

**CITY OF SUMMIT
REPORT OF AUDIT
COUNTY OF UNION
DECEMBER 31, 2015**

CITY OF SUMMIT
YEAR ENDED DECEMBER 31, 2015
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CITY OF SUMMIT

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Common Council
City of Summit
Summit, New Jersey 07901

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Summit as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2015, and 2014, stated as \$101,091,946.77 and \$100,521,280.14, respectively.



Honorable Mayor and
Members of the Common Council
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Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in "Basis for Qualified Opinion on Regulatory Basis Accounting Principles" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Summit's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and
Members of the Common Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2016 on our consideration of the City of Summit'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 City of Summit's internal control over financial reporting and compliance.



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Pompton Lakes, New Jersey

August 5, 2016



City of Summit, N.J.

Comparative Balance Sheet -Regulatory Basis

Current Fund

December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|----------------------|----------------------|
| Assets | | | |
| Current Fund: | | | |
| Cash | A-4 | 14,824,312.07 | 14,629,496.39 |
| Change Fund | A-7 | 1,395.00 | 1,395.00 |
| | | <u>14,825,707.07</u> | <u>14,630,891.39</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Taxes Receivable | A-9 | 555,208.63 | 485,730.00 |
| Revenue Accounts Receivable | A-10 | 28,158.68 | 45,080.77 |
| Miscellaneous Accounts Receivable | A-15 | 225,641.71 | 72,308.16 |
| Interfund Receivables | A-17 | 16,600.00 | 18,173.15 |
| | | <u>825,609.02</u> | <u>621,292.08</u> |
| | | <u>15,651,316.09</u> | <u>15,252,183.47</u> |
| Federal and State Grant Fund: | | | |
| Grants Receivable | A-28 | 128,704.00 | 1,007,404.00 |
| Interfund - Current Fund | A-31 | 298,681.83 | 675,950.99 |
| | | <u>427,385.83</u> | <u>1,683,354.99</u> |
| | | <u>16,078,701.92</u> | <u>16,935,538.46</u> |

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

City of Summit, N.J.

Comparative Balance Sheet -Regulatory Basis

Current Fund

December 31,

| | Ref. | 2015 | 2014 |
|---|----------|----------------------|----------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Current Fund: | | | |
| Due to State of New Jersey: | | | |
| Senior Citizen and Veteran Deductions | A-8 | 7,676.48 | 5,956.60 |
| Appropriation Reserves | | | |
| Unencumbered | A-3;A-11 | 1,799,529.75 | 801,972.91 |
| Encumbered | A-3;A-11 | 886,636.10 | 771,094.23 |
| Accounts Payable | A-12 | 427,874.24 | 251,123.94 |
| Tax Overpayments | A-13 | 31,237.24 | 7,884.12 |
| Prepaid Taxes | A-14 | 651,424.92 | 768,093.66 |
| Interfunds Payables | A-17 | 852,561.73 | 675,950.99 |
| Added County Tax Payable | A-19 | 210,707.67 | 140,060.41 |
| Local School Taxes Payable | A-20 | 0.50 | 0.50 |
| Special District Taxes Payable | A-21 | 888.53 | |
| Prepaid Revenue | A-22 | 6,596.00 | 6,712.00 |
| Reserve for: | | | |
| Tax Appeals | A-16 | | 120,750.26 |
| Sale of Property | A-23 | 799,692.65 | 736,303.65 |
| Library State Aid | A-24 | 9,287.36 | 9,230.36 |
| Due Various Agencies | A-25 | 49,383.00 | 19,252.00 |
| Special Deposit | A-26 | 67,777.94 | 79,242.16 |
| Various Deposits | A-27 | 276,657.47 | 165,982.00 |
| | | <u>6,077,931.58</u> | <u>4,559,609.79</u> |
| Reserve for Receivables | Contra | 825,609.02 | 621,292.08 |
| Fund Balance | A-1 | <u>8,747,775.49</u> | <u>10,071,281.60</u> |
| | | <u>15,651,316.09</u> | <u>15,252,183.47</u> |
| Federal and State Grant Fund: | | | |
| Appropriated Reserve for Grants | A-29 | 421,979.60 | 292,570.63 |
| Unappropriated Reserve for Grants | A-30 | | 52,439.73 |
| Encumbrances Payable | A-32 | 5,406.23 | 1,338,344.63 |
| | | <u>427,385.83</u> | <u>1,683,354.99</u> |
| | | <u>16,078,701.92</u> | <u>16,935,538.46</u> |

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

City of Summit, N.J.

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

Current Fund

Year Ended December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-----------------------|-----------------------|
| Revenues and Other Income: | | | |
| Fund Balance Utilized | A-2 | 7,600,000.00 | 6,300,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 8,665,823.50 | 8,329,395.16 |
| Receipts from Delinquent Taxes | A-2 | 481,438.59 | 466,973.36 |
| Receipts from Current Taxes | A-2 | 131,139,263.93 | 128,445,644.69 |
| Non-Budget Revenue | A-2 | 171,454.86 | 183,829.75 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-11 | 295,160.60 | 186,584.54 |
| Encumbrances Cancelled | | | 58,188.25 |
| Accounts Payable Cancelled | A-12 | 9,300.00 | 9,817.00 |
| Cancellation of Tax Overpayments | A-13 | 3,516.35 | |
| Miscellaneous Receivables Returned | | | 130,167.03 |
| Animal Control Statutory Excess | A-17 | 16,251.81 | 18,173.15 |
| Interfunds Returned | A-17 | 18,173.15 | 8,412.19 |
| Cancel Marriage Surcharge | A-25 | 50.00 | |
| Total Revenues and Other Income | | <u>148,400,432.79</u> | <u>144,137,185.12</u> |
| Expenditures: | | | |
| Budget and Emergency Appropriations: | | | |
| Operations - Within "CAPS" | | | |
| Salaries and Wages | A-3 | 17,368,296.00 | 16,836,400.00 |
| Other Expenses | A-3 | 9,652,633.00 | 9,887,383.00 |
| Deferred Charges and Statutory Expenditures - | | | |
| Municipal - Within "CAPS" | A-3 | 3,731,325.00 | 3,504,824.00 |
| Operations - Excluded From CAPS: | | | |
| Salaries and Wages | | | 106,400.00 |
| Other Expenses | A-3 | 3,360,450.10 | 2,508,531.38 |
| Capital Improvements - Excluded from Caps | A-3 | 325,000.00 | 325,000.00 |
| Municipal Debt Service - Excluded from Caps | A-3 | 3,067,122.08 | 3,043,152.31 |
| Deferred Charges and Statutory Expenditures - | | | |
| Municipal - Excluded from Caps | A-3 | 117,714.25 | 149,000.00 |
| Local School District Purposes | A-3 | 5,350,713.75 | 4,707,056.25 |
| Refund of Prior Year Revenue | A-4 | 102,329.02 | |
| Miscellaneous Receivables Advanced | A-15 | 153,333.55 | |
| Interfunds Advanced | A-17 | 16,600.00 | |
| County Tax | A-18 | 37,267,374.95 | 35,515,654.44 |
| County Share of Added Taxes | A-19 | 210,707.67 | 140,060.41 |
| Local District School Tax | A-20 | 61,219,451.00 | 60,596,089.00 |
| Special District Taxes | A-21 | 180,888.53 | 178,800.00 |
| Total Expenditures | | <u>142,123,938.90</u> | <u>137,498,350.79</u> |
| Excess (Deficit) Revenue Over Expenditures | | <u>6,276,493.89</u> | <u>6,638,834.33</u> |
| Statutory Excess to Fund Balance | | 6,276,493.89 | 6,638,834.33 |
| Fund Balance, January 1, | A | <u>10,071,281.60</u> | <u>9,732,447.27</u> |
| Decreased by: | | | |
| Fund Balance Utilized as Budget Revenue | | <u>7,600,000.00</u> | <u>6,300,000.00</u> |
| Fund Balance, December 31, | A | <u>8,747,775.49</u> | <u>10,071,281.60</u> |

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

Statement of Revenues - Regulatory Basis

| Current Fund | | | | | |
|---|-------------|---------------|----------------------------|-----------------|------------------------|
| Year Ended December 31, 2015 | | | | | |
| | <u>Ref.</u> | <u>Budget</u> | Special N.J.S. 40A:4-87 | <u>Realized</u> | Excess or (Deficit) |
| Fund Balance Anticipated | A-1 | 7,600,000.00 | | 7,600,000.00 | |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-10 | 40,000.00 | | 40,860.00 | 860.00 |
| Other | A-2 | 75,000.00 | | 72,916.38 | (2,083.62) |
| Fees and Permits | | | | | |
| Health Fees | A-10 | 170,000.00 | | 173,888.00 | 3,888.00 |
| Zoning Board Fees | A-10 | 17,500.00 | | 29,257.53 | 11,757.53 |
| Fines and Costs: | | | | | |
| Municipal Court | A-10 | 583,000.00 | | 475,481.64 | (107,518.36) |
| Interest and Costs on Taxes | A-10 | 185,000.00 | | 181,370.54 | (3,629.46) |
| Interest on Investments and Deposits | A-10 | 18,000.00 | | 62,363.40 | 44,363.40 |
| Old Town Hall Rent | A-10 | 33,500.00 | | 33,546.00 | 46.00 |
| Community Service Fees | A-10 | 134,000.00 | | 162,090.70 | 28,090.70 |
| Bryant Park Emergency Service Fee | A-10 | 12,000.00 | | 12,000.00 | |
| Anticipated Utility Operating Surplus - Parking Utility | A-10 | 250,000.00 | | 250,000.00 | |
| Golf Course Revenue | A-10 | 188,000.00 | | 213,994.00 | 25,994.00 |
| Family Aquatic Center Revenue | A-10 | 433,000.00 | | 446,669.50 | 13,669.50 |
| Franchise Income Cable TV - Verizon | A-10 | 195,800.00 | | 195,810.58 | 10.58 |
| Franchise Income Cable TV - Comcast | A-10 | 133,810.00 | | 133,812.90 | 2.90 |
| Sale of Recyclable Materials | A-10 | 75,000.00 | | 77,714.13 | 2,714.13 |
| Administrative Off-Duty Assignment Fees (Police & Fire) | A-10 | 110,000.00 | | 118,232.40 | 8,232.40 |
| Hotel and Motel Occupancy Fees | A-10 | 158,000.00 | | 165,780.16 | 7,780.16 |
| Energy Receipts Tax | A-10 | 3,023,257.00 | | 3,023,257.00 | |
| School Debt Service Aid | A-27 | 552,532.00 | | 552,532.00 | |
| Township of Millburn - Joint Dispatching Shared Service | A-10 | 41,000.00 | | 41,000.00 | |
| Clean Communities | A-28 | | 42,706.24 | 42,706.24 | |
| Body Armor Replacement Program | A-28 | | 4,372.93 | 4,372.93 | |
| County of Union - Greening Union County | A-28 | | 6,875.00 | 6,875.00 | |
| County of Union - Infrastructure and Municipal Aid | A-28 | | 115,000.00 | 115,000.00 | |
| Summit Area Public Foundation - Aux. Police Body Armor | A-28 | | 12,600.00 | 12,600.00 | |
| Drunk Driving Enforcement Fund | A-28 | | 8,543.20 | 8,543.20 | |
| FEMA - Hurricane Sandy | | 54,000.00 | | | (54,000.00) |
| Uniform Fire Safety Act | A-10 | 43,000.00 | | 38,952.04 | (4,047.96) |
| Summit Housing Authority - Payment in Lieu of Taxes | A-10 | 46,000.00 | | 50,502.00 | 4,502.00 |
| State of N.J. Solid Waste Admin. - Recycling Tonnage | A-28 | 52,349.73 | 90.00 | 52,439.73 | |
| Parking Utility Share of Debt Services | A-10 | 447,614.00 | | 447,614.00 | |
| Parking Utility Share of Various Services | A-10 | 250,000.00 | | 250,000.00 | |
| SDI Share of Debt Service | A-10 | 40,413.00 | | 40,412.50 | (0.50) |
| UCC Share of Pension Costs | A-10 | 26,000.00 | | 26,000.00 | |
| Sewer Utility Share of Pension Costs | A-10 | 24,000.00 | | 23,729.00 | (271.00) |
| Reserve for Debt Service | A-10 | 31,000.00 | | 31,000.00 | |
| Reserve for School Debt Services | A-10 | 349,000.00 | | 349,000.00 | |
| Sewer Utility Operating Surplus | A-10 | 125,000.00 | | 125,000.00 | |
| Sewer Utility Share of Various Services | A-10 | 55,000.00 | | 55,000.00 | |
| General Capital Surplus | A-10 | 523,500.00 | | 523,500.00 | |
| Total Miscellaneous Revenues | A-1 | 8,495,275.73 | 190,187.37 | 8,665,823.50 | (19,639.60) |
| Receipts from Delinquent Taxes | A-1;A-2 | 475,000.00 | | 481,438.59 | 6,438.59 |
| Subtotal General Revenues | | 16,570,275.73 | 190,187.37 | 16,747,262.09 | (13,201.01) |

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

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

Amount to be Raised by Taxes for Support of Municipal Budget:

Local Tax for Municipal Purposes Including Reserve for

| | | | |
|--|---------------|---------------|---------------|
| Uncollected Taxes | 25,754,936.00 | 31,783,548.78 | 6,028,612.78 |
| Addition to Local District School Tax | 4,449,262.00 | 4,449,262.00 | |
| Minimum Library Tax | 2,328,031.00 | 2,328,031.00 | |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | 32,532,229.00 | 38,560,841.78 | 6,028,612.78 |
| Budget Totals | 49,102,504.73 | 190,187.37 | 55,308,103.87 |

Non-Budget Revenue

| | | | |
|---------|---------------|------------|---------------|
| A-1;A-2 | | 171,454.86 | 171,454.86 |
| | 49,102,504.73 | 190,187.37 | 55,479,558.73 |
| | | A-3 | A-3 |

Analysis of Realized Revenues

| | | |
|--|---------|----------------|
| Revenue from Collections | A-1;A-9 | 131,139,263.93 |
| Allocated to School and County Taxes | A-9 | 98,878,422.15 |
| Balance for Support of Municipal Budget Appropriations | | 32,260,841.78 |
| Add : Appropriation - Reserve for Uncollected Taxes | A-3 | 6,300,000.00 |
| Amount for Support of Municipal Budget Appropriations | A-2 | 38,560,841.78 |
| Receipts from Delinquent Taxes: | | |
| Delinquent Taxes | | |
| Taxes Receivable | A-9 | 481,438.59 |
| A-2 | | |
| Licenses - Other | | |
| Clerk | A-10 | 66,204.38 |
| Add: Prepaid Applied | A-22 | 6,712.00 |
| A-2 | | 72,916.38 |

Analysis of Non-budget Revenues

| | Ref. | |
|--|------|------------|
| Alarm Registrations and Activations | | 30,085.00 |
| City Clerk - Miscellaneous Fees | | 179.93 |
| Planning Board/Inspection Fees | | 3,268.75 |
| Interest On Assessments | | 10,666.06 |
| Police Records Department | | 6,438.04 |
| Vet. & Sr. Citizen Admin. Fees | | 1,753.79 |
| State of N.J. Division of Motor Vehicles | | 850.00 |
| Tax Collector Miscellaneous | | 390.00 |
| Prior Year Refunds | | 18,397.75 |
| Off Duty Vehicle Fee | | 52,480.00 |
| Health Department Ceremony Fee | | 1,500.00 |
| Other Miscellaneous | | 45,445.54 |
| | A-2 | |
| | | 171,454.86 |
| | | A-4 |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget</u> | <u>Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance</u> | <u>Cancelled</u> | | | | | | |
|--|-------------|---------------|---------------|---------------------|------------------------|-----------------|---------------------------|------------------|--|--|--|--|--|--|
| | | | | | | | 40,221.98 | 5,063.27 | | | | | | |
| GENERAL GOVERNMENT | | | | | | | | | | | | | | |
| Administrative and Executive | | | | | | | | | | | | | | |
| Operations - within "CAPS" | | 375,700.00 | 370,700.00 | | 330,478.02 | | 40,221.98 | | | | | | | |
| Salaries and Wages | | 31,250.00 | 36,250.00 | | 31,186.73 | | 5,063.27 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |
| Employee Assistance Program | | 5,400.00 | 5,400.00 | | 4,200.00 | | 1,200.00 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |
| Postage | | 45,000.00 | 50,000.00 | | 40,810.61 | | 9,189.39 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |
| Physical Examination - Municipal Employees | | 42,000.00 | 36,000.00 | | 13,879.00 | | 22,121.00 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |
| City Clerk | | 289,100.00 | 289,100.00 | | 269,597.80 | | 19,502.20 | | | | | | | |
| Salaries and Wages | | 107,900.00 | 107,900.00 | | 82,337.68 | | 25,562.32 | | | | | | | |
| Other Expenses | | 10,200.00 | 6,200.00 | | 3,728.00 | | 2,472.00 | | | | | | | |
| Codification of Ordinances | | | | | | | | | | | | | | |
| Financial Administration (Treasury) | | 321,100.00 | 321,100.00 | | 278,647.51 | | 42,452.49 | | | | | | | |
| Salaries and Wages | | 67,000.00 | 64,500.00 | | 38,244.74 | | 26,255.26 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |
| Audit Services | | 33,400.00 | 33,400.00 | | | | 33,400.00 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |
| Collection of Taxes | | 135,300.00 | 135,300.00 | | 133,090.04 | | 2,209.96 | | | | | | | |
| Salaries and Wages | | 21,000.00 | 18,000.00 | | 14,223.49 | | 3,776.51 | | | | | | | |
| Other Expenses | | | | | | | | | | | | | | |

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

City of Summit, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--|-------------|---------------|---------------|---------------|----------------------------|-----------------|---|
| | | After | Modification | | | | |
| Insurance | | | | | | | |
| General Liability | | 474,200.00 | 474,200.00 | 450,000.00 | 24,200.00 | | |
| Workers Compensation | | 648,700.00 | 648,700.00 | 150,000.00 | 498,700.00 | | |
| Employee Group Health | | 2,654,400.00 | 2,404,400.00 | 2,205,800.29 | 198,599.71 | | |
| Other Insurance | | 118,000.00 | 118,000.00 | 118,000.00 | | | |
| PUBLIC SAFETY | | | | | | | |
| Police | | 5,816,300.00 | 5,979,300.00 | 5,962,142.83 | 17,157.17 | | |
| Salaries and Wages | | 337,500.00 | 337,500.00 | 242,733.91 | 94,766.09 | | |
| Other Expenses | | | | | | | |
| School Crossing Guards | | | | | | | |
| Salaries and Wages | | 223,300.00 | 221,800.00 | 203,427.46 | 18,372.54 | | |
| Other Expenses | | 2,500.00 | 4,000.00 | 3,573.83 | 426.17 | | |
| Purchase of Police Vehicles | | | | | | | |
| Other Expenses | | 90,000.00 | 90,000.00 | 71,199.56 | 18,800.44 | | |
| Emergency Management | | | | | | | |
| Other Expenses | | 17,500.00 | 17,500.00 | 17,486.04 | 13.96 | | |
| Fire | | | | | | | |
| Salaries and Wages | | 3,816,801.00 | 3,821,801.00 | 3,817,026.66 | 4,774.34 | | |
| Other Expenses | | 269,000.00 | 269,000.00 | 153,227.60 | 115,772.40 | | |
| Uniform Fire Safety Act (Ch. 383, P.L. 1983) | | | | | | | |
| Salaries and Wages | | 36,000.00 | 36,000.00 | 36,000.00 | | | |
| Road Repair and Maintenance | | | | | | | |
| Salaries and Wages | | 851,450.00 | 951,450.00 | 946,819.71 | 4,630.29 | | |
| Other Expenses | | 374,500.00 | 419,500.00 | 372,438.98 | 47,061.02 | | |

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| General Appropriations | Ref. | Budget | Budget After Modification | Paid or Charged | Unexpended Balance Cancelled | |
|------------------------------|------|------------|---------------------------------|--------------------|------------------------------------|-----------|
| | | | | | Reserved | |
| Public Works Maintenance | | | | | | |
| Salaries and Wages | | 486,225.00 | 486,225.00 | 483,882.67 | | 2,342.33 |
| Other Expenses | | 49,500.00 | 54,500.00 | 30,379.78 | | 24,120.22 |
| Garbage and Trash | | | | | | |
| Salaries and Wages | | 715,000.00 | 737,700.00 | 730,449.59 | | 7,250.41 |
| Other Expenses | | 20,700.00 | 20,700.00 | 14,510.00 | | 6,190.00 |
| Recycling Program | | | | | | |
| Salaries and Wages | | 72,000.00 | 72,000.00 | 70,738.39 | | 1,261.61 |
| Other Expenses | | 214,100.00 | 202,400.00 | 159,236.41 | | 43,163.59 |
| Transfer Station | | | | | | |
| Salaries and Wages | | 268,390.00 | 277,290.00 | 277,242.17 | | 47.83 |
| Other Expenses | | 111,500.00 | 109,900.00 | 83,103.31 | | 26,796.69 |
| Compost Area | | | | | | |
| Salaries and Wages | | 145,015.00 | 148,415.00 | 148,358.97 | | 56.03 |
| Other Expenses | | 17,200.00 | 17,200.00 | 13,014.22 | | 4,185.78 |
| Disposal Charges | | | | | | |
| Other Expenses | | 825,000.00 | 735,000.00 | 665,029.99 | | 69,970.01 |
| Public Buildings and Grounds | | | | | | |
| Other Expenses | | 199,200.00 | 239,200.00 | 180,576.73 | | 58,623.27 |
| Garage | | | | | | |
| Salaries and Wages | | 269,105.00 | 269,905.00 | 267,215.89 | | 2,689.11 |
| Other Expenses | | 42,000.00 | 42,000.00 | 24,060.29 | | 17,939.71 |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| <u>General Appropriations</u> | <u>Ref.</u> | Budget | | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--|-------------|---------------|---------------------------|------------------------|-----------------|-------------------------------------|
| | | <u>Budget</u> | <u>After Modification</u> | | | |
| HEALTH | | | | | | |
| Board of Health | | 229,100.00 | 229,100.00 | 217,329.16 | | 11,770.84 |
| Salaries and Wages | | 77,600.00 | 77,600.00 | 69,969.01 | | 7,630.99 |
| Other Expenses | | | | | | |
| Dog Regulation - Contractual Agreement | | | | | | |
| Other Expenses | | 10,000.00 | 10,000.00 | 3,022.67 | | 6,977.33 |
| Social Services for the Elderly Program | | | | | | |
| Other Expenses | | 34,100.00 | 34,100.00 | 22,717.84 | | 11,382.16 |
| Prevention of Drug and Alcohol Abuse Program | | | | | | |
| Other Expenses | | 7,890.00 | 7,890.00 | 7,890.00 | | |
| Maintenance of Municipal Golf Course | | | | | | |
| Salaries and Wages | | 121,500.00 | 121,500.00 | 118,747.36 | | 2,752.64 |
| Other Expenses | | 58,500.00 | 58,500.00 | 32,170.92 | | 26,329.08 |
| Family Aquatic Center | | | | | | |
| Salaries and Wages | | 146,000.00 | 146,000.00 | 145,829.42 | | 170.58 |
| Other Expenses | | 103,200.00 | 103,200.00 | 102,022.18 | | 1,177.82 |
| Community Programs | | | | | | |
| Salaries and Wages | | 488,000.00 | 488,000.00 | 486,569.31 | | 1,430.69 |
| Other Expenses | | 47,200.00 | 47,200.00 | 44,661.41 | | 2,538.59 |
| Parks and Recreation | | | | | | |
| Salaries and Wages | | 593,300.00 | 583,300.00 | 582,948.23 | | 351.77 |
| Other Expenses | | 252,700.00 | 252,700.00 | 185,684.10 | | 67,015.90 |
| Downtown Maintenance | | | | | | |
| Other Expenses | | 8,600.00 | 8,600.00 | 8,589.25 | | 10.75 |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget</u> | <u>After</u> | <u>Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|---------------|---------------|---------------------|------------------------|-----------------|-------------------------------------|
| Community Service | | 577,000.00 | 558,900.00 | 558,169.65 | | 558,169.65 | | 730.35 |
| Salaries and Wages | | 35,500.00 | 33,600.00 | 27,506.55 | | 27,506.55 | | 6,093.45 |
| Other Expenses | | | | | | | | |
| Municipal Court | | 370,000.00 | 370,000.00 | 303,966.86 | | 303,966.86 | | 66,033.14 |
| Salaries and Wages | | 19,800.00 | 19,800.00 | 11,281.10 | | 11,281.10 | | 8,518.90 |
| Other Expenses | | | | | | | | |
| Public Defender | | | | | | | | |
| Salaries and Wages | | 8,500.00 | 8,500.00 | 8,489.00 | | 8,489.00 | | 11.00 |
| UNCLASSIFIED | | | | | | | | |
| Utilities | | | | | | | | |
| Electricity | | 356,800.00 | 376,800.00 | 354,488.16 | | 354,488.16 | | 22,311.84 |
| Street Lighting | | 166,800.00 | 166,800.00 | 140,738.08 | | 140,738.08 | | 26,061.92 |
| Telephone | | 219,300.00 | 219,300.00 | 207,896.98 | | 207,896.98 | | 11,403.02 |
| Water | | 66,990.00 | 66,990.00 | 58,113.30 | | 58,113.30 | | 8,876.70 |
| Natural Gas | | 70,000.00 | 70,000.00 | 45,466.51 | | 45,466.51 | | 24,533.49 |
| Heating Oil | | 45,000.00 | 45,000.00 | 33,659.32 | | 33,659.32 | | 11,340.68 |
| Gasoline | | 136,000.00 | 136,000.00 | 95,427.30 | | 95,427.30 | | 40,572.70 |
| Diesel Fuel | | 161,000.00 | 161,000.00 | 92,136.58 | | 92,136.58 | | 68,863.42 |
| Fire Hydrant Service | | 271,500.00 | 271,500.00 | 249,722.31 | | 249,722.31 | | 21,777.69 |
| Total Operations Within "CAPS" | | 26,999,329.00 | 27,019,329.00 | 24,492,094.47 | | 24,492,094.47 | | 2,527,234.53 |
| Contingent | | 1,600.00 | 1,600.00 | | | | | 1,600.00 |
| Total Operations Including Contingent-Within "CAPS" | | 27,000,929.00 | 27,020,929.00 | 24,492,094.47 | | 24,492,094.47 | | 2,528,834.53 |
| Detail: | | | | | | | | |
| Salaries and Wages | A-1 | 17,088,896.00 | 17,368,296.00 | 17,116,133.28 | | 17,116,133.28 | | 252,162.72 |
| Other Expenses (Including Contingent) | A-1 | 9,912,033.00 | 9,652,633.00 | 7,375,961.19 | | 7,375,961.19 | | 2,276,671.81 |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|---------------|---------------|------------------------|-----------------|-------------------------------------|
| Deferred Charges and Statutory Expenditures- Municipal Within "CAPS" | | | | | | | |
| DEFERRED CHARGES | | | | | | | |
| Statutory Expenditures - Contribution to: | | | | | | | |
| Public Employees' Retirement System | | 940,222.00 | | 920,222.00 | | 919,506.81 | 715.19 |
| Social Security System (O.A.S.I.) | | 748,050.00 | | 748,050.00 | | 747,959.07 | 90.93 |
| Police and Fireman's Retirement System of NJ | | 2,018,053.00 | | 2,018,053.00 | | 2,018,053.00 | |
| Unemployment | | 45,000.00 | | 45,000.00 | | 43,650.30 | 1,349.70 |
| Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS" | A-1 | 3,751,325.00 | | 3,731,325.00 | | 3,729,169.18 | 2,155.82 |
| Total General Appropriations for Municipal Purposes within "CAPS" | | 30,752,254.00 | | 30,752,254.00 | | 28,221,263.65 | 2,530,990.35 |
| Operations - Excluded From CAPS | | | | | | | |
| Maintenance of Free Public Library | | | | | | | |
| Other Expenses | | 2,328,031.00 | | 2,328,031.00 | | 2,172,855.50 | 155,175.50 |
| Reserve for Tax Appeals | | 200,000.00 | | 200,000.00 | | 200,000.00 | |
| Other Expense | | 589,882.00 | | 589,882.00 | | 589,882.00 | |
| Total Other Operations - Excluded From CAPS | | 3,117,913.00 | | 3,117,913.00 | | 2,962,737.50 | 155,175.50 |
| Public and Private Programs Offset By Revenues | | | | | | | |
| Summit Area Public Foundation - | | | | | | | |
| Auxiliary Policy Body Armor | | | | | | | |
| Other Expenses | | | | | | | |
| State of New Jersey | | | | | | | |
| Clean Communities Program | | | | | | | |
| Other Expenses | | | | | | | |

| | |
|-----------|-----------|
| 12,600.00 | 12,600.00 |
| 42,706.24 | 42,706.24 |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|---------------|------------------------|-----------------|-------------------------------------|
| State of New Jersey | | | | | | |
| Body Armor Replacement Program | | | | | | |
| Other Expenses | | | | | | |
| County of Union | | | | | | |
| Greening Union County | | | | | | |
| Other Expenses | | | | | | |
| Infrastructure and Municipal Aid | | | | | | |
| Other Expenses | | | | | | |
| State of New Jersey Department of Law and Public Safety | | | | | | |
| Division of Highway Traffic Safety | | | | | | |
| Drunk Driving Enforcement Fund | | | | | | |
| Other Expenses | | | | | | |
| State of New Jersey | | | | | | |
| Recycling Tonnage Grant | | | | | | |
| Other Expenses | | | | | | |
| Total Public and Private Programs Offset by Revenues | | | | | | |
| Total Operations - Excluded from "CAPS" | | | | | | |
| Detail: | | | | | | |
| Other Expenses | A-1 | 3,170,262.73 | 3,360,450.10 | 3,205,274.60 | 155,175.50 | |
| Capital Improvements - Excluded From "CAPS" | | | | | | |
| Capital Improvement Fund | | 325,000.00 | 325,000.00 | 325,000.00 | | |
| Total Capital Improvements Excluded from "CAPS" | A-1 | 325,000.00 | 325,000.00 | 325,000.00 | | |
| Municipal Debt Service -Excluded From "CAPS" | | | | | | |
| Payment of Bond Principal | | | | | | |
| | | 2,168,000.00 | 2,168,000.00 | 2,168,000.00 | | |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| | Ref. | Budget | | Paid or Charged | Reserved | Unexpended Balance Cancelled | |
|---|------|----------------------|----------------------|----------------------|---------------------|------------------------------|------------------|
| | | Budget | After Modification | | | | |
| General Appropriations | | | | | | | |
| Payment of Bond Anticipation Notes and Capital Notes | | 302,300.00 | 302,300.00 | 302,300.00 | | | |
| Interest on Bonds | | 511,594.00 | 511,594.00 | 511,593.75 | 0.25 | | |
| Interest on Notes | | 52,000.00 | 52,000.00 | 51,928.33 | 71.67 | | |
| Downtown Business Improvement Loan | | 33,300.00 | 33,300.00 | 33,300.00 | | | |
| Total Municipal Debt Service - Excluded from "CAPS" | A-1 | <u>3,067,194.00</u> | <u>3,067,194.00</u> | <u>3,067,122.08</u> | | | <u>71.92</u> |
| Deferred Charges: | | | | | | | |
| Prospective Assessments Cancelled | | 37,000.00 | 37,000.00 | 37,000.00 | | | |
| Deferred Charges Unfunded: | | | | | | | |
| Ordinance #2241 | | <u>100,000.00</u> | <u>100,000.00</u> | <u>80,714.25</u> | | | <u>19,285.75</u> |
| Total Deferred Charges Municipal- Excluded from "CAPS" | A-1 | <u>137,000.00</u> | <u>137,000.00</u> | <u>117,714.25</u> | | | <u>19,285.75</u> |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | | | | | | | |
| For Local School District School Purposes - Excluded from "CAPS" | | <u>6,699,456.73</u> | <u>6,889,644.10</u> | <u>6,715,110.93</u> | <u>155,175.50</u> | <u>19,357.67</u> | |
| Payment of Bond Principal | | 3,340,000.00 | 3,340,000.00 | 3,340,000.00 | | | |
| Payment of Bond Anticipation Notes | | 847,000.00 | 847,000.00 | 847,000.00 | | | |
| Interest on Bonds | | 1,098,794.00 | 1,098,794.00 | 1,098,713.75 | | | 80.25 |
| Interest on Notes | | 65,000.00 | 65,000.00 | 65,000.00 | | | |
| Total of Type 1 District School Debt Service - Excluded from "CAPS" | A-1 | <u>5,350,794.00</u> | <u>5,350,794.00</u> | <u>5,350,713.75</u> | | | <u>80.25</u> |
| Total General Appropriations - Excluded From "CAPS" | | <u>12,050,250.73</u> | <u>12,240,438.10</u> | <u>12,065,824.68</u> | <u>155,175.50</u> | <u>19,437.92</u> | |
| Subtotal General Appropriations | | <u>42,802,504.73</u> | <u>42,992,692.10</u> | <u>40,287,088.33</u> | <u>2,686,165.85</u> | <u>19,437.92</u> | |
| Reserve for Uncollected Taxes | | <u>6,300,000.00</u> | <u>6,300,000.00</u> | <u>6,300,000.00</u> | | | |
| Total General Appropriations | | <u>49,102,504.73</u> | <u>49,292,692.10</u> | <u>46,587,088.33</u> | <u>2,686,165.85</u> | <u>19,437.92</u> | |

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

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

| General Appropriations | Ref. | Budget | Budget After Modification | Paid or Charged | Reserved | Unexpended Balance Cancelled |
|--|------|---------------|---------------------------------|----------------------------|----------|------------------------------------|
| | | | | | | |
| Adopted Budget | | | | | | |
| Appropriated by N.J.S. 40A:4-87 | A-2 | 49,102,504.73 | | | | |
| | A-2 | | 190,187.37 | | | |
| | | | | <u>49,292,692.10</u> | | |
| Analysis of Paid or Charged | | | | | | |
| Cash Disbursed | A-4 | 39,438,836.98 | | | | |
| Reserve for Uncollected Taxes | A-2 | 6,300,000.00 | | | | |
| Reserve for Tax Appeals | A-16 | 200,000.00 | | | | |
| Schedule of Interfunds | A-17 | 405,714.25 | | | | |
| Reserve for Federal and State Grants | A-29 | 242,537.10 | | | | |
| | | | | <u>46,587,088.33</u> | | |
| Analysis of Appropriation Reserve | | | | | | |
| Unencumbered | A | 1,799,529.75 | | | | |
| Encumbered | A | 886,636.10 | | | | |
| | | | | <u><u>2,686,165.85</u></u> | | |

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------|---------------------|----------------------|
| <u>Assets</u> | | | |
| Animal Control Trust Fund: | | | |
| Cash- Treasurer | B-2 | <u>39,306.17</u> | <u>57,120.95</u> |
| Other Trust Funds: | | | |
| Cash | B-2 | 7,601,314.57 | 8,726,971.86 |
| Interfund - Current Fund | B-6 | 148,165.65 | |
| Community Development Block | | | |
| Grant Receivable | B-10 | <u>47,700.00</u> | <u>50,550.00</u> |
| | | <u>7,797,180.22</u> | <u>8,777,521.86</u> |
| Assessment Fund | | | |
| Cash | B-2;B-3 | 104,256.39 | 2,382,396.35 |
| Assessments Receivable | B-8 | 323,517.57 | 289,540.16 |
| Prospective Assessment Funded | B-9 | | |
| | | <u>427,773.96</u> | <u>1,754,990.00</u> |
| | | | <u>4,426,926.51</u> |
| Total Assets | | <u>8,264,260.35</u> | <u>13,261,569.32</u> |

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|---------------------|----------------------|
| <u>Liabilities, Reserves & Fund Balance</u> | | | |
| Animal Control Trust Fund: | | | |
| Reserve for Animal Control | | | |
| Trust Fund Expenditures | B-4 | 39,306.17 | 38,929.80 |
| Due State Department of Health | B-5 | | 18.00 |
| Interfund - Current Fund | B-6 | | 18,173.15 |
| | | <u>39,306.17</u> | <u>57,120.95</u> |
| Other Trust Funds: | | | |
| Various Reserves | B-7 | 6,712,151.60 | 7,552,359.75 |
| Reserve for CDBG | B-11 | 60,417.85 | 63,267.85 |
| Reserve for Library | B-12 | 225,838.67 | 235,708.13 |
| Encumbrances | B-16 | 798,772.10 | 926,186.13 |
| | | <u>7,797,180.22</u> | <u>8,777,521.86</u> |
| Assessment Fund | | | |
| Interfund - General Capital Fund | B-6 | 113,403.42 | 2,384,926.32 |
| Interfund - Sewer Assessment Fund | B-6 | 4,659.89 | |
| Assessment Serial Bonds Payable | B-13 | 32,000.00 | 69,000.00 |
| Reserve for Assessments and Liens | B-14 | 175,583.64 | 1,870,873.18 |
| Reserve for Unconfirmed | | | |
| Assessment Receipts | B-15 | 3,297.50 | 3,297.50 |
| Fund Balance | B-1 | <u>98,829.51</u> | <u>98,829.51</u> |
| | | <u>427,773.96</u> | <u>4,426,926.51</u> |
| Total Liabilities, Reserves & Fund Balance | | <u>8,264,260.35</u> | <u>13,261,569.32</u> |

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

City of Summit, N.J.

Comparative Statement of Assessment Fund Balance

Assessment Trust Funds

Year Ended December 31,

| | | <u>2015</u> | <u>2014</u> |
|------------------------|-------------|------------------|------------------|
| | <u>Ref.</u> | | |
| Balance - January 1, | B | <u>98,829.51</u> | <u>98,829.51</u> |
| Balance - December 31, | B | <u>98,829.51</u> | <u>98,829.51</u> |

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

City of Summit, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

| | Ref. | 2015 | 2014 |
|--------------------------------------|---------|-----------------------|-----------------------|
| <u>Assets</u> | | | |
| Cash | C-2;C-3 | 7,613,574.49 | 5,192,171.62 |
| Grants Receivable | C-4 | 470,000.00 | |
| Due From Current Fund | C-5 | 405,714.25 | |
| Due From Assessment Trust Fund | C-5 | 113,403.42 | 2,384,926.32 |
| Due From Sewer Utility Capital Fund | C-5 | | 1,572.09 |
| Due From Parking Utility Capital | C-5 | | 12,798.94 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-6 | 46,090,100.00 | 51,916,400.00 |
| Unfunded | C-7 | 49,491,408.27 | 43,132,115.68 |
| | | <u>104,184,200.43</u> | <u>102,639,984.65</u> |

Liabilities, Reserves and Fund Balance

| | | | |
|--|------|-----------------------|-----------------------|
| Serial Bonds Payable: | | | |
| Municipal Serial Bonds | C-8 | 15,678,000.00 | 17,831,000.00 |
| School Serial Bonds | C-9 | 30,345,000.00 | 33,985,000.00 |
| Bond Anticipation Notes Payable | C-10 | 9,632,500.00 | 6,234,800.00 |
| Temporary School Notes Payable | C-11 | 18,000,000.00 | 7,800,000.00 |
| Downtown Business Improvement Loan Payable | C-12 | 67,100.00 | 100,400.00 |
| Contracts Payable | C-13 | 2,263,293.89 | 2,263,293.89 |
| Encumbrances Payable | C-14 | 4,873,585.60 | |
| Capital Improvement Fund | C-15 | 384,705.03 | 464,205.03 |
| Improvement Authorizations: | | | |
| Funded | C-16 | 5,025,003.54 | 5,916,374.02 |
| Unfunded | C-16 | 15,415,486.71 | 25,160,380.34 |
| Reserve for: | | | |
| Prepaid Assessments | C-17 | 5,000.00 | 5,000.00 |
| State Aid - Kids Recreation Trust | C-18 | 315,121.77 | 427,450.00 |
| Preliminary Expenses | C-19 | 7,500.00 | 7,500.00 |
| Refunding Bonds Issuance Costs | C-20 | 39,947.59 | 10,813.01 |
| Debt Service | C-21 | 671,995.14 | 851,806.04 |
| Legal Fees | C-22 | 304,131.11 | 152,632.27 |
| Rebate Liability | C-23 | 3,133.43 | 3,133.43 |
| State Aid - Stormwater Management | C-24 | 14,720.00 | 14,720.00 |
| Euclid Avenue Storm Improvements | C-25 | 83,530.25 | 83,530.25 |
| Grants Receivable | C-26 | 250,000.00 | |
| Fund Balance | C-1 | 804,446.37 | 1,327,946.37 |
| | | <u>104,184,200.43</u> | <u>102,639,984.65</u> |

There were Bonds and Notes Authorized But Not Issued in the Amount of \$23,183,662.08 and \$30,308,666.07 as of December 31, 2015 and 2014 as per Schedule C-27.

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

City of Summit, N.J.

Comparative Statement of Surplus - Regulatory Basis

General Capital Fund

Year Ended December 31,

| | | <u>2015</u> | <u>2014</u> |
|--------------------------------------|-------------|---------------------|---------------------|
| | <u>Ref.</u> | | |
| Balance - January 1, | C | <u>1,327,946.37</u> | <u>1,704,629.36</u> |
| Increased by: | | | |
| Improvement Authorizations Cancelled | | | 736,287.75 |
| Cash Receipts: | | | |
| Premium on Bond Sale | | <u>172,029.26</u> | <u>908,317.01</u> |
| | | <u>1,327,946.37</u> | <u>2,612,946.37</u> |
| Decreased by: | | | |
| Anticipated as Current Fund Revenue | C-2 | 523,500.00 | 545,000.00 |
| Appropriated to Finance Improvement | | | |
| Authorizations | | <u>740,000.00</u> | <u>1,285,000.00</u> |
| | | <u>523,500.00</u> | <u>1,285,000.00</u> |
| Balance - December 31, | C | <u>804,446.37</u> | <u>1,327,946.37</u> |

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

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

| | <u>Ref</u> | <u>2015</u> | <u>2014</u> |
|---|------------|----------------------|----------------------|
| <u>Assets</u> | | | |
| Operating Fund: | | | |
| Cash-Treasurer | D-5 | <u>1,174,381.18</u> | <u>1,184,685.70</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts | D-7 | <u>60,730.93</u> | <u>84,297.29</u> |
| Total Operating Fund | | <u>1,235,112.11</u> | <u>1,268,982.99</u> |
| Sewer Assessment Fund: | | | |
| Sewer Assessment Receivable | D-8 | <u>15,997.56</u> | <u>20,657.45</u> |
| Interfund - Trust Assessment Account | D-9 | <u>4,659.89</u> | |
| Total Sewer Assessment Fund | | <u>20,657.45</u> | <u>20,657.45</u> |
| Capital Fund: | | | |
| Cash | D-5;D-6 | <u>2,527,550.77</u> | <u>1,073,095.56</u> |
| Interfund - Sewer Assessment Fund | D-9 | <u>20,657.45</u> | <u>20,657.45</u> |
| Fixed Capital* | D-10 | <u>8,419,462.17</u> | <u>8,419,462.17</u> |
| Fixed Capital Authorized and Uncompleted* | D-11 | <u>7,492,718.87</u> | <u>6,532,718.87</u> |
| Total Capital Fund | | <u>18,460,389.26</u> | <u>16,045,934.05</u> |
| Total Assets | | <u>19,716,158.82</u> | <u>17,335,574.49</u> |

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

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

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

Ref

2015

2014

Liabilities, Reserves and Fund Balance

Operating Fund:

Appropriation Reserves:

| | | | |
|--------------|----------|-------------------|-------------------|
| Unencumbered | D-4;D-12 | 71,840.05 | 92,115.33 |
| Encumbered | D-4;D-12 | 50,733.01 | 87,985.40 |
| | | <u>122,573.06</u> | <u>180,100.73</u> |

| | | | |
|---------------------------|--------|---------------------|---------------------|
| Interfund - Current Fund | D-9 | 3,400.00 | |
| Accrued Interest on Bonds | D-14 | 28,856.78 | 29,837.57 |
| Accrued Interest on Notes | D-14 | 40,873.00 | 22,973.00 |
| Various Reserves | D-16 | 24,925.76 | 24,925.76 |
| | | <u>220,628.60</u> | <u>257,837.06</u> |
| Reserve for Receivables | Contra | 60,730.93 | 84,297.29 |
| Fund Balance | D-1 | 953,752.58 | 926,848.64 |
| Total Operating Fund | | <u>1,235,112.11</u> | <u>1,268,982.99</u> |

Sewer Assessment Fund:

| | | | |
|--------------------------------|-----|------------------|------------------|
| Interfund - Sewer Capital Fund | D-9 | 20,657.45 | 20,657.45 |
| Total Sewer Assessment Fund | | <u>20,657.45</u> | <u>20,657.45</u> |

Capital Fund:

| | | | |
|----------------------------------|------|--------------|--------------|
| Interfund - General Capital Fund | D-9 | | 1,572.09 |
| Contracts Payable | D-13 | 341,691.97 | 98,886.50 |
| Bond Anticipation Notes Payable | D-20 | 4,071,600.00 | 2,265,600.00 |
| Bonds Payable | D-21 | 1,690,000.00 | 1,825,000.00 |

Improvement Authorizations:

| | | | |
|---------------------------------------|------|----------------------|----------------------|
| Funded | D-15 | | 14,027.16 |
| Unfunded | D-15 | 2,573,983.73 | 2,383,994.74 |
| Capital Improvement Fund | D-17 | 1,600,053.57 | 1,621,053.57 |
| Reserve for Amortization | D-18 | 6,380,428.70 | 6,245,428.70 |
| Reserve for Deferred for Amortization | D-19 | 1,604,491.69 | 1,392,231.69 |
| Fund Balance | D-2 | 198,139.60 | 198,139.60 |
| Total Capital Fund | | <u>18,460,389.26</u> | <u>16,045,934.05</u> |

Total Liabilities, Reserves and Fund Balances 19,716,158.82 17,335,574.49

Footnote D: There were Bonds and Notes Authorized But Not Issued in the Amount of \$2,190,686.51 and \$3,248,946.51 on December 31, 2015 and 2014 per Exhibit D-22.

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

City of Summit, N.J.

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

Sewer Utility Operating Fund

Year Ended December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|---------------------|---------------------|
| Revenue and Other Income Realized: | | | |
| Operating Surplus Anticipated | D-3 | 325,000.00 | 350,000.00 |
| Domestic Sewer User Charges | D-3 | 2,929,854.30 | 2,808,160.26 |
| Industrial Sewer User Charges | D-3 | 117,076.96 | 189,281.97 |
| Additional Domestic Sewer User Charges | | | 34,367.00 |
| Sewer Capital Fund Balance | | | 76,500.00 |
| Miscellaneous | D-3 | 174,233.98 | 206,933.96 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-12 | 101,934.70 | 16,374.84 |
| Total Income | | <u>3,648,099.94</u> | <u>3,681,618.03</u> |
| Expenditures: | | | |
| Operating | D-4 | 2,722,082.00 | 2,603,400.00 |
| Capital Improvements | D-4 | 25,000.00 | 156,800.00 |
| Debt Service | D-4 | 321,825.00 | 361,400.00 |
| Deferred Charges and Statutory Expenditures | D-4 | 102,289.00 | 104,610.00 |
| Surplus (General Fund) | D-4 | 125,000.00 | 125,000.00 |
| Refund of Prior Year Sewer Rents | | | 7,940.00 |
| Total Expenditures | | <u>3,296,196.00</u> | <u>3,359,150.00</u> |
| Statutory Excess to Surplus | | 351,903.94 | 322,468.03 |
| Fund Balance - January 1, | D | <u>926,848.64</u> | <u>954,380.61</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | <u>325,000.00</u> | <u>350,000.00</u> |
| Fund Balance - December 31, | D | <u>953,752.58</u> | <u>926,848.64</u> |

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

City of Summit, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Sewer Utility Capital Fund

Year Ended December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|-----------------------------------|-------------|-------------------|-------------------|
| Balance - January 1, | D | 198,139.60 | 258,803.06 |
| Increased by: | | | |
| Premium on Bond Anticipation Note | | 15,836.54 | |
| | | 198,139.60 | 274,639.60 |
| Decreased by: | | | |
| Anticipated as Item of Revenue | | 76,500.00 | |
| Balance - December 31, | D | <u>198,139.60</u> | <u>198,139.60</u> |

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2015

| | <u>Ref.</u> | <u>Anticipated</u> | <u>Realized</u> | Excess (Deficit) |
|-------------------------------|-------------|---------------------|---------------------|---------------------|
| Operating Surplus Anticipated | D-1 | 325,000.00 | 325,000.00 | |
| Domestic Sewer User Charges | D-1;D-5 | 2,864,194.00 | 2,929,854.30 | 65,660.30 |
| Industrial Sewer Charges | D-1;D-5 | 107,077.00 | 117,076.96 | 9,999.96 |
| Non-Budget Revenues | D-1 | | 174,233.98 | 174,233.98 |
| Budget Totals | | <u>3,296,271.00</u> | <u>3,546,165.24</u> | <u>249,894.24</u> |
| | | D-4 | | |

Analysis of Non-Budget Revenues

| | |
|--------------------------------|-------------------|
| Interest on Deposits | 7,083.62 |
| Interest on Delinquent Balance | 5,861.25 |
| Joint Meeting Surplus | <u>161,289.11</u> |
| D-5 | <u>174,233.98</u> |
| | D-3 |

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

Statement of Expenditures - Regulatory Basis

Sewer Operating Fund

Year Ended December 31, 2015

| | Appropriated | | | Expended | | | |
|--|--------------|---------------------|---------------------|--|----------------------------|-------------------|------------------|
| | <u>Ref.</u> | <u>Budget</u> | <u>Modification</u> | <u>Budget</u> After Modification | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Operating: | | | | | | | |
| Salaries and Wages | | 295,250.00 | | 295,250.00 | 281,666.25 | 13,583.75 | |
| Other Expenses | | 449,400.00 | | 449,400.00 | 340,430.00 | 108,970.00 | |
| Joint Meeting Maintenance Other Expense | | 1,882,032.00 | | 1,882,032.00 | 1,882,032.00 | | |
| Health and Life Insurance | | 95,400.00 | | 95,400.00 | 95,400.00 | | |
| Total Operating | D-1 | <u>2,722,082.00</u> | | <u>2,722,082.00</u> | <u>2,599,528.25</u> | <u>122,553.75</u> | |
| Capital Improvements: | | | | | | | |
| Capital Improvement Fund | D-1 | <u>25,000.00</u> | | <u>25,000.00</u> | <u>25,000.00</u> | | |
| Total Capital Improvements | | <u>25,000.00</u> | | <u>25,000.00</u> | <u>25,000.00</u> | | |
| Debt Service: | | | | | | | |
| Payment of Bond Principal | | 135,000.00 | | 135,000.00 | 135,000.00 | | |
| Payment of Bond Anticipation & Capital Notes | | 109,700.00 | | 109,700.00 | 109,700.00 | | |
| Interest on Bonds | | 58,300.00 | | 58,300.00 | 58,225.00 | | |
| Interest on Notes | | 18,900.00 | | 18,900.00 | 18,900.00 | | |
| Total Debt Service | D-1 | <u>321,900.00</u> | | <u>321,900.00</u> | <u>321,825.00</u> | <u>75.00</u> | |

City of Summit, N.J.

D-4
Page 2 of 2

Statement of Expenditures - Regulatory Basis

Sewer Operating Fund

Year Ended December 31, 2015

| | Ref. | Appropriated | | Expended | | |
|--|------|---------------------|---------------------|---------------------|--------------------|--------------|
| | | Budget | Modification | Budget | Paid or Charged | Reserved |
| Deferred Charges and Statutory Expenditures | | | | | | |
| Ord # 2503 Improvement of Sanitary Sewerage System | | 28,160.00 | 28,160.00 | 28,160.00 | 28,160.00 | |
| Ord # 2552 Improvement of Sanitary Sewerage System | | 28,400.00 | 28,400.00 | 28,400.00 | 28,400.00 | |
| Statutory Expenditures: | | | | | | |
| Contribution to: | | | | | | |
| Public Employees' Retirement System | | 23,729.00 | 23,729.00 | 23,729.00 | 23,729.00 | |
| Social Security System (O.A.S.I.) | | 22,000.00 | 22,000.00 | 21,980.69 | 19.31 | |
| Total Deferred Charges and Statutory Expenditures | D-1 | 102,289.00 | 102,289.00 | 102,269.69 | 19.31 | |
| Surplus (General Fund) | D-1 | 125,000.00 | 125,000.00 | 125,000.00 | 125,000.00 | |
| | | <u>3,296,271.00</u> | <u>3,296,271.00</u> | <u>3,173,622.94</u> | <u>122,573.06</u> | <u>75.00</u> |
| Unencumbered | D | | | 71,840.05 | | |
| Encumbered | D | | | 50,733.01 | | |
| | | | | <u>122,573.06</u> | | |
| Cash Disbursed | | | | | | |
| Interfund - Current Fund | D-5 | | | 3,093,097.94 | | |
| Accrued Interest: | D-9 | | | 3,400.00 | | |
| Accrued Interest on Bonds | D-14 | | | 58,225.00 | | |
| Accrued Interest on Notes | D-14 | | | 18,900.00 | | |
| | | | | <u>3,173,622.94</u> | | |

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

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

December 31,

| | <u>Ref</u> | <u>2015</u> | <u>2014</u> |
|---|------------|----------------------|---------------------|
| Assets | | | |
| Operating Fund: | | | |
| Cash-Treasurer | E-5 | 2,521,255.67 | 2,301,749.79 |
| Cash-Change Fund | E-6 | 12,400.00 | 12,400.00 |
| Total Operating Fund | | <u>2,533,655.67</u> | <u>2,314,149.79</u> |
| Capital Fund: | | | |
| Cash | E-5;E-7 | 1,634,905.58 | 859,214.58 |
| Fixed Capital* | E-8 | 1,365,385.65 | 1,365,385.65 |
| Fixed Capital Authorized and Uncompleted* | E-9 | 5,787,253.36 | 4,837,253.36 |
| Interfund - Parking Operating Fund | E-12 | 124,757.02 | |
| Total Capital Fund | | <u>8,912,301.61</u> | <u>7,061,853.59</u> |
| Total Assets | | <u>11,445,957.28</u> | <u>9,376,003.38</u> |

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

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

Comparative Balance Sheet - Regulatory Basis

Parking Utility Fund

December 31,

| | <u>Ref</u> | <u>2015</u> | <u>2014</u> |
|---|------------|----------------------|---------------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserve: | | | |
| Unencumbered | E-4;E-10 | 235,059.96 | 81,627.36 |
| Encumbered | E-4;E-10 | 64,740.24 | 17,434.04 |
| Total Appropriation Reserve | | <u>299,800.20</u> | <u>99,061.40</u> |
| Prepaid Parking Charges | E-13 | 176,738.50 | 120,964.00 |
| Interfund - Current Fund | E-14 | 13,200.00 | |
| Interfund - Parking Capital Fund | E-16 | 124,757.02 | |
| Accrued Interest on Notes | E-18 | 2,200.50 | 60.00 |
| Accrued Interest on Bonds | E-18 | 24,254.15 | 20,754.91 |
| Various Reserves | E-19 | <u>522,059.21</u> | <u>516,938.21</u> |
| | | <u>1,163,009.58</u> | <u>757,778.52</u> |
| Fund Balance | E-1 | <u>1,370,646.09</u> | <u>1,556,371.27</u> |
| Total Operating Fund | | <u>2,533,655.67</u> | <u>2,314,149.79</u> |
| Capital Fund: | | | |
| Contracts Payable | E-11 | 66,629.80 | 90,806.10 |
| Interfund - General Capital Fund | E-15 | | 12,798.94 |
| Bond Anticipation Notes Payable | E-24 | 1,161,500.00 | 263,000.00 |
| Bonds Payable | E-25 | 2,065,000.00 | 2,200,000.00 |
| Improvement Authorizations: | | | |
| Funded | E-17 | 247,171.58 | 417,995.24 |
| Unfunded | E-17 | 747,152.49 | 237,632.89 |
| Capital Improvement Fund | E-21 | 740,763.18 | 267,792.88 |
| Reserves | E-20 | 80,000.00 | |
| Reserve for Amortization | E-22 | 2,138,802.42 | 1,999,045.40 |
| Reserve for Deferred Amortization | E-23 | 1,600,836.59 | 1,508,336.59 |
| Fund Balance | E-2 | <u>64,445.55</u> | <u>64,445.55</u> |
| Total Capital Fund | | <u>8,912,301.61</u> | <u>7,061,853.59</u> |
| Total Liabilities, Reserves and Fund Balances | | <u>11,445,957.28</u> | <u>9,376,003.38</u> |

Footnote E: There were Bonds and Notes Authorized But Not Issued in the Amount of \$186,500.00 and \$232,257.02 on December 31, 2015 and 2014 per Exhibit E-26.

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

City of Summit, N.J.

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

Parking Utility Operating Fund

Year Ended December 31,

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|---------------------|---------------------|
| Revenue and Other Income Realized: | | | |
| Operating Surplus Anticipated | E-3 | 386,000.00 | |
| Parking Revenue | E-3 | 3,110,316.74 | 2,974,320.54 |
| Parking Capital Surplus | | | 100,000.00 |
| Miscellaneous | E-3 | 12,909.46 | 3,508.07 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | E-10 | <u>33,228.74</u> | <u>5,532.09</u> |
| Total Income | | <u>3,542,454.94</u> | <u>3,083,360.70</u> |
| Expenditures: | | | |
| Operating | E-4 | 1,718,870.00 | 1,439,488.00 |
| Capital Improvements | E-4 | 635,000.00 | 50,000.00 |
| Debt Service | E-4 | 683,474.00 | 939,377.00 |
| Deferred Charges and Statutory Expenditures | E-4 | 54,757.02 | 65,000.00 |
| Refund of Sales Tax Collected | E-5 | 79.10 | |
| Surplus (General Budget) | E-4 | <u>250,000.00</u> | <u>250,000.00</u> |
| Total Expenditures | | <u>3,342,180.12</u> | <u>2,743,865.00</u> |
| Statutory Excess to Surplus | | 200,274.82 | 339,495.70 |
| Fund Balance - January 1, | E | <u>1,556,371.27</u> | <u>1,216,875.57</u> |
| | | 1,756,646.09 | 1,556,371.27 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | <u>386,000.00</u> | |
| Fund Balance - December 31, | E | <u>1,370,646.09</u> | <u>1,556,371.27</u> |

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

City of Summit, N.J.**Comparative Statement of Fund Balance - Regulatory Basis****Parking Utility Capital Fund****Year Ended December 31,**Ref.

| | | <u>2015</u> | <u>2014</u> |
|-------------------------------------|---|-------------------|-------------------|
| Balance - January 1, | E | <u>64,445.55</u> | <u>340,629.18</u> |
| Increased by: | | | |
| Premium on Bond Anticipation Note | | 23,816.37 | |
| | | <u>364,445.55</u> | |
| Decreased by: | | | |
| Anticipated as Item of Revenue | | 100,000.00 | |
| Appropriated to Finance Improvement | | | |
| Authorizations | | 200,000.00 | |
| | | <u>300,000.00</u> | |
| Balance - December 31, | E | <u>64,445.55</u> | <u>64,445.55</u> |

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

City of Summit, N.J.
Statement of Revenues - Regulatory Basis
Parking Utility Operating Fund
Year Ended December 31, 2015

| | <u>Ref.</u> | <u>Anticipated</u> | <u>Realized</u> | <u>Excess (Deficit)</u> |
|---------------------------------|-------------|---------------------|---------------------|-----------------------------|
| Operating Surplus Anticipated | E-1 | 386,000.00 | 386,000.00 | |
| Parking Revenues | E-1 | 2,961,344.00 | 3,110,316.74 | 148,972.74 |
| Non-Budget Revenues | E-1 | | 12,909.46 | 12,909.46 |
| Budget Totals | | <u>3,347,344.00</u> | <u>3,509,226.20</u> | <u>161,882.20</u> |
| | | E-4 | | |
| Analysis of Realized Revenue | | | | |
| 2015 Parking Revenue | E-5 | | 2,989,352.74 | |
| Prepaid Applied | E-13 | | <u>120,964.00</u> | |
| | | | <u>3,110,316.74</u> | |
| Analysis of Non-Budget Revenues | | | | |
| Interest on Deposits | | 9,671.04 | | |
| Miscellaneous | | <u>3,238.42</u> | | |
| | E-5 | | <u>12,909.46</u> | |

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

City of Summit, N.J.

Statement of Expenditures - Regulatory Basis

Parking Operating Fund

Year Ended December 31, 2015

| | Appropriated | | Expended | | Unexpended Balance Cancelled |
|--|--------------|--------------|---------------------------------|--------------------|------------------------------------|
| | Ref. | Budget | Budget After Modification | Paid or Charged | |
| Operating: | | | | | |
| Salaries and Wages | | 665,000.00 | 665,000.00 | 603,074.86 | 61,925.14 |
| Other Expenses | | 938,870.00 | 938,870.00 | 701,462.85 | 237,407.15 |
| Insurance | | 115,000.00 | 115,000.00 | 115,000.00 | |
| Total Operating | E-1 | 1,718,870.00 | 1,718,870.00 | 1,419,537.71 | 299,332.29 |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | | 555,000.00 | 555,000.00 | 555,000.00 | |
| Capital Outlay | | 80,000.00 | 80,000.00 | 80,000.00 | |
| Total Capital Improvements | E-1 | 635,000.00 | 635,000.00 | 635,000.00 | |
| Debt Service: | | | | | |
| Payment of Bond Principal | | 135,000.00 | 135,000.00 | 135,000.00 | |
| Payment of Bond Anticipation & Capital Notes | | 47,000.00 | 47,000.00 | 47,000.00 | |
| Interest on Bonds | | 51,660.00 | 51,660.00 | 51,660.00 | |
| Interest on Notes | | 2,200.00 | 2,200.00 | 2,200.00 | |
| Payment to Current Fund for Share of Utility Debt Service | | 447,614.00 | 447,614.00 | 447,614.00 | |
| Total Debt Service | E-1 | 683,474.00 | 683,474.00 | 683,474.00 | |
| Deferred Charges and Statutory Expenditures | | | | | |
| Ord # 2814 Improvement of Parking Facilities | | 1,000.00 | 1,000.00 | | 1,000.00 |
| Ord # 2874 Improvement of Parking Facilities | | 4,500.00 | 4,500.00 | 257.02 | 4,242.98 |
| Ord # 2977 Improvement of Parking Facilities | | 4,500.00 | 4,500.00 | 4,500.00 | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | | 50,000.00 | 50,000.00 | 49,532.09 | 467.91 |
| Total Deferred Charges and Statutory Expenditures | E-1 | 60,000.00 | 60,000.00 | 54,289.11 | 467.91 |
| Surplus (General Budget) | E-1 | 250,000.00 | 250,000.00 | 250,000.00 | |
| Total Parking Utility Appropriations | | 3,347,344.00 | 3,347,344.00 | 3,042,300.82 | 299,800.20 |
| | | | E-3 | | 5,242.98 |
| Unencumbered | E | | | | 235,059.96 |
| Encumbered | E | | | | 64,740.24 |
| | | | | | 299,800.20 |
| Cash Disbursed | E-5 | | | 2,845,240.82 | |
| Interfund - Current Fund | E-14 | | | 13,200.00 | |
| Interfund - Parking Capital Fund | E-16 | | | 130,000.00 | |
| Accrued Interest on Bonds | E-18 | | | 51,660.00 | |
| Accrued Interest on Notes | E-18 | | | 2,200.00 | |
| | | | | 3,042,300.82 | |

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

City of Summit, N.J.**Comparative Balance Sheet - Regulatory Basis****Public Assistance Fund****December 31,**

| | <u>Ref.</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|------------------|------------------|
| <u>Assets</u> | | | |
| Cash | F-1 | <u>17,125.32</u> | <u>17,125.32</u> |
| <u>Liabilities and Reserves</u> | | | |
| Reserve for Public Assistance | F-6 | <u>17,125.32</u> | <u>17,125.32</u> |

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

City of Summit, N.J.

General Fixed Assets Account Group

Comparative Balance Sheet

December 31,

(Unaudited)

| | Balance <u>Dec. 31, 2015</u> | Balance <u>Dec. 31, 2014</u> |
|------------------------------|---------------------------------|---------------------------------|
| General Fixed Assets: | | |
| Land | 52,289,000.00 | 52,289,000.00 |
| Buildings | 33,683,353.20 | 33,592,458.18 |
| Machinery and Equipment | <u>15,119,593.57</u> | <u>14,639,821.96</u> |
| | <u>101,091,946.77</u> | <u>100,521,280.14</u> |
| Investment in Fixed Assets | <u>101,091,946.77</u> | <u>100,521,280.14</u> |
| | (1) | |

(1) See Notes to Financial Statements - Note 1

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City of Summit have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 City accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The City of Summit (the "City") is an instrumentality of the State of New Jersey, established to function as a municipality. The Common Council consists of elected officials and is responsible for the fiscal control of the City.

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

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

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

The City has the following funds:

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

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

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

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

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

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

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

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

Sewer Utility and Sewer Capital Funds - Accounts for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Parking Utility Operating and Capital Funds - Accounts for the operations and acquisition of capital facilities of the municipally owned parking utility.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2015** **(CONTINUED)**

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

C. Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, School, Garbage District, Recreation Trust and Open Space purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the City. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected.

Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

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

C. Basis of Accounting (continued)

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

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

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

General Capital Fund

Sewer Capital Fund

Trust Fund

Public Assistance Fund

Parking Utility Capital

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, there were seven special items of revenue inserted into the budget. They are as follows: Clean Communities, \$42,706.24; Body Armor Replacement Program, \$4,372.93; Summit Area Public Foundation - Auxiliary Police Body Armor, \$12,600.00; County of Union - Greening Union County, \$6,875.00; County of Union - Infrastructure & Municipal Aid, \$115,000.00; Drunk Driving Enforcement Fund, \$8,543.20; and Recycling Tonnage, \$90.00. In addition several budget transfers were approved by the Governing Body.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

C. Basis of Accounting (continued)

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

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

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

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

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

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

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

C. Basis of Accounting (continued)

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

Fixed Assets - The City of Summit has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles.

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2015** **(CONTINUED)**

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

C. Basis of Accounting (continued)

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

Recent Accounting Pronouncements

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

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

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

C. Basis of Accounting (continued)

Recent Accounting Pronouncements (continued)

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

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

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

In June 30, 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The City is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

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

C. Basis of Accounting (continued)

Recent Accounting Pronouncements (continued)

transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The City is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 2: BUDGETARY INFORMATION

Under the New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The amount for the reserve in 2015 was \$6,300,000.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 statutory budget was \$7,600,000.00.

Interdepartment budget transfers are not permitted prior to November 1. After November 1 budget transfers can be made in the form of a resolution and approved by Common Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015, Clean Communities, Body Armor Replacement Program, Summit Area Public Foundation - Auxiliary Police Body Armor, County of Union - Greening Union County, County of Union - Infrastructure & Municipal Aid, Drunk Driving Enforcement Fund, and Recycling Tonnage. were inserted into the budget.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. During 2015, there were no emergency appropriations. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2015, there were no special emergency authorizations.

NOTE 3: FIXED ASSETS

The following is a summary of the general fixed assets account group for the year 2015.

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2015</u> |
|-------------|--|-------------------|------------------|--|
| Land | 52,289,000.00 | - | - | 52,289,000.00 |
| Buildings | 33,592,458.18 | 74,895.02 | - | 33,667,353.20 |
| Machinery & | | | | |
| Equipment | 14,639,821.96 | 495,771.61 | - | 15,135,593.57 |
| | <u>100,521,280.14</u> | <u>570,666.63</u> | <u>-</u> | <u>101,091,946.77</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 4: MUNICIPAL DEBT

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

| | <u>Balance</u> <u>Dec. 31, 2014</u> | <u>Increased</u> | <u>Reductions</u> | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Amount Due</u> <u>Within One Year</u> |
|-------------------------------|--|---------------------|----------------------|--|---|
| General Capital Fund: | | | | | |
| Bonds Payable | 51,816,000.00 | 6,890,000.00 | 12,683,000.00 | 46,023,000.00 | 5,594,000.00 |
| Loans Payable | 100,400.00 | - | 33,300.00 | 67,100.00 | 33,300.00 |
| Assessment Fund: | | | | | |
| Bonds Payable | 69,000.00 | - | 37,000.00 | 32,000.00 | 11,000.00 |
| Sewer Utility Capital Fund: | | | | | |
| Bonds Payable | 1,825,000.00 | - | 135,000.00 | 1,690,000.00 | 135,000.00 |
| Parking Utility Capital Fund: | | | | | |
| Bonds Payable | 2,200,000.00 | - | 135,000.00 | 2,065,000.00 | 140,000.00 |
| | <u>56,010,400.00</u> | <u>6,890,000.00</u> | <u>13,023,300.00</u> | <u>49,877,100.00</u> | <u>5,913,300.00</u> |

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City.

Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 4: MUNICIPAL DEBT, (continued)

The City's debt is summarized as follows:

| <u>Issued</u> | <u>Year 2015</u> | <u>Year 2014</u> | <u>Year 2013</u> |
|---|-------------------------|-------------------------|------------------------|
| General: | | | |
| Bonds, Notes & Loans | \$ 73,722,600.00 | \$ 65,951,200.00 | \$67,284,700.00 |
| Assessment: | | | |
| Bonds and Notes | 32,000.00 | 69,000.00 | 143,000.00 |
| Sewer Utility: | | | |
| Bonds and Notes | 5,761,600.00 | 4,090,600.00 | 4,067,600.00 |
| Parking Utility: | | | |
| Bonds and Notes | <u>3,226,500.00</u> | <u>2,463,000.00</u> | <u>2,706,900.00</u> |
| Total Debt Issued | <u>82,742,700.00</u> | <u>72,573,800.00</u> | <u>74,202,200.00</u> |
| Less: | | | |
| Assessment Cash Pledged to Bonds | 32,000.00 | 69,000.00 | 143,000.00 |
| Reserve for Debt Service - | | | |
| General Capital | <u>671,995.14</u> | <u>851,806.04</u> | <u>4,555.74</u> |
| Total Deductions | <u>703,995.14</u> | <u>920,806.04</u> | <u>147,555.74</u> |
| Net Debt Issued | <u>82,038,704.86</u> | <u>71,652,993.96</u> | <u>74,054,644.26</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | 23,183,662.08 | 30,308,666.07 | 17,729,743.26 |
| Sewer Utility | | | |
| Bonds and Notes | 2,190,686.51 | 3,248,946.51 | 3,452,506.51 |
| Parking Utility: | | | |
| Bonds and Notes | <u>186,500.00</u> | <u>232,257.02</u> | <u>426,257.02</u> |
| Total Authorized but Not Issued | <u>25,560,848.59</u> | <u>33,789,869.60</u> | <u>21,608,506.79</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$107,599,553.45</u> | <u>\$105,442,863.56</u> | <u>\$95,663,151.05</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 4: 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 0.657%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-----------------------|--------------------------------|-------------------------------|-------------------------------|
| Local School Purposes | \$49,221,984.67 | \$49,221,984.67 | \$ - |
| Sewer Utility Debt | 7,952,286.51 | 7,952,286.51 | - - |
| Parking Utility Debt | 3,413,000.00 | 3,413,000.00 | - - |
| Assessment Trust | 32,000.00 | 32,000.00 | - - |
| General Debt | <u>46,472,927.02</u> | <u>671,995.14</u> | <u>45,800,931.88</u> |
| | <u><u>\$107,092,198.20</u></u> | <u><u>\$61,291,266.32</u></u> | <u><u>\$45,800,931.88</u></u> |

Net Debt \$45,800,931.88 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 6,967,242,420.67 = 0.657%.

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

| | |
|---|-------------------------|
| 3 ½% of Equalized Valuation Basis (Municipal) | \$243,853,484.72 |
| Net Debt | <u>45,800,931.88</u> |
| Remaining Borrowing Power | <u>\$198,052,552.84</u> |

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

| | |
|--|-----------------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$3,546,164.31 |
| Deductions: | |
| Operating and Maintenance Costs | \$2,767,811.00 |
| Debt Service | <u>321,900.00</u> |
| | <u><u>3,089,711.00</u></u> |
| Excess in Revenue | <u><u>\$ 456,453.31</u></u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 4: MUNICIPAL DEBT, (continued)

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

| | |
|--|----------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$3,509,226.20 |
|--|----------------|

Deductions:

| | |
|---------------------------------|---------------------|
| Operating and Maintenance Costs | \$1,768,870.00 |
| Debt Service | <u>683,474.00</u> |
| Total Deductions | <u>2,452,344.00</u> |

| | |
|-------------------|-----------------------|
| Excess in Revenue | <u>\$1,056,882.20</u> |
|-------------------|-----------------------|

If there is a "Deficit", then utility debt is not deductible to the extent of twenty times such deficit amount or the total debt service whichever is smaller.

This information is not in agreement with the annual debt statement filed with the State.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2015

| <u>Calendar Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|----------------------|---------------------|----------------------|
| <u>General Bonds</u> | | | |
| 2016 | 2,282,300.00 | 447,962.50 | 2,730,262.50 |
| 2017 | 2,342,800.00 | 373,497.50 | 2,716,297.50 |
| 2018 | 1,720,000.00 | 312,700.00 | 2,032,700.00 |
| 2019 | 985,000.00 | 264,700.00 | 1,249,700.00 |
| 2020 | 1,005,000.00 | 238,850.00 | 1,243,850.00 |
| 2021-2025 | 5,485,000.00 | 737,818.75 | 6,222,818.75 |
| 2026-2028 | <u>1,925,000.00</u> | <u>89,288.75</u> | <u>2,014,288.75</u> |
| | <u>15,745,100.00</u> | <u>2,464,817.50</u> | <u>18,209,917.50</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 4: MUNICIPAL DEBT, (continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2015 (continued)

| <u>Calendar Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|----------------------|---------------------|----------------------|
| <u>School Bonds</u> | | | |
| 2016 | 3,345,000.00 | 1,073,356.25 | 4,418,356.25 |
| 2017 | 3,380,000.00 | 959,650.00 | 4,339,650.00 |
| 2018 | 3,430,000.00 | 860,400.00 | 4,290,400.00 |
| 2019 | 3,505,000.00 | 742,275.00 | 4,247,275.00 |
| 2020 | 3,510,000.00 | 611,587.50 | 4,121,587.50 |
| 2021-2025 | 11,000,000.00 | 1,610,125.00 | 12,610,125.00 |
| 2026-2030 | <u>2,175,000.00</u> | <u>55,400.00</u> | <u>2,230,400.00</u> |
| | <u>30,345,000.00</u> | <u>5,912,793.75</u> | <u>36,257,793.75</u> |
| <u>Assessment Bonds</u> | | | |
| 2016 | 11,000.00 | 950.00 | 11,950.00 |
| 2017 | 11,000.00 | 565.00 | 11,565.00 |
| 2018 | <u>10,000.00</u> | <u>200.00</u> | <u>10,200.00</u> |
| | <u>32,000.00</u> | <u>1,715.00</u> | <u>33,715.00</u> |
| <u>Sewer Utility</u> | | | |
| 2016 | 135,000.00 | 55,525.00 | 190,525.00 |
| 2017 | 140,000.00 | 52,425.00 | 192,425.00 |
| 2018 | 140,000.00 | 48,575.00 | 188,575.00 |
| 2019 | 145,000.00 | 44,300.00 | 189,300.00 |
| 2020 | 150,000.00 | 39,500.00 | 189,500.00 |
| 2021-2025 | 800,000.00 | 114,462.50 | 914,462.50 |
| 2026-2030 | <u>180,000.00</u> | <u>3,600.00</u> | <u>183,600.00</u> |
| | <u>1,690,000.00</u> | <u>358,387.50</u> | <u>2,048,387.50</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 4: MUNICIPAL DEBT, (continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2015 (continued)

| <u>Calendar Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|----------------------|---------------------|----------------------|
| <u>Parking Utility</u> | | | |
| 2016 | 140,000.00 | 48,910.00 | 188,910.00 |
| 2017 | 140,000.00 | 46,110.00 | 186,110.00 |
| 2018 | 145,000.00 | 43,260.00 | 188,260.00 |
| 2019 | 145,000.00 | 40,360.00 | 185,360.00 |
| 2020 | 150,000.00 | 37,410.00 | 187,410.00 |
| 2021-2025 | 800,000.00 | 135,318.75 | 935,318.75 |
| 2026-2030 | <u>545,000.00</u> | <u>25,391.25</u> | <u>570,391.25</u> |
| | <u>2,065,000.00</u> | <u>376,760.00</u> | <u>2,441,760.00</u> |
| <u> </u> | | | |
| <u>Calendar Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| <u>Yearly Total</u> | | | |
| 2016 | 5,913,300.00 | 1,626,703.75 | 7,540,003.75 |
| 2017 | 6,013,800.00 | 1,432,247.50 | 7,446,047.50 |
| 2018 | 5,445,000.00 | 1,265,135.00 | 6,710,135.00 |
| 2019 | 4,780,000.00 | 1,091,635.00 | 5,871,635.00 |
| 2020 | 4,815,000.00 | 927,347.50 | 5,742,347.50 |
| 2021-2025 | 18,085,000.00 | 2,597,725.00 | 20,682,725.00 |
| 2026-2030 | <u>4,825,000.00</u> | <u>173,680.00</u> | <u>4,998,680.00</u> |
| | <u>49,877,100.00</u> | <u>9,114,473.75</u> | <u>58,991,573.75</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 5: GENERAL IMPROVEMENT AND REFUNDING BONDS

Outstanding bonds whose principal and interest are paid from the Current Fund budget of the City:

NOTE 5A: GENERAL IMPROVEMENT BONDS OF 2006

On November 1, 2006, the City issued General Improvement Bonds in the sum of \$5,925,000.00 at the rate of 4.00% per annum. At December 31, 2015, General Improvement Bonds payable amounted to \$500,000.00. Payments are being made on November 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2016 | 500,000.00 |

NOTE 5B: GENERAL REFUNDING BONDS OF 2008

On April 1, 2008, the City issued Refunding Bonds in the sum of \$7,290,000.00 at the rate of 4.00% to 5.00% per annum. At December 31, 2015, Refunding Bonds of 2008 payable amounted to \$1,120,000.00. Payments are being made on April 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2016 | 375,000.00 | 2018 | 370,000.00 |
| 2017 | 375,000.00 | | |

NOTE 5C: GENERAL IMPROVEMENT BONDS OF 2011

On January 1, 2011, the City issued General Improvement Bonds in the sum of \$6,633,000.00 at the rate of 2.00% to 4.00% per annum. At December 31, 2015, General Improvement Bonds payable amounted to \$4,490,000.00. Payments are being made on January 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2016 | 440,000.00 | 2021 | 495,000.00 |
| 2017 | 450,000.00 | 2022 | 510,000.00 |
| 2018 | 460,000.00 | 2023 | 525,000.00 |
| 2019 | 470,000.00 | 2024 | 545,000.00 |
| 2020 | 480,000.00 | 2025 | 565,000.00 |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 5D: GENERAL REFUNDING BONDS OF 2011

On April 14, 2011, the City issued Refunding Bonds in the sum of \$2,618,000.00 at the rate of 3.00% to 4.00% per annum. At December 31, 2015, Refunding Bonds of 2011 payable amounted to \$1,123,000.00. Payments are being made on May 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2016 | 564,000.00 | 2017 | 559,000.00 |

NOTE 5E: GENERAL IMPROVEMENT BONDS OF 2014

On January 7, 2014, the City issued General Improvement Bonds in the sum of \$7,400,000.00 at the rate of 2.00% to 3.05% per annum. At December 31, 2015, General Improvement Bonds payable amounted to \$7,070,000.00. Payments are being made on January 15 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2016 | 370,000.00 | 2023 | 565,000.00 |
| 2017 | 420,000.00 | 2024 | 585,000.00 |
| 2018 | 470,000.00 | 2025 | 600,000.00 |
| 2019 | 515,000.00 | 2026 | 620,000.00 |
| 2020 | 525,000.00 | 2027 | 645,000.00 |
| 2021 | 540,000.00 | 2028 | 660,000.00 |
| 2022 | 555,000.00 | | |

NOTE 5F: GENERAL REFUNDING BONDS OF 2015

On March 10, 2015, the City issued General Refunding Bonds in the sum of \$940,000.00 at the rate of 2.00% to 4.00% per annum. At December 31, 2015, General Refunding Bonds of 2015 payable amounted to \$925,000.00. Payments are being made on November 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2017 | 505,000.00 | 2018 | 420,000.00 |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 6: SCHOOL AND REFUNDING BONDS

Outstanding bonds whose principal and interest are paid from the Current Fund budget of the City:

NOTE 6A: SCHOOL REFUNDING BONDS OF 2001

On September 15, 2001, the City issued Refunding Bonds in the sum of \$13,155,000.00 at the rate of 3.40% to 5.25% per annum. At December 31, 2015, Refunding Bonds payable amounted to \$1,205,000.00. Payments are being made on June 1 in each of the following years in the amount set opposite such year. A portion of these Bonds were refunded on April 14, 2011.

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2016 | 1,205,000.00 |

NOTE 6B: SCHOOL BONDS OF 2006

On November 1, 2006, the City issued School Bonds in the sum of \$12,500,000.00 at the rate of 4.00% per annum. At December 31, 2015, School Bonds payable amounted to \$625,000.00. Payments are being made on November 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2016 | 625,000.00 |

NOTE 6C: SCHOOL BONDS OF 2011

On January 1, 2011, the City issued School Bonds in the sum of \$19,545,000.00 at the rate of 2.00% to 4.00% per annum. At December 31, 2015, School Bonds payable amounted to \$14,960,000.00. Payments are being made on January 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2016 | 1,195,000.00 | 2020 | 1,305,000.00 | 2024 | 1,475,000.00 |
| 2017 | 1,220,000.00 | 2021 | 1,340,000.00 | 2025 | 1,525,000.00 |
| 2018 | 1,240,000.00 | 2022 | 1,385,000.00 | 2026 | 1,580,000.00 |
| 2019 | 1,270,000.00 | 2023 | 1,425,000.00 | | |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 6D: SCHOOL REFUNDING BONDS OF 2011

On April 14, 2011, the City issued Refunding School Bonds in the sum of \$8,620,000.00 at the rate of 2.00% to 5.00% per annum. At December 31, 2015, Refunding School Bonds of 2011 payable amounted to \$7,675,000.00. Payments are being made on April 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2016 | 320,000.00 | 2019 | 1,650,000.00 | 2022 | 315,000.00 |
| 2017 | 1,565,000.00 | 2020 | 1,620,000.00 | 2023 | 285,000.00 |
| 2018 | 1,605,000.00 | 2021 | 315,000.00 | | |

NOTE 6E: SCHOOL REFUNDING BONDS OF 2015

On March 10, 2015, the City issued School Refunding Bonds in the sum of \$5,950,000.00 at the rate of 2.00% to 5.00% per annum. At December 31, 2015, School Refunding Bonds of 2015 payable amounted to \$5,880,000.00. Payments are being made on November 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2017 | 595,000.00 | 2021 | 585,000.00 | 2025 | 595,000.00 |
| 2018 | 585,000.00 | 2022 | 585,000.00 | 2026 | 595,000.00 |
| 2019 | 585,000.00 | 2023 | 585,000.00 | | |
| 2020 | 585,000.00 | 2024 | 590,000.00 | | |

NOTE 7: ASSESSMENT AND REFUNDING BONDS

Outstanding bonds whose principal and interest are paid from the Assessment Trust fund budget of the City:

NOTE 7A: REFUNDING ASSESSMENT BONDS OF 2011

On April 14, 2011, the City issued Refunding Assessment Bonds in the sum of \$72,000.00 at the rate of 3.00% to 4.00% per annum. At December 31, 2015, Refunding Assessment Bonds of 2011 payable amounted to \$32,000.00. Payments are being made on June 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2016 | 11,000.00 | 2018 | 10,000.00 |
| 2017 | 11,000.00 | | |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 8: DOWNTOWN BUSINESS IMPROVEMENT LOAN PAYABLE

In 2002, the City entered into a loan agreement with the State of New Jersey, in the sum of \$500,000.00, at a zero% interest rate. At December 31, 2015, Loan Payable amounted to \$67,100.00. Payments are being made on March 8 in each year of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2016 | 33,300.00 | 2017 | 33,800.00 |

NOTE 9: SEWER UTILITY BONDS

Outstanding bonds whose principal and interest are paid from the Sewer Utility fund budget of the City:

NOTE 9A: SEWER UTILITY BONDS OF 2011

On January 6, 2011, the City issued Sewer Utility Bonds in the sum of \$2,200,000.00 at the rate of 2.00% to 4.00% per annum. At December 31, 2015, Sewer Utility Bonds payable amounted to \$1,690,000.00. Payments are being made on January 1 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2016 | 135,000.00 | 2020 | 150,000.00 | 2024 | 165,000.00 |
| 2017 | 140,000.00 | 2021 | 150,000.00 | 2025 | 170,000.00 |
| 2018 | 140,000.00 | 2022 | 155,000.00 | 2026 | 180,000.00 |
| 2019 | 145,000.00 | 2023 | 160,000.00 | | |

NOTE 10: PARKING UTILITY BONDS

Outstanding bonds whose principal and interest are paid from the Parking Utility fund budget of the City:

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 10A: PARKING UTILITY BONDS OF 2014

On January 15, 2014, the City issued Parking Bonds of 2014 in the sum of \$2,200,000.00 at the rate of 2.00% to 3.05% per annum. At December 31, 2015, Parking Bonds payable amounted to \$2,065,000.00. Payments are being made on January 15 in each of the following years in the amount set opposite such year.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2016 | 140,000.00 | 2021 | 150,000.00 | 2026 | 175,000.00 |
| 2017 | 140,000.00 | 2022 | 155,000.00 | 2027 | 180,000.00 |
| 2018 | 145,000.00 | 2023 | 160,000.00 | 2028 | 190,000.00 |
| 2019 | 145,000.00 | 2024 | 165,000.00 | | |
| 2020 | 150,000.00 | 2025 | 170,000.00 | | |

NOTE 11: BOND ANTICIPATION NOTES

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| Notes Payable: | | | | |
| <u>General Capital Fund:</u> | | | | |
| RBC Capital Markets | \$6,234,800.00 | \$ | \$6,234,800.00 | \$ |
| TD Securities (USA) LLC | | 9,632,500.00 | | 9,632,500.00 |
| <u>Sewer Capital Fund:</u> | | | | |
| RBC Capital Markets | 2,265,600.00 | | 2,265,600.00 | |
| TD Securities (USA) LLC | | 4,071,600.00 | | 4,071,600.00 |
| <u>Parking Capital Fund:</u> | | | | |
| RBC Capital Markets | 263,000.00 | | 263,000.00 | |
| TD Securities (USA) LLC | 1,161,500.00 | | | 1,161,500.00 |
| TOTAL | <u>\$8,763,400.00</u> | <u>\$14,865,600.00</u> | <u>\$8,763,400.00</u> | <u>\$14,865,600.00</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2015** **(CONTINUED)**

NOTE 11: BOND ANTICIPATION NOTES (continued)

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

The City has outstanding at December 31, 2015, General Capital Bond Anticipation Notes, in the amount of \$9,632,500.00, at an interest rate of 1.00%, payable to TD Securities (USA) LLC which matured on April 22, 2016. A principal payment was made from the 2016 budget in the amount of \$288,500.00. The amount of \$9,344,000.00 was financed by the General Bonds of 2016, issued April 20, 2016 at the interest rate of 1.50 to 2.00% per annum.

The City has outstanding at December 31, 2015, Sewer Capital Bond Anticipation Notes, one in the amount of \$4,071,600.00, at an interest rate of 1.00%, payable to TD Securities (USA) LLC which matured on April 22, 2016. The amount of \$4,071,000.00 was financed by the General Bonds of 2016, issued April 20, 2016 at the interest rate of 1.50 to 2.00% per annum. The remaining \$600.00 was provided by funds otherwise on hand.

The City has outstanding at December 31, 2015, Parking Utility Capital Bond Anticipation Notes, in the amount of \$1,161,500.00, at an interest rate of 1.00%, payable to TD Securities (USA) LLC which matured on April 22, 2016. The amount of \$1,161,000.00 was financed by the General Bonds of 2016, issued April 20, 2016 at the interest rate of 1.50 to 2.00% per annum. The remaining \$500.00 was provided by funds otherwise on hand.

The City has outstanding at December 31, 2015, Temporary School Bond Anticipation Notes, in the amount of \$18,000,000.00, at an interest rate of 1.00%, payable to TD Securities (USA) LLC which matured on April 22, 2016. The amount of \$13,800,000.00 was financed by the General Bonds of 2016, issued April 20, 2016 at the interest rate of 1.50 to 2.00% per annum. On April 21, 2016, the City issued temporary notes in the amount of \$1,630,000.00, at an interest rate of 0.87%, payable to TD Bank. The remaining balance of the original notes was paid from budgeted funds or funds otherwise on hand.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 12: DUE TO/FROM OTHER FUNDS

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

| | |
|------------------------------|--|
| \$ 405,714.25 | Due to General Capital Fund from Current Fund for budgeted contribution to Capital Improvement Fund and pay for unfunded ordinance over 5 years old. |
| 298,681.83 | Due to Grant Fund from Current Fund for prior year beginning balance, grant receipts and disbursements through Current Fund. |
| 13,200.00 | Due to Current Fund from Sewer Utility Operating Fund for social security paid from Current Fund. |
| 3,400.00 | Due to Current Fund from Parking Utility Operating Fund for social security paid from Current Fund. |
| 20,657.45 | Due to Sewer Capital Fund from Sewer Assessment Trust Fund for confirmed Assessments. |
| 148,165.65 | Due to Other Trust Fund from Current Fund for funds received in Current Fund. |
| <u>124,757.02</u> | Due to Parking Capital Fund from Parking Operating Fund for budgeted contribution to Capital Improvement Fund. |
| <u>\$1,014,576.20</u> | |

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

NOTE 13: OPERATING LEASES

The City entered into a 5 year operating lease agreement with GTBM Inc. for a info-cop, E-ticketing turnkey system, on November 19, 2012. An initial up-front payment of \$50,000.00 was made. Future operating lease payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|---------------------------------------|--------------------|
| 2016 | \$39,936.00 |
| 2017 | <u>39,936.00</u> |
| Total future operating lease payments | <u>\$79,872.00</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 14: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2016 and 2015 were as follows:

| | <u>2016</u> | <u>2015</u> |
|-----------------|-----------------------|-----------------------|
| Current Fund | <u>\$7,100,000.00</u> | <u>\$7,600,000.00</u> |
| Sewer Utility | <u>\$ 355,700.00</u> | <u>\$ 325,000.00</u> |
| Parking Utility | <u>\$ 54,643.00</u> | <u>\$ 386,000.00</u> |

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

The City of Summit has not elected to defer school taxes.

NOTE 15: PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2015** **(CONTINUED)**

NOTE 15: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

Public Employees' Retirement System (PERS)(continued)

available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

Police and Firemens' Retirement System (PFRS)

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

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

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

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

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

Defined Contribution Retirement Program

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

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

Defined Contribution Retirement Program: (continued)

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

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

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

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

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

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

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

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

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

Contribution Requirements

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

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

| <u>Year</u> | <u>PERS</u> | <u>PFRS</u> | <u>DCRP</u> |
|-------------|----------------|----------------|-------------|
| 2015 | \$1,074,137.00 | \$2,018,053.00 | \$8,101.81 |
| 2014 | 1,020,821.00 | 1,887,969.00 | 5,595.13 |
| 2013 | 1,027,957.00 | 2,066,877.00 | 2,472.51 |

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At December 31, 2015, the City had a liability of \$30,074,842.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the City's proportion was 0.1339756183 percent, which was an increase/(decrease) of 0.0036801558 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$919,506.81. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes of assumptions | \$767,106.00 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,453,802.00 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - | 837,154.00 |
| City contributions subsequent to the measurement date | <u>1,165,803.73</u> | <u>-</u> |
| Total | <u>\$1,932,909.73</u> | <u>\$2,290,956.00</u> |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (continued)

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

Year ended June 30:

| | |
|------|--------------|
| 2016 | \$630,574.00 |
| 2017 | 630,574.00 |
| 2018 | 630,574.00 |
| 2019 | 1,004,290.00 |
| 2020 | 567,722.00 |

Additional Information

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

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$ 3,578,755,666 | \$ 952,194,675 |
| Collective deferred inflows of resources | 993,410,455 | 1,479,224,662 |
| Collective net pension liability | 22,447,996,119 | 18,722,735,003 |
| City's Proportion | 0.1302954625% | 0.1339756183% |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

Long-Term Rate of Return

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (continued)

Long-Term Rate of Return (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 5.00% | 1.04% |
| U. S. Treasuries | 1.75% | 1.64% |
| Investment Grade Credit | 10.00% | 1.79% |
| Mortgages | 2.10% | 1.62% |
| High Yield Bonds | 2.00% | 4.03% |
| Inflation Indexed Bonds | 1.50% | 3.25% |
| Broad U.S. Equities | 27.25% | 8.52% |
| Developed Foreign Markets | 12.00% | 6.88% |
| Emerging Market Equities | 6.40% | 10.00% |
| Private Equity | 9.25% | 12.41% |
| Hedge Funds/Absolute Returns | 12.00% | 4.72% |
| Real Estate (Property) | 2.00% | 6.83% |
| Commodities | 1.00% | 5.32% |
| Global Debt ex US | 3.50% | -0.40% |
| REIT | 4.25% | 5.12% |
| | <u>100.00%</u> | |

Discount Rate

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (continued)

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

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

| | June 30, 2015 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>3.90%</u> | At Current Discount Rate <u>4.90%</u> | 1% Increase <u>5.90%</u> |
| City's proportionate share of the pension liability | \$37,379,348 | \$30,074,842 | \$23,950,796 |

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the City had a liability of \$43,725,184.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the City's proportion was 0.2625110149 percent, which was an increase/(decrease) of (0.000232674) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$2,018,053.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ - | \$377,144.00 |
| Changes of assumptions | 8,072,755.00 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 760,998.00 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 356,527.00 | 25,522.00 |
| City contributions subsequent to the measurement date | <u>2,133,823.00</u> | <u>-</u> |
| Total | <u>\$10,563,105.00</u> | <u>\$1,163,664.00</u> |

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

Year ended June 30:

| | |
|------|----------------|
| 2016 | \$1,317,009.00 |
| 2017 | 1,317,009.00 |
| 2018 | 1,317,009.00 |
| 2019 | 2,159,411.00 |
| 2020 | 824,144.00 |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

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

Additional Information

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

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$3,512,729,953 | \$ 750,532,959 |
| Collective deferred inflows of resources | 871,083,367 | 1,561,923,934 |
| Collective net pension liability | 16,656,514,197 | 13,933,627,178 |
| Borough's Proportion | 0.2627436889% | 0.2625110149% |

Actuarial Assumptions

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

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

Mortality Rates

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 5.00% | 1.04% |
| U. S. Treasuries | 1.75% | 1.64% |
| Investment Grade Credit | 10.00% | 1.79% |
| Mortgages | 2.10% | 1.62% |
| High Yield Bonds | 2.00% | 4.03% |
| Inflation Indexed Bonds | 1.50% | 3.25% |
| Broad U.S. Equities | 27.25% | 8.52% |
| Developed Foreign Markets | 12.00% | 6.88% |
| Emerging Market Equities | 6.40% | 10.00% |
| Private Equity | 9.25% | 12.41% |
| Hedge Funds/Absolute Returns | 12.00% | 4.72% |
| Real Estate (Property) | 2.00% | 6.83% |
| Commodities | 1.00% | 5.32% |
| Global Debt ex US | 3.50% | -0.40% |
| REIT | <u>4.25%</u> | <u>5.12%</u> |
| | <u>100.00%</u> | |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

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

Discount Rate

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

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

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

| | June 30, 2015 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>4.79%</u> | At Current Discount Rate <u>5.79%</u> | 1% Increase <u>6.79%</u> |
| City's proportionate share of the pension liability | \$62,698,832.00 | \$43,725,184.00 | \$35,215,157.00 |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 15: PENSION PLANS (CONTINUED)

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

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

Pension Plan Fiduciary Net Position

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

NOTE 16: ACCRUED COMPENSATION TIME BENEFITS

The Police and Firemen are permitted to accrue unused comp-time as of December 31, 2015. This amounted to \$352,466.03.

NOTE 17: DEFERRED COMPENSATION PLAN

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

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

All assets of the plan are held by independent administrators.

The accompanying financial statements do not include the City's Deferred Compensation Plan activities.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 18: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$-0- of the City's bank balance of \$30,372,204.54 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

The City has entered into a Joint Investment Program with other New Jersey Municipalities known as CLASS, or Cooperative Liquid Assets Securities System, whereby City investments are pooled with those of other participants to make investments which consist solely of those allowed under New Jersey Statutes as listed below. The City classifies its investment in CLASS as a cash equivalent as all balances are available for withdrawal daily.

Concentration of Credit Risk

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

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 19. TAXES COLLECTED IN ADVANCE

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

| | Balance <u>Dec 31, 2015</u> | Balance <u>Dec 31, 2014</u> |
|--|--------------------------------|--------------------------------|
| Prepaid Taxes | <u>\$651,424.92</u> | <u>\$768,093.66</u> |
| Cash Liability for Taxes Collected in Advance | <u>\$651,424.92</u> | <u>\$768,093.66</u> |

NOTE 20: RISK MANAGEMENT

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

The City is a member of the Suburban Mutual Joint Fund (the "Fund"). The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance coverage for each of the various risks noted above. The City's contribution to the Fund for claim payments are based on actuarial assumption determined by the Fund's actuary.

The City of Summit continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Management believes such coverage is sufficient to preclude any significant losses to the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 21: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The City provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements, who have retired from the City after twenty-five (25) years of service. These benefits are capped and range from \$945.00 to \$1,450.00 per year depending on terms of the labor agreements at the date of their retirement.

Results of Valuation

- *Actuarial Accrued Liability*

The Actuarial Accrued Liability (“AAL”) as of December 31, 2015 is \$1,618,809.00 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2015.

- *Annual Required Contribution*

The Annual Required Contribution (“ARC”) is the measure of annual cost on an accrual basis. It is comprised of the “Normal Cost” which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability (“UAAL”). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

- *Annual Required Contribution* (continued)

The ARC as of December 31, 2015 is \$167,966.00 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2015. The breakdown of the ARC is as follows:

| | |
|---|--------------|
| (1) Normal Cost | \$ 65,585 |
| (2) Actuarial Accrued Liability | \$ 1,618,809 |
| (3) Assets | \$ 0 |
| (4) UAAL = (2)-(3) | \$ 1,618,809 |
| (5) 30 Year Amortization of UAAL at Discount Rate | \$ 99,381 |
| (6) ARC = (1)+(5) | \$ 167,966 |

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 (CONTINUED)

NOTE 21: GASB 45: POST-RETIREMENT BENEFITS (CONTINUED)

Basis of Valuation

This valuation has been conducted as of December 31, 2015 based upon census, plan design and claims information provided by the City. Census includes 10 participants currently receiving retiree benefits, and 119 active participants of whom 21 are eligible to retire as of the valuation date. The average age of the active population is 50 and the average age of the retiree population is 81.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2015 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2014 report from Aon Consultants.

Key Actuarial Assumptions

| | |
|----------------------------------|--|
| <i>Mortality</i> | <i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i> |
| <i>Turnover</i> | <i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i> |
| <i>Assumed Retirement Age</i> | <i>At first eligibility after completing 25 years of service</i> |
| <i>Full Attribution Period</i> | <i>Service to Assumed Retirement Age</i> |
| <i>Annual Discount Rate</i> | <i>4.50%</i> |
| <i>Medical Trend</i> | <i>Benefits are assumed to not increase</i> |
| <i>Medical Cost Aging Factor</i> | <i>NJ SHBP Medical Morbidity Rates</i> |

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on benefit caps as negotiated. Current retirees are capped at amounts that differ by bargaining agreement. Future retirees are capped at \$1,450 per annum. For conservatism, we assume that the cap will always be reached in future years. 2015 retiree payments were reported at \$25 thousand.
- Retiree Contributions – Retirees incur all costs in excess of the capped amounts.
- Actuarial valuation method – Projected Unit Credit Funding Method.

CITY OF SUMMIT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 22: COMMITMENTS AND CONTINGENT LIABILITIES

We have been advised by the City Solicitor and Special Counsel that there are no pending or unsettled lawsuits against the City of Summit that would have a material effect on the financial statements.

NOTE 23: SUBSEQUENT EVENT

The City had a Bond Sale, in the amount of \$29,832,000.00, dated April 7, 2016. The issue was for:

| | |
|-----------------|--------------------------|
| \$ 9,955,000.00 | General Refunding Bonds, |
| \$ 845,000.00 | Assessment Bonds, |
| \$ 4,071,000.00 | Sewer Bonds, |
| \$ 1,161,000.00 | Parking Bonds, and |
| \$13,800,000.00 | School Bonds |

The interest rates range from 1.50% to 2.00%. Maturity dates vary from 2026 thru 2031.

The City has evaluated subsequent events through August 5, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

CITY OF SUMMIT
DECEMBER 31, 2015
OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>Name</u> | <u>Title</u> | <u>Amount of Bond</u> |
|--|--|---------------------------|
| Ellen Dickson | Mayor | * |
| Robert J. Rubino | Council President | * |
| Mike McTernan | President Pro Tem | * |
| Albert Dill, Jr. | Councilperson | * |
| Gregory Drummond | Councilperson | * |
| Patrick J. Hurley | Councilperson | * |
| Richard J. Madden | Councilperson | * |
| Sandra R. Lizza | Councilperson | * |
| Christopher J. Cotter | Administrator to 6/30/2015 | * |
| Michael Rogers | Administrator from 9/08/2015 | * |
| David L. Hughes | Clerk; Secretary to Mayor & Council to 3/13/2015 | * |
| Rosalia M. Licatese | Deputy Clerk to 5/31/2015; Clerk, Secretary to Mayor & Council from 6/01/2015 | * |
| Sonia Viveiros | Deputy Clerk from 09/08/2015 | * |
| Scott Olsen | Chief Financial Officer; City Treasurer to 7/10/2015 | ** |
| Margaret V. Gerba (1) | Chief Financial Officer; City Treasurer from 11/16/2015 | ** |
| Juliet Ruggiero | Tax Collector | * |
| Patricia Dougherty | Deputy Tax Collector | * |
| Timothy O'Connor | Tax Assessor | * |
| Rita M. McNany | Parking Services Manager | * |
| Thomas P. Scrivo | Solicitor to 7/27/2015 | * |
| Robert L. Ghelli | Solicitor from 7/28/15 | * |
| Donald Bogosian | Magistrate | * |
| Eileen Keating | Court Administrator | * |
| Aaron Schrager | Engineer | * |
| Paul Cascais | Director of Community Services | * |
| Robert Weck | Police Chief | * |
| Eric Evers | Fire Chief | * |
| Susan Permahos | Director of Free Public Library | * |
| Ruth Hamann | Treasurer of Free Public Library | * |
| Ferraioli, Wielkotz, Cerullo & Cuva, P.A. | Auditors | |

(1) Margaret V. Gerba appointment retro to January 1, 2015 per state statute.

Coverage obtained through the Suburban Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund.

* \$1,000,000.00 Excess Public Officials Bond.

**\$1,000,000.00 Statutory Position Bond

All of the bonds were examined and were properly executed.

City of Summit
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal C.F.D.A. Number | Grantors Number | Program or Award Amount | 12/31/2014 | | Reserve Balance | 12/31/2015 | | Reserve Balance | MEMO Total Expenditures |
|--|----------------------------|-----------------------|----------------------------|-------------------------|----------------|--------------------|--------------|------------|--------------------------|-------------------------------|
| | | | | Grant Period From/To | (Receivable) | | Receipts | Expended | Encumbrance Cancelled | |
| OTHER TRUST FUND | | | | | | | | | | |
| US Department of Housing and Urban Development: | | | | | | | | | | |
| Project Independence | 14.218 | 014-292 | 5,000.00 | 9/1/13-8/31/15 | | 5,000.00 | 5,000.00 | | | 5,000.00 |
| Summit Youth Program | 14.218 | 014-294 | 4,000.00 | 9/1/13-8/31/15 | | 4,000.00 | 4,000.00 | | | 4,000.00 |
| Senior Connection Bus Service | 14.218 | 014-295 | 2,880.00 | 9/1/13-8/31/15 | | 2,880.00 | 2,880.00 | | | 2,880.00 |
| Early Childhood TLC | 14.218 | 014-297 | 3,000.00 | 9/1/13-8/31/15 | | 3,000.00 | 3,000.00 | | | 3,000.00 |
| Project Independence | 14.218 | 015-064 | 5,000.00 | 09/01/14-08/31/15 | (5,000.00) | 5,000.00 | (5,000.00) | 5,000.00 | | 5,000.00 |
| Early Childhood TLC | 14.218 | 015-294 | 2,500.00 | 09/01/14-08/31/15 | (2,500.00) | 2,500.00 | (2,500.00) | 2,500.00 | | 2,500.00 |
| Senior Connection Bus Service | 14.218 | 015-295 | 2,850.00 | 09/01/14-08/31/15 | (2,850.00) | 2,850.00 | (2,850.00) | 2,850.00 | | 2,850.00 |
| Share the Fun Club | 14.218 | 015-297 | 3,000.00 | 09/01/14-08/31/15 | (3,000.00) | 3,000.00 | (3,000.00) | 3,000.00 | | 3,000.00 |
| Weaver St. Staircases | 14.218 | 015-064 | 37,200.00 | 09/01/14-08/31/15 | (37,200.00) | 37,200.00 | (37,200.00) | 37,200.00 | | 37,200.00 |
| Total US Department of Housing and Urban Development: | | | | | | | | | | |
| Total Other Trust Fund | | | | | | | | | | |
| FEDERAL AND STATE GRANT FUND | | | | | | | | | | |
| U.S. Department of Justice | 16.710 | 2010CKW0236 | 1,000,000.00 | 12/16/09 - 3/15/15 | (1,000,000.00) | 41,284.09 | 1,000,000.00 | 154,085.02 | 112,800.93 | |
| Community Oriented Police Services | | | | | | | | | | |
| National Highway Traffic Safety Administration (Passed Through the NJ Department of Law and Public Safety) | | | | | | | | | | |
| Cops In Shops - College Initiative | 20.616 | 066-1400-100-013 | 2,400.00 | 1/1/14-12/31/14 | | 200.00 | | | | 200.00 |
| Drive Sober or Get Pulled Over | 20.616 | 1160-100-066-1160-157 | 4,400.00 | 1/1/14-12/31/14 | | 4,600.00 | | | | 4,600.00 |
| US Department of Homeland Security-FEMA | | | | | | | | | | |
| Assistance to Firefighters | 97.044 | | 590,702.00 | 1/1/01/11-12/31/11 | (529.00) | | 11,443.30 | 18,211.00 | (529.00) | 6,767.70 |
| Total Federal and State Grant Fund | | | | | | | | | | |
| TOTAL FEDERAL AID | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

City of Summit

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2015

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | 12/31/2014 | | 12/31/2015 | | Reserve Balance | Receivable | Expended | Receipts | 12/31/2014 Reserve Balance | 12/31/2015 Reserve Balance | Total Expenditures | MEMO Cumulative Total Expenditures |
|---|-----------------------------------|-------------------------|-----------------|--------------|------------|--------------|-----------------|------------|-----------|----------|----------------------------|----------------------------|--------------------|------------------------------------|
| | | | From/To | (Receivable) | From/To | (Receivable) | | | | | | | | |
| CURRENT FUND | | | | | | | | | | | | | | |
| NJ Department of Education | 034-5120-495-017 | 552,532.00 | 1/1/14-12/31/14 | | | | 552,532.00 | 552,532.00 | | | | | | 552,532.00 |
| FEDERAL AND STATE GRANT FUND | | | | | | | | | | | | | | |
| NJ Department of Community Affairs: | | | | | | | | | | | | | | |
| Recycling Tonnage | 4900-765-042-4900-004-VCMC-C-6020 | 37,829.65 | 1/1/09-12/31/09 | | | | 5,289.68 | | | | | | | 37,829.65 |
| Recycling Tonnage | 4900-765-042-4900-004-VCMC-C-6020 | 32,299.40 | 1/1/10-12/31/10 | | | | 32,299.40 | | | | | | | 32,299.40 |
| Recycling Tonnage | 4900-765-042-4900-004-VCMC-C-6020 | 68,337.25 | 1/1/11-12/31/11 | | | | 30,509.25 | | | | | | | 30,509.25 |
| Recycling Tonnage | 4900-765-042-4900-004-VCMC-C-6020 | 33,247.78 | 1/1/12-12/31/12 | | | | 33,247.78 | | | | | | | 33,247.78 |
| Recycling Tonnage | 4900-765-042-4900-004-VCMC-C-6020 | 29,686.14 | 1/1/13-12/31/13 | | | | 29,686.14 | | | | | | | 29,686.14 |
| Recycling Tonnage | 4910-100-042-4910-224 | 52,439.73 | 1/1/14-12/31/14 | | | | 52,439.73 | | | | | | | 52,439.73 |
| New Jersey Forest Services: | | | | | | | | | | | | | | |
| Small Business Tree Planting | N/A | 14,773.00 | | | | | 14,773.00 | | | | | | | 14,773.00 |
| NJ Department of Solid Waste Administration: | | | | | | | | | | | | | | |
| Clean Communities | 4900-765-042-4900-004 | 42,706.24 | 1/1/15-12/31/15 | | | | | 42,706.24 | 42,706.24 | | | | | 42,706.24 |
| Department of Health | | | | | | | | | | | | | | |
| Department of Health Priority Funding | 4220-150-021030-60 | 31,522.00 | | | | | 28,211.00 | | | | | | | 28,211.00 |
| Department of Law and Public Safety: | | | | | | | | | | | | | | |
| Body Armor | 1200-100-066-1200-537-YEMR-6120 | 5,751.59 | 1/1/13-12/31/13 | | | | 2,786.86 | | | | | | | 5,751.59 |
| Body Armor | 1020-718-066-1020-001 | 4,380.16 | 1/1/14-12/31/14 | | | | 4,380.16 | | | | | | | 4,380.16 |
| Total NJ Division of Law and Public Safety | 1020-718-066-1020-001 | 4,372.93 | 1/1/15-12/31/15 | | | | | 7,167.02 | 4,372.93 | 4,372.93 | 8,835.00 | | | 1,667.98 |
| NJ Division of Motor Vehicles: | | | | | | | | | | | | | | |
| Alcohol Education & Rehabilitation | 9735-160-098-1900-001-X100-6120 | 1,024.76 | 1/1/10-12/31/10 | | | | 324.76 | | | | | | | 324.76 |
| Drunk Driving Enforcement Fund | 6400-100-078-6400-YYYY | 76,266.90 | 1/1/11-12/31/11 | | | | 1,769.91 | | | | | | | 1,769.91 |
| Drunk Driving Enforcement Fund | 6400-10-078-6400-YYYY | 10,570.50 | 1/1/12-12/31/12 | | | | 10,061.55 | | | | | | | 10,061.55 |
| Drunk Driving Enforcement Fund | 6400-10-078-6400-YYYY | 3,304.77 | 1/1/13-12/31/13 | | | | 3,304.77 | | | | | | | 3,304.77 |
| Drunk Driving Enforcement Fund | 6400-10-078-6400-YYYY | 8,543.20 | 1/1/14-12/31/14 | | | | | 8,543.20 | | | | | | 8,543.20 |
| Total Federal and State Grant Fund | | | | | | | | | | | | | | |
| GENERAL CAPITAL FUND | | | | | | | | | | | | | | |
| NJ Department of Transportation | | | | | | | | | | | | | | |
| Passed through the NJ Transportation Trust Fund | 69-8083-0-7401 | 250,000.00 | 1/1/14-12-31-14 | | | | 244,657.34 | | | | | | | 250,000.00 |
| Municipal Aid - Beauvoir & Sylvan (Ord. 3055) | 69-8083-0-7401 | 220,000.00 | 1/1/15-12/31/15 | | | | | | | | | | | |
| Municipal Aid - Ashwood Ave II (Ord. 3096) | | | | | | | | | | | | | | |
| Total General Capital Fund | | | | | | | | | | | | | | |
| TOTAL STATE AID | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2015</u> | <u>2014</u> | <u>2012</u> |
|-----------------|--------------|--------------|--------------|
| <u>Tax Rate</u> | <u>4.217</u> | <u>4.108</u> | <u>3.967</u> |

Apportionment of Tax Rate:

| | | | |
|--------------------|-------|-------|-------|
| Municipal | .904 | .899 | .903 |
| County | 1.166 | 1.103 | 1.069 |
| County Open Space | .033 | .032 | .033 |
| Local School | 1.970 | 1.939 | 1.919 |
| Type I School Debt | .144 | .135 | .138 |

Assessed Valuation:

| | | |
|------|---------------|---------------|
| 2015 | 3,107,456,337 | |
| 2014 | | 3,126,101,936 |
| 2013 | | 3,125,272,517 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|-------------------------|----------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collections</u> |
| 2015 | 131,966,267.89 | 131,139,263.93 | 99.36% |
| 2014 | 129,117,692.38 | 128,445,644.69 | 99.48% |
| 2013 | 127,551,900.67 | 126,560,573.51 | 99.22% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>December 31, Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|------------------------------|--|---|-----------------------------|---------------------------------------|
| 2015 | -0- | 555,208.63 | 555,208.63 | 0.42% |
| 2014 | -0- | 485,730.00 | 485,730.00 | 0.38% |
| 2013 | -0- | 466,975.59 | 466,975.59 | 0.37% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2015 | -0- |
| 2014 | -0- |
| 2013 | -0- |
| 2012 | -0- |
| 2011 | -0- |

COMPARISON OF SEWER UTILITY LEVIES

| <u>Year</u> | <u>Rents Levied</u> | <u>Cash Collections</u> |
|-------------|---------------------|-------------------------|
| 2015 | 3,023,365.83 | 3,046,932.16 |
| 2014 | 3,002,595.41 | 3,031,809.23 |
| 2013 | 2,946,660.55 | 2,886,225.48 |
| 2012 | 2,671,535.48 | 2,690,645.08 |
| 2011 | 2,592,960.64 | 2,568,341.28 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| <u>Year</u> | <u>Fund Balance Dec. 31,</u> | <u>Utilized In Budget of Succeeding Year</u> |
|----------------------|----------------------------------|--|
| <u>CURRENT FUND</u> | | |
| 2015 | 8,747,775.49 | 7,100,000.00 |
| 2014 | 10,071,281.60 | 7,600,000.00 |
| 2013 | 9,732,447.27 | 6,300,000.00 |
| 2012 | 8,072,953.59 | 6,300,000.00 |
| 2011 | 7,852,968.97 | 6,250,000.00 |
| <u>SEWER UTILITY</u> | | |
| 2015 | 953,752.58 | 355,700.00 |
| 2014 | 926,848.64 | 325,000.00 |
| 2013 | 954,380.61 | 350,000.00 |
| 2012 | 1,251,481.67 | 346,000.00 |
| 2011 | 1,277,506.06 | 150,000.00 |

COMPARATIVE SCHEDULE OF FUND BALANCES (continued)

| | <u>Year</u> | <u>Fund Balance Dec. 31</u> | <u>Utilized In Budget of Succeeding Year</u> |
|-------------------------------|-------------|-------------------------------------|--|
| <u>PARKING UTILITY</u> | | | |
| | 2015 | 1,370,646.09 | 54,643.00 |
| | 2014 | 1,556,371.27 | 386,000.00 |
| | 2013 | 1,216,875.57 | -0- |
| | 2012 | 731,436.29 | -0- |
| | 2011 | 582,325.65 | 114,794.00 |

EQUALIZED VALUATIONS - REAL PROPERTY

| | |
|------|------------------|
| 2015 | 7,180,778,215.00 |
| 2014 | 6,981,540,456.00 |
| 2013 | 6,739,408,591.00 |

City of Summit, N.J.

Schedule of Cash

Current Fund

Year Ended December 31, 2015

| | <u>Ref.</u> | |
|---|-------------|-----------------------|
| Balance - December 31, 2014 | A | 14,629,496.39 |
| Increased by Receipts: | | |
| Miscellaneous Revenue Not Anticipated | A-2 | 171,454.86 |
| Tax Collector | A-5 | 131,599,434.46 |
| Petty Cash | A-6 | 650.00 |
| Due From State - Senior Citizen and Veteran Deductions | A-8 | 87,689.74 |
| Revenue Accounts Receivable | A-10 | 7,681,621.82 |
| Tax Overpayments | A-13 | 333,734.73 |
| Miscellaneous Accounts Receivable | A-15 | 1,018,360.84 |
| Schedule of Interfunds | A-17 | 2,246,574.52 |
| Prepaid Revenue | A-22 | 6,596.00 |
| Reserve for: | | |
| Sale of Property | A-23 | 63,389.00 |
| State Library Aid | A-24 | 9,383.00 |
| Due to Various Agencies | A-25 | 83,552.00 |
| Special Deposits | A-26 | 41,441.07 |
| Various Deposits | A-27 | 663,207.47 |
| | | <u>144,007,089.51</u> |
| | | <u>158,636,585.90</u> |
| Decreased by Disbursements: | | |
| Prior Year Revenues | A-1 | 102,329.02 |
| Current Year Budget Appropriations | A-3 | 39,438,836.98 |
| Petty Cash | A-6 | 650.00 |
| Appropriation Reserves | A-11 | 1,075,746.54 |
| Accounts Payable | A-12 | 16,109.70 |
| Tax Overpayments | A-13 | 306,865.26 |
| Miscellaneous Accounts Receivable | A-15 | 1,171,694.39 |
| Schedule of Interfunds | A-17 | 2,465,651.03 |
| County Taxes | A-18 | 37,267,374.95 |
| County Taxes Added and Omitted | A-19 | 140,060.41 |
| Local District School Taxes | A-20 | 61,219,451.00 |
| Special District Taxes Payable | A-21 | 180,000.00 |
| Reserve for: | | |
| Tax Appeals | A-16 | 320,750.26 |
| State Library Aid | A-24 | 9,326.00 |
| Due to Various Agencies | A-25 | 44,523.00 |
| Special Deposits | A-26 | 52,905.29 |
| | | <u>143,812,273.83</u> |
| Balance - December 31, 2015 | A | <u>14,824,312.07</u> |

City of Summit, N.J.**Schedule of Cash - Tax Collector****Current Fund****Year Ended December 31, 2015**Ref.

Increased by

| | | |
|-----------------------------|------|-----------------------|
| Taxes Receivable | A-9 | 130,766,639.00 |
| Revenue Accounts Receivable | A-10 | 181,370.54 |
| Prepaid Taxes | A-14 | <u>651,424.92</u> |
| | | <u>131,599,434.46</u> |

Decreased by:

| | | |
|-------------------|-----|-----------------------|
| Paid to Treasurer | A-4 | <u>131,599,434.46</u> |
|-------------------|-----|-----------------------|

City of Summit, N.J.**Schedule of Petty Cash****Current Fund****Year Ended December 31, 2015**

| <u>Office</u> | <u>Received</u> From Treasurer | <u>Returned</u> To Treasurer |
|--------------------|--------------------------------------|------------------------------------|
| Police | 200.00 | 200.00 |
| Finance | 300.00 | 300.00 |
| Community Programs | 150.00 | 150.00 |
| | <u>650.00</u> | <u>650.00</u> |
| | Ref. A-4 | A-4 |

Schedule of Change Fund**Current Fund****Year Ended December 31, 2015**

| | <u>Ref.</u> | |
|-----------------------------|-------------|-----------------|
| Balance - December 31, 2014 | A | <u>1,395.00</u> |
| Balance - December 31, 2015 | A | <u>1,395.00</u> |

Detail

| | |
|---------------------|-----------------|
| City Clerk | 125.00 |
| Tax Collector | 100.00 |
| Transfer Station | 30.00 |
| Library Director | 465.00 |
| Board of Health | 75.00 |
| Municipal Court | 400.00 |
| Board of Recreation | 200.00 |
| | <u>1,395.00</u> |

City of Summit, N.J.

Schedule of Due to State of New Jersey
For Senior Citizens and Veterans Deductions

Current Fund

Year Ended December 31, 2015

| | <u>Ref</u> | |
|---|------------|-----------------|
| Balance - December 31, 2014 | A | 5,956.60 |
| Increased by: | | |
| Received From State | A-4 | 87,689.74 |
| | | <hr/> 93,646.34 |
| Decreased by: | | |
| Senior Citizens' And Veterans' Deductions | | |
| Per Tax Billing | | 91,750.00 |
| Senior Citizens' And Veterans' Deductions | | |
| Allowed by Collector: | | |
| 2015 Taxes | | 250.00 |
| | | <hr/> 92,000.00 |
| Less: Senior Citizen Deductions | | |
| Disallowed By Tax Collector: | | |
| 2015 Taxes | | 1,953.43 |
| 2014 Taxes | | <hr/> 4,076.71 |
| | | <hr/> 6,030.14 |
| | A-9 | <hr/> 85,969.86 |
| Balance - December 31, 2015 | A | <hr/> 7,676.48 |

City of Summit, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy
Current Fund

Year Ended December 31, 2015

| <u>Year</u> | <u>Balance, Dec. 31, 2014</u> | <u>Levy</u> | <u>Added Taxes</u> | <u>Collected 2014</u> | <u>Collected 2015</u> | <u>Senior Citizen and Veteran Deductions</u> | <u>Canceled</u> | <u>Balance, Dec. 31, 2015</u> |
|-------------|---------------------------------------|-----------------------|------------------------|---------------------------|---------------------------|--|------------------|---------------------------------------|
| 2014 | 485,730.00 | | | | 485,515.30 | (4,076.71) | | 4,291.41 |
| 2015 | <u>485,730.00</u> | <u>131,222,325.13</u> | <u>761,002.78</u> | <u>768,093.66</u> | <u>130,281,123.70</u> | <u>90,046.57</u> | | <u>550,917.22</u> |
| | <u>A</u> | | | <u>761,002.78</u> | <u>768,093.66</u> | <u>130,766,639.00</u> | <u>85,969.86</u> | <u>293,146.76</u> |
| | | | | <u>A-2;A-14</u> | <u>A-2;A-5</u> | <u>A-2;A-8</u> | | <u>555,208.63</u> |

Analysis of Tax Levy

Ref.

| | |
|------------------------------------|-----------------------|
| Tax yield: | 130,936,524.51 |
| General Purpose Tax | 104,912.09 |
| Utility Taxes | 743,942.76 |
| Added Tax (R.S. 54:4-63.1 et seq.) | 180,888.53 |
| Special Improvement District Tax | <u>131,966,267.89</u> |

Tax Levy:

| | | |
|----------------------------------|------|-----------------------|
| County Tax | A-18 | 37,267,374.95 |
| Added County Taxes | A-19 | <u>210,707.67</u> |
| Local District School Tax | | 37,478,082.62 |
| Special District Tax | | 61,219,451.00 |
| | | <u>180,888.53</u> |
| Local Tax for Municipal Purposes | | 98,878,422.15 |
| Additional Taxes | | <u>555,616.74</u> |
| | | 33,087,845.74 |
| | | <u>131,966,267.89</u> |

City of Summit, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

| | Ref | Balance, Dec. 31, 2014 | Accrued in 2015 | Collected By | | Balance, Dec. 31, 2015 |
|--|------|------------------------------|---------------------|---------------------|---------------------|------------------------------|
| | | | | Treasurer | Collector | |
| Clerk: | | | | | | |
| Licenses: | | | | | | |
| Alcoholic Beverages | A-2 | 40,860.00 | 40,860.00 | | | |
| Other | A-2 | 66,204.38 | 66,204.38 | | | |
| Board of Health | A-2 | 173,888.00 | 173,888.00 | | | |
| Zoning Board Fees | A-2 | 29,257.53 | 29,257.53 | | | |
| Municipal Court | | | | | | |
| Fines and Costs | A-2 | 45,080.77 | 458,559.55 | 475,481.64 | | 28,158.68 |
| Interest and Costs on Taxes | A-2 | 181,370.54 | | | | 181,370.54 |
| Interest on Investments and Deposits | A-2 | 62,363.40 | 62,363.40 | | | |
| Old Town Hall Rent | A-2 | 33,546.00 | 33,546.00 | | | |
| Community Service Fees | A-2 | 162,090.70 | 162,090.70 | | | |
| Bryant Park Emergency Services Fee | A-2 | 12,000.00 | 12,000.00 | | | |
| Anticipated Utility Operating Surplus - Parking Utility | A-2 | 250,000.00 | 250,000.00 | | | |
| Golf Course Revenue | A-2 | 213,994.00 | 213,994.00 | | | |
| Family Aquatic Center Revenue | A-2 | 446,669.50 | 446,669.50 | | | |
| Franchise Fee (c. 48A-30) Cable TV - Verizon | A-2 | 195,810.58 | 195,810.58 | | | |
| Franchise Fee (c. 48A-30) Cable TV - Comcast | A-2 | 133,812.90 | 133,812.90 | | | |
| Sale of Recyclable Materials | A-2 | 77,714.13 | 77,714.13 | | | |
| Administrative Off-Duty Assignment Fees (Police & Fire) | A-2 | 118,232.40 | 118,232.40 | | | |
| Hotel and Motel Occupancy Fees | A-2 | 165,780.16 | 165,780.16 | | | |
| Energy Receipts Tax | A-2 | 3,023,257.00 | 3,023,257.00 | | | |
| Township of Millburn - Joint Dispatching Shared Service | A-2 | 41,000.00 | 41,000.00 | | | |
| Uniform Fire Safety Act | A-2 | 38,952.04 | 38,952.04 | | | |
| Summit Housing Authority - P.I.L.O.T | A-2 | 50,502.00 | 50,502.00 | | | |
| Parking Utility Share of Debt Services | A-2 | 447,614.00 | 447,614.00 | | | |
| Parking Utility Share of Various Services | A-2 | 250,000.00 | 250,000.00 | | | |
| SDI Share of Debt Service | A-2 | 40,412.50 | 40,412.50 | | | |
| UCC Share of Pension Costs | A-2 | 26,000.00 | 26,000.00 | | | |
| Sewer Utility Share of Pension Costs | A-2 | 23,729.00 | 23,729.00 | | | |
| Reserve for Debt Service | A-2 | 31,000.00 | 31,000.00 | | | |
| Reserve for School Debt Service | A-2 | 349,000.00 | 349,000.00 | | | |
| General Capital Surplus | A-2 | 523,500.00 | 523,500.00 | | | |
| Sewer Utility Operating Surplus | A-2 | 125,000.00 | 125,000.00 | | | |
| Sewer Utility Share of Various Services | A-2 | 55,000.00 | 55,000.00 | | | |
| | | <u>45,080.77</u> | <u>7,847,120.31</u> | <u>7,682,671.86</u> | <u>181,370.54</u> | <u>28,158.68</u> |
| | | A | | | A-5 | A |
| Schedule of Interfunds | A-17 | | | 1,050.04 | | |
| Cash Receipts | A-4 | | | <u>7,681,621.82</u> | <u>7,682,671.86</u> | |

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

| | Balance, Dec. 31, 2014 | Balance after Transfers | Paid or Charged | Balance Lapsed |
|--|------------------------------|-------------------------------|--------------------|-------------------|
| Salaries and Wages Within "CAPS" | | | | |
| Administrative and Executive | 4,899.11 | 899.11 | | 899.11 |
| City Clerk | 18.76 | 18.76 | | 18.76 |
| Financial Administration (Treasury) | 1,690.79 | 1,690.79 | 1,643.53 | 47.26 |
| Collection of Taxes | 1,892.09 | 1,892.09 | | 1,892.09 |
| Assessment of Taxes | 768.28 | 768.28 | | 768.28 |
| Legal Services | 355.93 | 355.93 | | 355.93 |
| Engineering Services and Costs | 4,274.30 | 2,274.30 | 1,449.50 | 824.80 |
| Municipal Land Use | 2,774.56 | 2,774.56 | 700.00 | 2,074.56 |
| Board of Adjustment | 10,095.00 | 5,595.00 | 3,700.00 | 1,895.00 |
| Code Enforcement | 328.25 | 328.25 | | 328.25 |
| Police | 2,711.85 | 48,961.85 | 47,515.55 | 1,446.30 |
| School Crossing Guards | 12,507.51 | 13,807.51 | 13,783.07 | 24.44 |
| Fire | 16,150.40 | 57,250.40 | 57,228.33 | 22.07 |
| Road Repair and Maintenance | 11,772.21 | 11,772.21 | 6,697.02 | 5,075.19 |
| Public Works Maintenance | 442.26 | 442.26 | 382.06 | 60.20 |
| Garbage and Trash | 188.58 | 8,688.58 | 8,629.04 | 59.54 |
| Recycling Program | 278.10 | 278.10 | | 278.10 |
| Transfer Station | 69.39 | 3,069.39 | 3,040.70 | 28.69 |
| Compost Station Area | 64.30 | 64.30 | | 64.30 |
| Public Building and Grounds | 3,341.04 | 3,341.04 | 1,341.04 | 2,000.00 |
| Garage | 188.24 | 188.24 | | 188.24 |
| Board of Health | 4,116.14 | 4,116.14 | 2,375.00 | 1,741.14 |
| Maintenance of Municipal Golf Course | 6,004.71 | 2,004.71 | 113.71 | 1,891.00 |
| Family Aquatic Center | 459.08 | 459.08 | | 459.08 |
| Community Programs | 3,146.99 | 3,146.99 | 3,097.75 | 49.24 |
| Parks and Recreation | 729.40 | 829.40 | 805.22 | 24.18 |
| Library | 52,438.43 | 52,438.43 | 52,438.43 | |
| Community Services | 5,020.25 | 5,020.25 | | 5,020.25 |
| Municipal Court | 1,404.25 | 1,404.25 | 444.50 | 959.75 |
| Public Defender | 11.00 | 11.00 | | 11.00 |
| Total Salaries and Wages Within "CAPS" | 148,141.20 | 233,891.20 | 205,384.45 | 28,506.75 |

Other Expenses Within "CAPS"

| | | | |
|---|-----------|-----------|-----------|
| Administrative and Executive | 2,748.06 | 1,348.06 | 1,348.06 |
| Employee Assistance Program | 1,000.00 | 1,400.00 | 1,400.00 |
| Postage | 31.80 | 31.80 | 31.80 |
| Physical Examinations - Municipal Employees | 759.00 | 1,759.00 | 1,378.00 |
| City Clerk | 20,462.98 | 12,462.98 | 5,664.56 |
| Financial Administration (Treasury) | 24,541.23 | 20,791.23 | 13,491.23 |
| Audit Services | 32,700.00 | 32,700.00 | 32,700.00 |
| Collection of Taxes | 6,990.92 | 290.92 | 200.00 |
| | 95 | | 90.92 |

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

| | <u>Balance, Dec. 31, 2014</u> | <u>Balance after Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|--|---------------------------------------|--|----------------------------|---------------------------|
| Assessment of Taxes | 12,791.93 | 12,791.93 | 7,386.94 | 5,404.99 |
| Legal Services: | | | | |
| Fees | 237,071.31 | 226,071.31 | 224,572.65 | 1,498.66 |
| Engineering Services and Costs | 23,585.62 | 19,085.62 | 14,066.94 | 5,018.68 |
| Technology | 114,430.20 | 82,830.20 | 59,206.38 | 23,623.82 |
| Municipal Land Use | 83,506.07 | 83,506.07 | 58,362.50 | 25,143.57 |
| Board of Adjustment | 1,696.06 | 1,696.06 | 1,600.00 | 96.06 |
| Code Enforcement | 314.20 | 314.20 | 6.00 | 308.20 |
| Police | 69,524.86 | 59,524.86 | 43,660.01 | 15,864.85 |
| School Crossing Guards | 127.43 | 377.43 | 377.43 | |
| Purchase of Police Vehicles | 19,168.74 | 19,168.74 | 19,144.02 | 24.72 |
| Emergency Management Services | 4,604.97 | 2,004.97 | 302.00 | 1,702.97 |
| Fire | 7,908.77 | 21,158.77 | 21,063.77 | 95.00 |
| Dispatching Services - Joint Meeting | 26,000.00 | | | |
| Road Repair and Maintenance | 21,148.81 | 21,148.81 | 14,385.63 | 6,763.18 |
| Public Works Maintenance | 12,635.69 | 12,635.69 | 3,231.99 | 9,403.70 |
| Garbage and Trash | 11,531.64 | 11,531.64 | 1,832.36 | 9,699.28 |
| Recycling Program | 21,191.21 | 21,191.21 | 17,339.00 | 3,852.21 |
| Transfer Station | 8,307.18 | 8,307.18 | 7,769.42 | 537.76 |
| Compost Station Area | 10,393.92 | 10,393.92 | 6,632.68 | 3,761.24 |
| Disposal Charges | 101,158.43 | 77,808.43 | 63,755.07 | 14,053.36 |
| Public Building and Grounds | 22,387.63 | 32,387.63 | 30,734.77 | 1,652.86 |
| Garage | 13,076.91 | 13,076.91 | 1,987.55 | 11,089.36 |
| Board of Health | 6,246.80 | 6,246.80 | 2,049.11 | 4,197.69 |
| Dog Regulation - Contractual Agreement | 2,203.28 | 2,203.28 | 826.47 | 1,376.81 |
| Social Services for the Elderly Program | 8,820.16 | 8,820.16 | 8,393.28 | 426.88 |
| Prevention of Drug and Alcohol Abuse Program | 7,890.00 | 7,890.00 | 7,890.00 | |
| Maintenance of Municipal Golf Course | 20,654.33 | 20,654.33 | 14,773.40 | 5,880.93 |
| Family Aquatic Center | 18,954.28 | 18,954.28 | 15,772.88 | 3,181.40 |
| Community Programs | 5,326.56 | 5,326.56 | 5,143.39 | 183.17 |
| Parks and Recreation | 76,261.25 | 76,261.25 | 50,718.72 | 25,542.53 |
| Downtown Maintenance | 9,545.47 | 17,545.47 | 8,505.39 | 9,040.08 |
| Community Services | 8,831.63 | 8,831.63 | 1,563.53 | 7,268.10 |
| Municipal Court | 10,477.83 | 7,477.83 | 5,484.17 | 1,993.66 |
| Utilities: | | | | |
| Electricity | 18,257.78 | 18,257.78 | | 18,257.78 |
| Street Lighting | 10,771.09 | 11,021.09 | 10,929.59 | 91.50 |
| Telephone | 14,978.25 | 14,978.25 | 14,182.95 | 795.30 |
| Water | 8,181.89 | 8,181.89 | 1,017.68 | 7,164.21 |
| Natural Gas | 4,587.74 | 7,587.74 | 4,375.20 | 3,212.54 |
| Heating Oil | 214.31 | 10,214.31 | 5,838.31 | 4,376.00 |
| Gasoline | 24,800.25 | 24,800.25 | 11,545.99 | 13,254.26 |
| | 96 | | | |

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

| | Balance, Dec. 31, 2014 | Balance after <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|------------------------------------|------------------------------|--------------------------------------|---------------------------|--------------------------|
| Diesel Fuel | 7,700.27 | 7,700.27 | 4,508.60 | 3,191.67 |
| Fire Hydrant Service | 23,046.80 | 23,046.80 | 22,541.20 | 505.60 |
| Contingent | 1,500.00 | 1,500.00 | 50.00 | 1,450.00 |
| Total Other Expenses Within "CAPS" | 1,201,045.54 | 1,115,295.54 | 849,708.82 | 265,586.72 |

Deferred Charges and Statutory Expenditures-Municipal Within "CAPS":

Statutory Expenditures:

| | | | |
|-------------------------------------|--------|--------|--------|
| Contribution To: | | | |
| Public Employees' Retirement System | 325.87 | 325.87 | 325.87 |
| Social Security System (O.A.S.I.) | 21.99 | 21.99 | 21.99 |
| Unemployment | 719.27 | 719.27 | 719.27 |

Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"

1,067.13 1,067.13 1,067.13

Total General Appropriation Reserves - Municipal Within "CAPS"

1,350,253.87 1,350,253.87 1,055,093.27 295,160.60

Excluded From "CAPS":

Maintenance of Free Public Library 222,813.27 222,813.27 222,813.27

Total General Appropriation Reserves - Municipal Excluded from "CAPS"

222,813.27 222,813.27 222,813.27

Total General Appropriation Reserves

1,573,067.14 1,573,067.14 1,277,906.54 295,160.60
A-1

Ref.

Analysis of Appropriation Reserve

| | | |
|---------------------------------------|---|--------------|
| Appropriation Reserves | A | 801,972.91 |
| Transfer From Reserve for Encumbrance | A | 771,094.23 |
| | | 1,573,067.14 |

Analysis of Paid or Charged

| | | |
|-------------------|------|--------------|
| Cash Disbursement | A-4 | 1,075,746.54 |
| Accounts Payable | A-12 | 202,160.00 |
| | | 1,277,906.54 |

City of Summit, N.J.

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2015

| | <u>Ref.</u> | |
|--|-------------|-------------------|
| Balance - December 31, 2014 | A | 251,123.94 |
| Increased by: | | |
| Transferred from 2014 | | |
| Appropriation Reserves | A-11 | <u>202,160.00</u> |
| | | <u>202,160.00</u> |
| | | 453,283.94 |
| Decreased by: | | |
| Cancelled | A-1 | 9,300.00 |
| Cash Disbursements | A-4 | <u>16,109.70</u> |
| | | <u>25,409.70</u> |
| Balance - December 31, 2015 | A | <u>427,874.24</u> |
| <u><u>Analysis of Balance</u></u> | | |
| Various Current Fund Accounts Payables | | <u>427,874.24</u> |

City of Summit, N.J.**Schedule of Tax Overpayments****Current Fund****Year Ended December 31, 2015**

| | <u>Ref.</u> | |
|-----------------------------|-------------|-------------------|
| Balance - December 31, 2014 | A | 7,884.12 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>333,734.73</u> |
| | | <u>341,618.85</u> |
| Decreased by: | | |
| Cancel Balance | A-1 | 3,516.35 |
| Payments | A-4 | <u>306,865.26</u> |
| | | <u>310,381.61</u> |
| Balance - December 31, 2015 | A | <u>31,237.24</u> |

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

| | <u>Ref.</u> | |
|-----------------------------|-------------|---------------------|
| Balance - December 31, 2014 | A | 768,093.66 |
| Increased by: | | |
| Collection of 2016 Taxes | A-5 | <u>651,424.92</u> |
| | | <u>1,419,518.58</u> |
| Decreased by: | | |
| Applied to 2015 Taxes | A-9 | <u>768,093.66</u> |
| Balance - December 31, 2015 | A | <u>651,424.92</u> |

City of Summit, N.J.

Schedule of Miscellaneous Accounts Receivable

Current Fund

Year Ended December 31, 2015

| | <u>Ref.</u> | |
|--|-------------|---------------------|
| Balance - December 31, 2014 | A;A-1 | 72,308.16 |
| Increased by: | | |
| Disbursements: | | |
| Police Off Duty - Payroll | | 698,560.00 |
| Housing Authority-Payroll | | <u>473,134.39</u> |
| | A-4 | <u>1,171,694.39</u> |
| | | <u>1,244,002.55</u> |
| Decreased by: | | |
| Cash Receipts: | | |
| Housing Authority | | 338,365.84 |
| Police Off Duty Compensation | | <u>679,995.00</u> |
| | A-4 | <u>1,018,360.84</u> |
| Balance - December 31, 2015 | A;A-1 | <u>225,641.71</u> |
| <u>Analysis of Balance</u> | | |
| Off-Duty Police | | 90,873.16 |
| Board of Health Contractual Agreements | | <u>134,768.55</u> |
| | | <u>225,641.71</u> |

A-16

Schedule of Reserve for Tax Appeals

Current Fund

Year Ended December 31, 2015

| | <u>Ref.</u> | |
|-----------------------------|-------------|-------------------|
| Balance - December 31, 2014 | A | 120,750.26 |
| Increased by: | | |
| Budget Appropriation | A-3 | <u>200,000.00</u> |
| | | <u>320,750.26</u> |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>320,750.26</u> |

City of Summit, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2015

| | | | Animal Control Fund | Other Trust Funds | Sewer Utility Operating Fund | Parking Utility Operating Fund | General Capital Fund | Grant Fund |
|---------------------------------|------|--------------|---------------------------|----------------------|------------------------------------|--------------------------------------|----------------------------|---------------|
| Ref. | | Total | | | | | | |
| Balance - December 31, 2014 | | | | | | | | |
| Due To | A | 675,950.99 | | | | | | |
| Due From | A | 18,173.15 | 18,173.15 | | | | | |
| | | | | | | | | 675,950.99 |
| Animal Control Statutory Excess | A-1 | 16,251.81 | 16,251.81 | | | | | |
| Appropriations Payable | A-3 | 405,714.25 | | | | | | |
| Cash Receipts | A-4 | 2,212,149.56 | | | | | | |
| Cash Disbursements | A-4 | 16,600.00 | | | | | | |
| Reserve Due to Various Agencies | A-25 | 2,650,715.62 | 16,251.81 | 8,848.00 | 3,400.00 | 13,200.00 | | |
| | | | | 1,018,337.67 | | 13,200.00 | | |
| | | | | | | | | 405,714.25 |
| | | | | | | | | 1,202,659.89 |
| Cash Disbursements | A-4 | 2,449,051.03 | | | | | | |
| Cash Receipts | A-4 | 34,424.96 | 34,424.96 | | | | | |
| Interest Income | A-10 | 1,050.04 | | | | | | |
| | | 2,484,526.03 | 34,424.96 | 1,050.04 | 870,172.02 | | | |
| | | | | | | | | 1,579,929.05 |
| Balance - December 31, 2015 | A | 852,561.73 | | | | | | |
| Due To | A | 16,600.00 | | | | | | |
| Due From | A | | | | | | | |
| | | | | | | | | 405,714.25 |
| | | | | | | | | 298,681.83 |
| | | | | | | | | |

City of Summit, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2015

Ref.

Increased by:

Levy - 2015 A-1;A-9 37,267,374.95

Decreased by:

Payments A-4 37,267,374.95

A-19

Schedule of Due County for Added and Omitted Taxes

Current Fund

Year Ended December 31, 2015

Ref.

Balance - December 31, 2014 A 140,060,411

Increased by:

County Share of 2015 Levy:

2015 Added Taxes A-1;A-9 210,707.67
350,768.08

Decreased by:

Payments A-4 140,060.41

Balance - December 31, 2015

A

210,707.67

City of Summit, N.J.

Schedule of Local District School Taxes Payable

Current Fund

Year Ended December 31, 2015

Ref.

| | | |
|-----------------------------|---------|----------------------|
| Balance - December 31, 2014 | A | 0.50 |
| Increased by: | | |
| Levy- 2015 | A-1;A-9 | <u>61,219,451.00</u> |
| | | <u>61,219,451.50</u> |
| Decreased by: | | |
| Payments | A-4 | <u>61,219,451.00</u> |
| Balance - December 31, 2015 | A | <u>0.50</u> |

Schedule of Special District Taxes Payable

Current Fund

Year Ended December 31, 2015

Ref.

| | | |
|-----------------------------|---------|-------------------|
| Increased by: | | |
| Levy- 2015 | A-1;A-9 | 180,888.53 |
| Decreased by: | | |
| Payments | A-4 | <u>180,000.00</u> |
| Balance - December 31, 2015 | A | <u>888.53</u> |