08-16D		142,850.00		142,850.00	140,553.68		2,296.32
Public Works Street Cleaning Equipment	08-16E		14,250.00		14,250.00			14,250.00
Various Improvements to Police Headquarters	08-16F		95,200.00		95,200.00			95,200.00
Purchase of Information Technology Equipment	08-16G		44,350.00		44,350.00			44,350.00
Improvements to DPW Garage	08-16H		95,200.00		95,200.00			95,200.00
Storm and Sanitary Sewer Improvements	08-16I		47,600.00		47,600.00			47,600.00
Acquisition of Real Property	08-16J		476,150.00		476,150.00			476,150.00
		$755,538.80	$1,106,000.00	$136,000.00	$1,725,538.80	$399,988.48	$344,501.00	$981,049.32
	Reference	C	C-12,15	C-14	C	C-2	C-14	C-12

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE

C-7

	Ref.	
Balance December 31, 2015	C	$ 32,149.61
Decreased by:		
Payments	C-5	21,326.28
Balance December 31, 2016	C	$ 10,823.33

N.J. ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

C-8

	Ref.	
Balance December 31, 2015	C	$ 315,335.62
Decreased by:		
Payments	C-5	29,965.74
Balance December 31, 2016	C	$ 285,369.88

CAPITAL IMPROVEMENT FUND

C-9

	Ref.	
Balance December 31, 2015	C	$ 104,026.77
Increased by:		
2016 Budget Appropriation	C-3	10,000.00
		114,026.77
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	59,000.00
Balance December 31, 2016	C	$ 55,026.77

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

RESERVE FOR GRANT EXPENDITURES - CSO GRANT

C-10

	Ref.	
Balance December 31, 2015	C	$43,572.92
Balance December 31, 2016	C	$ 43,572.92

RESERVE FOR PAYMENT OF DEBT SERVICE

C-11

	Ref.	
Balance December 31, 2015	C	$ 80,758.68
Decreased by:		
Due from Current Fund	C-3	50,000.00
Balance December 31, 2016	C	$ 30,758.68

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS

C-12
Sheet #1

	Ordinance			Balance Dec. 31, 2015		2016		Balance Dec. 31, 2016	
	Number	Date	Amount	Funded	Unfunded	Authorizations	Expended	Funded	Unfunded
Acquisition and Installation of Additional and Replacement Machinery by the Borough	96-02B	8-17-96	$ 244,000.00	$ 187.93	$	$	$	$ 187.93	$
Acquisition and Installation of Additional Furnishings and Equipment for the Police Department	96-02C	8-17-96	11,000.00	1,176.67				1,176.67	
Acquisition and Installation of Additional and Replacement Equipment at Borough Hall	98-01	4-01-98	25,000.00	525.33				525.33	
Design, Repair, Surfacing and Other Works Necessary for Various Improvements to Law Enforcement and Other Municipal Facilities	05-08	6-08-05	25,000.00	2,148.10				2,148.10	
Lighting, Grass/Turf and Fencing to Public Areas	05-09C	6-08-05	125,000.00	39,750.08				39,750.08	
Acquisition of Computers. Photocopies, Security and Telecommunication Systems	05-09D	6-08-05	147,000.00	15,655.52	20,000.00			35,655.52	
Central Avenue Parking Lot Construction	06-09	8-09-09	70,000.00	910.22				910.22	
Acquisition of Fire Equipment	07-15A	9-12-07	85,000.00		4,050.00				4,050.00
Acquisition, Installation and Replacement of Playground Equipment	07-15B	9-12-07	165,000.00	3,250.34	14,400.00			3,250.34	14,400.00
Improvements to Borough Hall	07-15H	9-12-07	250,000.00		103,355.05			95,355.05	8,000.00
Improvements to Public Works Garage	07-15I	9-12-07	100,000.00		17,740.35		16,672.35		1,068.00
Tree Planting at Various Locations in the Borough	11-04A	6-08-11	33,300.00	1,700.00				1,700.00	

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS

C-12
Sheet #2

	Ordinance			Balance Dec. 31, 2015		2016		Balance Dec. 31, 2016	
	Number	Date	Amount	Funded	Unfunded	Authorizations	Expended	Funded	Unfunded
Improvements to Sewer Infrastructures	15-01	11-11-15	$ 40,000.00	$ 40,000.00	$	$	$	$ 40,000.00	$
Improvements to Municipal Building	08-16A	10-13-16	50,000.00			50,000.00	14,315.00		35,685.00
Construction of the Searing Avenue Parking Lot	08-16B	10-13-16	100,000.00			100,000.00		4,800.00	95,200.00
Fire Department Equipment	08-16C	10-13-16	50,000.00			50,000.00		2,400.00	47,600.00
Public Works Snow Removal Equipment	08-16D	10-13-16	150,000.00			150,000.00	147,703.68		2,296.32
Public Works Street Cleaning Equipment	08-16E	10-13-16	15,000.00			15,000.00		750.00	14,250.00
Various Improvements to Police Headquarters	08-16F	10-13-16	100,000.00			100,000.00		4,800.00	95,200.00
Purchase of Information Technology Equipment	08-16G	10-13-16	50,000.00			50,000.00	2,736.93	2,913.07	44,350.00
Improvements to DPW Garage	08-16H	10-13-16	100,000.00			100,000.00		4,800.00	95,200.00
Storm and Sanitary Sewer Improvements	08-16I	10-13-16	50,000.00			50,000.00		2,400.00	47,600.00
Acquisition of Real Property	08-16J	10-13-16	500,000.00			500,000.00		23,850.00	476,150.00
				$105,304.19	$159,545.40	$1,165,000.00	$181,427.96	$267,372.31	$981,049.32
			Reference	C	C	Below	C-3	C	C

	Ref.	
Deferred Charges to Future Taxation - Unfunded	C-6	$1,106,000.00
Capital Improvement Fund	C-9	59,000.00
	Above	$1,165,000.00

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

INTERFUNDS PAYABLE

C-13

	Ref.	Current Fund
Increased by:		
Transfer from Interfunds Receivable	C-3	$ 28,549.58
Balance December 31, 2016	C	$ 28,549.58

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES

C-14

Purpose	Ordinance Number	Original Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2015	Increased By	Decreased By	Balance Dec. 31, 2016
Various Capital Improvements	05-09	9-07-05	7-15-16	1.40%	$ 47,916.00	$	$ 47,916.00	$
Various Capital Improvements	07-15	8-28-08	7-15-16	1.40	321,557.00		321,557.00	
			7-14-17	1.40		246,000.00		246,000.00
Various Capital Improvements	10-06	8-19-10	7-15-16	1.40	104,995.00		104,995.00	
			7-14-17	1.40		98,501.00		98,501.00
Various Capital Improvements	11-04	8-19-11	7-15-16	1.40	6,033.00		6,033.00	
					$480,501.00	$344,501.00	$480,501.00	$ 344,501.00
				Reference	C	Below	Below	C

	Ref.		
Deferred Charges - Unfunded	C-6	$	$136,000.00
Renewals	Reserve	344,501.00	344,501.00
	Above	$344,501.00	$480,501.00

BOROUGH OF EAST NEWARK
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-15

Description	Ordinance Number	Balance Dec. 31, 2015	Increase	Balance Dec. 31, 2016
Various Improvements:				
Improvements to Recreation Center	00-01A	$ 9,490.80	$	$ 9,490.80
Acquisition and Installation of Equipment for Fire and Police Departments	00-01B	42,750.00		42,750.00
Improvements to the Borough Hall	00-01C	9,500.00		9,500.00
Acquisition of a New Multi-Purpose Four-Wheel Drive Municipal Vehicle	00-01D	17,647.00		17,647.00
Acquisition of Fire Equipment	07-15A	8,650.00		8,650.00
Acquisition, Installation and Replacement of Playground Equipment	07-15B	14,400.00		14,400.00
Acquisition and Installation of Equipment for Police Department	07-15C	12,600.00		12,600.00
Acquisition and Installation of Cameras, Monitors and a Digital Recording System	07-15E	97,000.00		97,000.00
Improvements to Borough Hall	07-15H	8,000.00		8,000.00
Improvements to Public Works Garage	07-15I	55,000.00		55,000.00
Improvements to Municipal Building	08-16A		47,600.00	47,600.00
Construction of the Searing Avenue Parking Lot	08-16B		95,200.00	95,200.00
Fire Department Equipment	08-16C		47,600.00	47,600.00
Public Works Snow Removal Equipment	08-16D		142,850.00	142,850.00
Public Works Street Cleaning Equipment	08-16E		14,250.00	14,250.00
Various Improvements to Police Headquarters	08-16F		95,200.00	95,200.00
Purchase of Information Technology Equipment	08-16G		44,350.00	44,350.00
Improvements to DPW Garage	08-16H		95,200.00	95,200.00
Storm and Sanitary Sewer Improvements	08-16I		47,600.00	47,600.00
Acquisition of Real Property	08-16J		476,150.00	476,150.00
		$ 275,037.80	$ 1,106,000.00	$ 1,381,037.80
	Reference	C	C-6	C

BOROUGH OF EAST NEWARK
WATER UTILITY

RECEIPTS AND DISBURSEMENTS
CASH - TREASURER

D-4

	Ref.		Operating Fund
Balance December 31, 2015	D		$ 289,006.14
Increased by:			
Miscellaneous Revenue	D-2	$ 4,888.13	
Consumer Accounts Receivable	D-5	186,325.74	
			191,213.87
			480,220.01
Decreased by:			
Budget Appropriations	D-3	161,426.98	
Appropriation Reserves	D-8	7,631.96	
			169,058.94
Balance December 31, 2016	D		$ 311,161.07

BOROUGH OF EAST NEWARK
WATER UTILITY

CONSUMER ACCOUNTS RECEIVABLE

D-5

	Ref.	
Balance December 31, 2015	D	$ 34,973.60
Increased by:		
Water Rents Levied (Net)	Reserve	181,525.74
		216,499.34
Decreased by:		
Collections	D-2,4	186,325.74
Balance December 31, 2016	D	$ 30,173.60

BOROUGH OF EAST NEWARK
WATER UTILITY

FIXED CAPITAL

D-6

	Ref.	
Balance December 31, 2015	D	$ 117,643.28
Balance December 31, 2016	D,Below	$ 117,643.28

Analysis of Fixed Capital		
Distribution Mains		$ 60,000.00
Water Utility System Improvements		57,643.28
	Above	$ 117,643.28

INTERFUNDS RECEIVABLE
CAPITAL FUND

D-7

	Ref.	Water Operating Fund
Balance December 31, 2015	D	$ 60,000.00
Balance December 31, 2016	D	$ 60,000.00

BOROUGH OF EAST NEWARK
WATER UTILITY

2015 APPROPRIATION RESERVES

D-8

	Balance Dec. 31, 2015 Reserved	Balance After Transfers	Expended	Balance Lapsed
Operating				
Salaries and Wages	$ 2,759.88	$ 2,759.88	$	$ 2,759.88
Other Expenses	9,147.08	9,147.08	7,631.96	1,515.12
Capital Improvements				
Capital Outlay	7,356.72	7,356.72		7,356.72
Statutory Expenditures				
Contribution to:				
Social Security System (OASI)	1,400.00	1,400.00		1,400.00
Unemployment Compensation Insurance	1,400.00	1,400.00		1,400.00
	$ 22,063.68	$ 22,063.68	$ 7,631.96	$ 14,431.72
Reference	D		D-4	D-1

BOROUGH OF EAST NEWARK
WATER UTILITY

INTERFUNDS PAYABLE
OPERATING FUND

D-9

	Ref.	Water Capital Fund
Balance December 31, 2015	D	$ 60,000.00
Balance December 31, 2016	D	$ 60,000.00

CAPITAL IMPROVEMENT FUND

D-10

	Ref.	
Balance December 31, 2015	D	$ 60,000.00
Balance December 31, 2016	D	$ 60,000.00

RESERVE FOR AMORTIZATION

D-11

	Ref.	
Balance December 31, 2015	D	$117,643.28
Balance December 31, 2016	D	$117,643.28

PART II

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ROSTER OF OFFICIALS

LETTER OF TRANSMITTAL, COMMENTS AND RECOMMENDATIONS

(MANAGEMENT LETTER)

YEAR ENDED DECEMBER 31, 2016

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of East Newark
East Newark, New Jersey 07029

We have audited the financial statements - regulatory basis of the various funds of the Borough of East Newark, in the County of Hudson, as of and for the years ended December 31, 2016 and December 31, 2015, and the related notes to the financial statements - regulatory basis and have issued our report thereon dated May 31, 2017. These financial statements - regulatory basis have been prepared in conformity with accounting principles 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements - regulatory basis, we considered the Borough's internal 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 - regulatory basis, 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 the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements - regulatory basis 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 - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

Purpose of this Report

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

Samuel Klein and Company

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Joseph J. Faccone

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
May 31, 2017

ROSTER OF OFFICIALS FOR THE YEAR 2016 AND REPORT ON SURETY BONDS

Name	Title	Date of Expiration	Amount of Bond
Joseph R. Smith	Mayor	December 31, 2019	$
Charles F. Tighe	Council President	December 31, 2019	
Yamara Salas	Council Member	December 31, 2018	
Kenneth M. Sheehan, Sr.	Council Member	December 31, 2018	
Hans P. Lucas	Council Member	December 31, 2017	
Jose A. Silva	Council Member	December 31, 2019	
Jeanne Zincavage	Council Member	December 31, 2017	
Robert B. Knapp	Municipal Clerk		
Anthony Blasi	Tax Collector		72,000.00
Brigite I. Goncalves	Chief Financial Officer		25,000.00
	Treasurer/Administrative Assistant		25,000.00
Kenneth J. Lindenfesler, Esq.	Judge		100,000.00
Neil Marotta	Borough Attorney		
Denis McGuire	Tax Assessor		10,000.00

The function of the Electrical Inspector is performed by the EIC.

A Public Employee Faithful Performance Blanket Position Bond in the amount of $10,000.00 was in force for all employees who may handle municipal monies and are not covered by separate surety.

All bonds were issued by the Travelers Casualty and Surety Company and were found to be executed.

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The Honorable Mayor and Members
of the Borough Council
Borough of East Newark
East Newark, New Jersey 07029

Madame and Gentlemen:

We have audited the regulatory basis financial statements, State Financial Assistance Programs and supplemental schedules and data of the

BOROUGH OF EAST NEWARK

COUNTY OF HUDSON

for the years ended December 31, 2016 and December 31, 2015 and have issued our report thereon. As part of our audit, we reviewed and tested the Municipality's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America; by the Division of Local Government Services of the Department of Community Affairs, State of New Jersey; by the *Government Auditing Standards* issued by the U.S. General Accounting Office; and by the provisions of the "Single Audit Act of 1984". Compliance requirements were also reviewed in accordance with the requirements of the aforementioned standards and guidelines or, where applicable, the terms and conditions of particular grant agreements and as approved by the Cognizant Audit Agency.

Our comments with respect to the audit, internal control, and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the audit and not heretofore discussed are herewith set forth.

Contracts and Agreements Required to be Advertised for (N.J.S.A. 40A:11-4)

N.J.S.A. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

It is pointed out that the Borough Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Borough Attorney should be sought before a commitment is made.

The statutory bidding threshold effective July 1, 2015 was the sum of $40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3a, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40A:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay-to-Play Law" provides that a municipality is prohibited from executing any contract in excess of $17,500.00 on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between $17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity.

The minutes indicate that the following bids were awarded:

2015 Ford Transit Van
Municipal Building Generator

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

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

Examination of Claims

In verifying expenditures, computations were tested on a statistical sample of claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being necessarily left to internal review in connection with the approval of claims.

Vouchers were examined to the extent deemed necessary. We tested a statistical random sample of 50 paid vouchers and noted no exceptions.

Collection of Interest on Delinquent Taxes and Water Balances

The statutes (N.J.S. 54:4-67, as amended) provide the method authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body, on April 1, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes:

> "BE IT RESOLVED that the interest rate on delinquent taxes be fixed at 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. Any taxes not paid when due shall be called delinquent taxes 10 days after due date."

The Governing Body on November 9, 1994 adopted the following resolution authorizing interest to be charged on delinquent balances:

> "WHEREAS, in accordance with N.J.S.A. 54:5-61, a 6% end of year penalty may be established by resolution; and
>
> WHEREAS, within any given calendar year, a 6% penalty may be charged for delinquent taxes, interest and other municipal charges which exceed $10,000.00.
>
> NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of East Newark that a 6% year end penalty be and hereby is established and chargeable on all delinquent accounts with a balance in excess of $10,000.00."

Tests of the Collector's records indicated that interest was generally collected in accordance with the foregoing resolutions.

Financial Records

Our audit of the books and accounts for Financial Administration determined the following conditions:

Finding 2016-01:

State Transportation Aid Receivable:

As reflected on Exhibits "A-12" and "C-4", two receivables for State Transportation Aid remain uncollected as of December 31, 2016. The receivable of $31,700.45 is for improvements to Sherman Avenue, which began in 1996. The project appears to be complete and the collection of these funds should continue to be pursued. The other receivable is for the year 2000.

The balances were investigated and the receivables are ineligible to be reimbursed because of the length of time that has lapsed. The Borough shall raise these amounts in the budget and be funded by other means over a period of time.

Payroll Account

The propriety of deductions from employee salaries for pensions, Social Security, withholding tax and other purposes from employee payrolls were not verified as part of this audit. Remittances of deductions and withholdings to authorized agencies, however, were ascertained. There is a balance of $3,753.80 that is miscellaneous. The Borough is aware of this amount and is researching the situation. Appropriate action will be taken during the year 2017.

Fixed Assets

Finding 2016-02:

The Division of Local Government Services in the Department of Community Affairs in the State of New Jersey requires all municipalities in the state to establish and maintain sets of accounts and inventories reflecting costs of other valuations of all of its capital fixed assets, including land, buildings, improvements, machinery, furniture and equipment. Such accounts, to be included under "Capital Fixed Assets" would insure complete fiscal reliability of records, establish a basis for claims of losses and other insurance purposes, augment protective measures against the misuse or theft of property and furnish data on aging, anticipated life and other information on assets. Failure to maintain capital fixed asset records could jeopardize the Borough's eligibility for future Federal and State Grants. Although an inventory of movable capital fixed assets was undertaken in prior years, it has not been updated nor recorded for fiscal year 2016.

Recommendation:

That records for "Capital Fixed Assets" be updated and maintained on a current basis.

Revenue Collection Department

Municipal Court

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed, under a separate cover, with the New Jersey Administrative Office of the Courts, Division of Local Government Services, the Municipal Court and the Borough Clerk.

Other Post-Employment Benefits

Local Finance Notices 2007-15 and 2009-15 require local units that provide non-pension benefits to retired employees, such as health insurance coverage, prescription or other benefits, to disclose the annual payment for currently retired employees and future cost for those employees in the Notes to the Financial Statements.

Those municipalities that are not members of the State Health Benefits Plan or other cost-sharing plans must obtain an actuarially calculated post-employment benefit on a periodic basis for inclusion in the Notes to the Financial Statements. The Borough of East Newark does not provide health insurance coverage for its retirees.

Corrective Action Plan

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within sixty (60) days from the date the audit is received. A Corrective Action Plan was prepared for the 2015 audit.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of those recommendations marked with an asterisk.

Miscellaneous

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

All sums of outstanding checks shown in cash reconciliations herein, are in agreement with the records of the Treasurer.

One copy of this report is filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

RECOMMENDATION

* That records for "Capital Fixed Assets" be updated and maintained on a current basis.

*Repeated from prior year audit.

* * *

The foregoing comments and resultant recommendation are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the examination.

Respectfully submitted,

Samuel Klein and Company

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Joseph J. Faccone

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
May 31, 2017