

CITY OF RAHWAY
UNION COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

CITY OF RAHWAY

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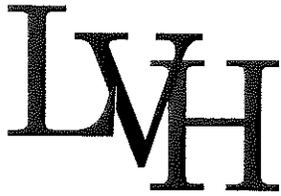
COUNTY OF UNION

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Rahway
Rahway, New Jersey

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 Rahway, as of December 31, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the City of Rahway on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 the State of New Jersey for municipal government entities.

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 requirement that the City of Rahway prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, 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 Rahway as of December 31, 2014 and 2013, or changes in financial position, or, where applicable, cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Rahway as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices 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 an opinion on the financial statements of the City of Rahway as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Rahway.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2015 on our consideration of the City of Rahway'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 Rahway's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
July 31, 2015

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	A-4	\$ 14,491,221	\$ 16,697,015
Cash - Change Funds	A-5	1,295	1,295
Grants Receivable	A-6	339,703	285,671
Due from State of New Jersey - Senior Citizen and Veterans Deductions	A-7	<u>51,931</u>	<u>64,895</u>
		<u>14,884,150</u>	<u>17,048,876</u>
Receivables with Full Reserves			
Taxes Receivable	A-8	1,400,586	1,511,682
Tax Title Liens Receivable	A-9	224,678	196,216
Property Acquired for Taxes (Assessed Value)	A-10	2,644,300	2,644,300
Revenue Accounts Receivable	A-11	175,379	134,859
Other Liens Receivable	A-12	22,499	31,504
Due from Rahway Redevelopment Agency	A-13	61,971	41,418
Due from Assessment Trust Fund	B-5	28	2
Due from Animal Control Fund	B-8	11,762	4,184
Due from CDBG Trust Fund	B-25	65,845	
Due from Self Insurance Trust Fund	B-16	10	
Due from General Capital Fund	C-4	323,177	
Due from Water Utility Operating Fund	D-16	176,920	260,108
Due from Water Utility Capital Fund	D-17	98,000	
Due from Sewer Utility Operating Fund	E-10	<u>-</u>	<u>101,754</u>
		<u>5,205,155</u>	<u>4,926,027</u>
Deferred Charges			
Special Emergency Appropriation	A-14	<u>672,000</u>	<u>896,000</u>
		<u>672,000</u>	<u>896,000</u>
Total Assets		<u>\$ 20,761,305</u>	<u>\$ 22,870,903</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3, A-15	\$ 1,432,497	\$ 1,554,557
Encumbrances Payable	A-16	800,837	732,841
Accounts Payable	A-17	101,039	210,130
Tax Overpayments	A-18	53,170	46,696
Prepaid Taxes	A-19	231,821	1,130,798
Local School Taxes Payable	A-24	87,543	15,418
County Taxes Payable	A-23	59,390	13,036
Special Emergency Note Payable	A-30		680,000
Due to Other Trust Fund	B-20	1,903,541	1,051,323
Due to Self Insurance Trust Fund	B-16		23,080
Due to General Capital Fund	C-4		653,912
Due to Water Utility Capital Fund	D-17		1,131,612
Due to Sewer Utility Capital Fund	E-11	588,000	588,000
Reserve for Insurance Recoveries	A-29	553,574	553,574
Reserve for Federal and State Grants - Unappropriated	A-20	387,381	307,292
Reserve for Federal and State Grants - Appropriated	A-21	1,321,701	1,198,200
Reserve for Tax Appeals	A-26	1,400,000	1,025,000
Reserve for FEMA Reimbursements	A-27	144,970	192,158
Reserve for Host Community Fees	A-28	148,025	150,000
		<u>9,213,489</u>	<u>11,257,627</u>
Reserve for Receivables	A	5,205,155	4,926,027
Fund Balance	A-1	<u>6,342,661</u>	<u>6,687,249</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 20,761,305</u>	<u>\$ 22,870,903</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS- CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	\$ 3,000,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	A-2	13,341,021	16,138,945
Receipts from Delinquent Taxes	A-2	1,435,706	1,219,857
Receipts from Current Taxes	A-2	88,679,640	86,556,610
Non-Budget Revenues	A-2	931,085	790,933
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	748,127	834,914
Redemption of Other Liens	A-12	9,005	5,158
Interfunds Liquidated	A	407,466	
Statutory Excess - Animal Control Trust fund	B-8	7,469	
Cancellation of Prior Year Accounts Payable	A	-	223,196
		<u>108,559,519</u>	<u>107,269,613</u>
Total Income			
EXPENDITURES			
Budget Appropriations			
Salaries and Wages	A-3	21,513,200	22,285,900
Other Expenses	A-3	16,601,312	16,864,471
Deferred Charges and Statutory Expenditures	A-3	5,052,874	5,722,705
Capital Improvements	A-3	300,000	200,000
Municipal Debt Service	A-3	5,846,430	5,188,603
County Taxes	A-22	14,233,539	14,184,149
Amount Due County for Added and Omitted Taxes	A-23	59,390	13,044
Local District School Tax	A-24	40,924,076	39,365,157
Special Improvement District Tax	A-25	130,000	130,000
Interfunds and Other Receivables Advanced	A	737,713	382,694
Senior Citizens and Veterans Deductions Disallowed - Prior Year	A-7	39,750	
Refund of Prior Year Revenue and Taxes	A-4	465,823	266,245
		<u>105,904,107</u>	<u>104,602,968</u>
Total Expenditures			
Excess in Revenue		2,655,412	2,666,645
Adjustments to Income before Fund Balance:			
Expenditures Included Above which by Statute are			
Required to be Raised in Subsequent Year Budget	A	-	1,120,000
Statutory Excess to Fund Balance		2,655,412	3,786,645
Fund Balance, Beginning of Year	A	<u>6,687,249</u>	<u>4,400,604</u>
		9,342,661	8,187,249
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>3,000,000</u>	<u>1,500,000</u>
Fund Balance, End of Year	A	<u>\$ 6,342,661</u>	<u>\$ 6,687,249</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>Adopted Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Actual</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-2	\$ 3,000,000	-	\$ 3,000,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	59,000		57,700	\$ (1,300)
Other	A-11	7,000		5,003	(1,997)
Fees and Permits	A-11	95,000		105,370	10,370
Fines and Costs					
Municipal Court	A-11	600,000		653,516	53,516
Red Light Camera Program	A-11	1,200,000		893,826	(306,174)
Interest and Costs on Taxes	A-11	150,000		277,956	127,956
Interest on Investments and Deposits	A-2	40,000		61,378	21,378
Anticipated Utility Operating Surplus- Sewer	A-11, E-4	601,922		601,922	
Police Department Fees	A-11	100,000		108,764	8,764
Payments in Lieu of Taxes (PILOT)					
Lower Essex St. - Denholtz Management	A-11	400,000		469,226	69,226
Landmark - Block 157 Lot 1	A-11	600,000		408,624	(191,376)
Rahway Parking Authority	A-11	170,000		170,000	
Rosegate	A-11	25,000		18,750	(6,250)
Senior Citizen Housing	A-11	230,000		282,326	52,326
Cellular Phone Tower Fees	A-11	450,000		492,973	42,973
Police Security - Administrative Fees	A-11	150,000		216,762	66,762
Board of Adjustment Application Fees	A-11	30,000		3,885	(26,115)
Planning Board Application Fees	A-11	10,000		46,691	36,691
Street Open Permits	A-11	30,000		36,843	6,843
Motor Vehicle Fines	A-11	11,000		13,024	2,024
Comcast Cable Franchise Fee	A-11	78,000		80,686	2,686
Uniform Construction Code Fees	A-11	433,000		517,332	84,332
State Aid Without Offsetting Appropriations					
Consolidated Municipal Property Tax Relief Aid	A-11	914,690		914,690	
Energy Receipts Taxes	A-11	3,094,283		3,094,283	
Interlocal Service Agreement Offset with Appropriations					
Berkeley Heights Health Services Contract	A-11	67,000		67,796	796
Public and Private Revenues Offset with Appropriations					
Recycling Tonnage Grant	A-20	14,791		14,791	
Drunk Driving Enforcement Fund	A-20	6,722		6,722	
Clean Communities	A-20	44,770		44,770	
Multiple Housing Inspections	A-20	12,653		12,653	
Body Armor Replacement	A-6	8,605		8,605	
Grahill Charitable Trust	A-20	20,000		20,000	
Recreation Heart Grant	A-20	250		250	
NJ DOT Highway Safety Grant	A-6	29,423		29,423	
Municipal Alliance	A-6		\$ 14,298	14,298	
Drug Free Communities	A-6		125,000	125,000	

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>Modified Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Actual</u>	<u>Excess or (Deficit)</u>
Other Special Items of Revenue					
U.C.U.A. - Host Community Fees	A-11	\$ 2,650,000		\$ 2,650,000	
U.C.U.A. - Host Community Fees - Settlement	A-28	150,000		150,000	
Solid Waste Fees					
Rahway Housing Authority	A-11	26,000		27,750	\$ 1,750
Rahway Board of Education	A-11	40,000		40,000	
Bulky Waste Fees					
Kenilworth	A-11	60,000		67,388	7,388
Outside Health Services					
Scotch Plains	A-11	66,000		66,655	655
Hillside	A-11	25,000		21,706	(3,294)
Winfield	A-11	5,000		7,291	2,291
Reserve for FEMA Reimbursement	A-27	192,158		192,158	
Reserve for Payment of Debt	C-18	113,003		113,002	
Hotel Fees	A-11	100,000	-	129,233	29,233
Total Miscellaneous Revenues		<u>13,110,270</u>	<u>\$ 139,298</u>	<u>13,341,021</u>	<u>91,454</u>
Receipts from Delinquent Taxes	A-2	<u>500,000</u>	<u>-</u>	<u>1,435,706</u>	<u>935,706</u>
Amount to be Raised by Taxes for Municipal Budget					
Local Tax for Municipal Purposes		33,880,983		34,131,658	250,675
Minimum Library Tax		<u>900,977</u>	<u>-</u>	<u>900,977</u>	<u>-</u>
Total Amount to be Raised by Taxes	A-2	<u>34,781,960</u>	<u>-</u>	<u>35,032,635</u>	<u>250,675</u>
Budget Totals		<u>\$ 51,392,230</u>	<u>\$ 139,298</u>	52,809,362	<u>\$ 1,277,835</u>
Non-Budget Revenues	A-2			<u>931,085</u>	
				<u>\$ 53,740,447</u>	

**CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	
Analysis of Current Tax Collections		
Revenue from Collections	A-8	\$ 89,054,640
Less: Reserve for Tax Appeals	A-26	<u>375,000</u>
Sub-Total		88,679,640
Less		
Allocated to School, County Taxes and	A-22, A-23	
Special District Taxes	A-24, A-25	<u>55,347,005</u>
		33,332,635
Add Appropriation "Reserve for Uncollected Taxes	A-3	<u>1,700,000</u>
Balance for Support of Municipal Budget Appropriations	A-2	<u>\$ 35,032,635</u>
Interest on Investments		
Revenue Accounts Receivable	A-11	\$ 41,991
Due from Other Trust Fund	B-19	4,117
Due from General Capital Fund	C-4	15,018
Due from Trust Assessment Fund	B-5	26
Due from Self Insurance Trust Fund	B-16	117
Due from Animal Control Fund	B-8	<u>109</u>
	A-2	<u>\$ 61,378</u>
Non-Budget Revenue		
Sale of Municipal Assets		\$ 29,288
Uniform Fire Safety Act		29,604
Zoning Maps/Ordinances		9,492
Copies		17,511
Engineering Fees		8,775
Vacant/Foreclosure Registration		43,000
Bid Opening		6,385
Medicare Reimbursement		7,702
PILOT - Housing Authority		48,201
UCC Penalties		28,150
Solid Waste Fees		
NJ Turnpike		9,653
Rahway Geriatrics Center		43,250
FEMA Reimbursement - Hurricane Sandy		583,817
Refund of Prior Year Expenditures		27,845
Other Miscellaneous		<u>38,412</u>
	A-1, A-2	<u>\$ 931,085</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
General Government					
Department of Administration					
Salaries and Wages	\$ 400,000	\$ 412,000	\$ 411,768	\$ 232	
Other Expenses	196,000	196,000	195,293	707	
Mayor's Office					
Salaries and Wages	20,809	21,009	20,925	84	
Municipal Council					
Salaries and Wages	75,000	75,000	74,021	979	
Other Expenses	2,000	2,000	1,152	848	
Environmental Commission					
Salaries and Wages	4,000	4,000	3,764	236	
Other Expenses	11,000	11,000	6,786	4,214	
City Clerk					
Salaries and Wages	111,000	111,000	108,287	2,713	
Other Expenses	34,000	34,000	33,592	408	
Department of Revenue and Finance					
Salaries and Wages	415,000	415,000	334,600	80,400	
Other Expenses	440,000	521,000	520,761	239	
Municipal Audit	40,000	57,000	57,000		
Revenue Administration (Tax Collection)					
Salaries and Wages	101,000	101,000	90,804	10,196	
Other Expenses	65,000	65,000	53,898	11,102	
Department of Assessment					
Salaries and Wages	109,000	109,000	100,174	8,826	
Other Expenses	80,000	80,000	20,393	59,607	
Department of Law					
Salaries and Wages	77,000	77,000	74,858	2,142	
Other Expenses	350,000	525,500	491,589	33,911	
Division of Engineering					
Other Expenses	450,000	625,500	494,017	131,483	
Department of Building, Planning & Economic Development					
Salaries and Wages	70,191	72,691	72,651	40	
Other Expenses	5,000	15,000	12,031	2,969	
Planning Board					
Salaries and Wages	4,000	4,700	4,170	530	
Other Expenses	6,000	9,900	9,838	62	
Zoning Board of Adjustment					
Salaries and Wages	4,000	4,200	3,990	210	
Other Expenses	6,000	7,600	6,778	822	
Uniform Construction Code Enforcement (NJSA 52:27D-120 etc.)					
Salaries and Wages	474,000	453,000	452,181	819	
Other Expenses	48,000	51,500	49,605	1,895	
Municipal A.B.C. Board					
Salaries and Wages	4,000	5,200	5,000	200	
Other Expenses	1,000	1,000	289	711	
Insurance					
Other Insurance	1,250,000	1,124,600	1,093,254	31,346	
Employee Group Insurance	7,461,000	7,284,200	6,945,425	13,775	\$ 325,000
Police Department					
Salaries and Wages	8,993,000	8,908,000	8,891,407	16,593	
Other Expenses	576,000	576,000	508,085	67,915	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
Office of Emergency Management					
Salaries and Wages	\$ 58,000	\$ 58,000	\$ 57,703	\$ 297	
Other Expenses	28,000	28,000	23,952	4,048	
Fire Department					
Salaries and Wages	5,262,000	5,418,000	5,417,135	865	
Other Expenses	134,000	134,000	129,338	4,662	
Department of Public Works					
Salaries and Wages	2,665,000	2,313,400	2,125,618	62,782	\$ 125,000
Other Expenses	1,135,000	1,135,000	903,943	231,057	
Solid Waste and Recycling					
Salaries and Wages	1,050,000	1,160,000	1,133,911	26,089	
Other Expenses	1,049,000	1,049,000	1,018,559	30,441	
Department of Health and Welfare					
Salaries and Wages	524,000	564,000	492,993	71,007	
Other Expenses	136,000	136,000	89,458	46,542	
Community Services - Senior Services					
Salaries and Wages	173,000	157,000	154,999	2,001	
Other Expenses	44,000	44,000	35,364	8,636	
Recreation Department					
Salaries and Wages	500,000	523,000	519,884	3,116	
Other Expenses	193,000	193,000	169,327	23,673	
Municipal Court					
Salaries and Wages	498,000	451,000	450,514	486	
Other Expenses	26,000	40,000	36,375	3,625	
Unclassified					
Electricity	360,000	360,000	340,830	19,170	
Heating Fuels	120,000	120,000	109,667	10,333	
Telephone	150,000	150,000	128,825	21,175	
Street Lighting	495,000	495,000	411,289	83,711	-
Total Operations Within "CAPS"	36,483,000	36,488,000	34,898,070	1,139,930	450,000
Contingent	-	-	-	-	-
Total Operations Including Contingent - Within "CAPS"	36,483,000	36,488,000	34,898,070	1,139,930	450,000
Detail:					
Salaries & Wages	21,592,000	21,417,200	21,001,357	290,843	125,000
Other Expenses (Including Contingent)	14,891,000	15,070,800	13,896,713	849,087	325,000

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriation		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	\$ 787,191	\$ 787,191	\$ 709,180	\$ 78,011	
Police and Firemen's Retirement System	3,252,439	3,252,439	3,054,801	197,638	
Pension Adjustment Fund	18,000	28,000	27,640	361	
Social Security	800,000	800,000	747,686	2,314	\$ 50,000
DCRP Contribution	-	5,000	3,627	1,373	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>4,857,630</u>	<u>4,872,630</u>	<u>4,542,934</u>	<u>279,696</u>	<u>50,000</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>41,340,630</u>	<u>41,360,630</u>	<u>39,441,004</u>	<u>1,419,626</u>	<u>500,000</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (Chapter 82, P.L. 1985)					
Other Expenses	1,425,000	1,425,000	1,415,000	10,000	
Police Dispatch 9-1-1 System					
Salaries and Wages	241,000	221,000	218,744	2,256	
Other Expenses	87,000	87,000	86,385	615	
Interlocal Service Agreements					
PHPF Berkeley Heights Direct	67,000	67,000	67,000	-	
Public and Private Programs Offset with Revenues					
Clean Communities Program	44,770	44,770	44,770		
Recycling Tonnage Grant	14,791	14,791	14,791		
Multiple Housing Inspections	12,653	12,653	12,653		
Drunk Driving Enforcement Fund	6,722	6,722	6,722		
NJ DOT Safe Highway Grant	29,423	29,423	29,423		
Municipal Alliance		14,298	14,298		
Drug Free Communities		125,000	125,000		
Body Armor Program	8,605	8,605	8,605		
Recreation Heart Grant	250	250	250		
Grahill Charitable Trust	20,000	20,000	20,000	-	-
Total Operations - Excluded from "CAPS"	<u>1,957,214</u>	<u>2,076,512</u>	<u>2,063,641</u>	<u>12,871</u>	<u>-</u>
Detail:					
Salaries and Wages	241,000	221,000	218,744	2,256	
Other Expenses	<u>1,716,214</u>	<u>1,855,512</u>	<u>1,844,897</u>	<u>10,615</u>	<u>-</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 300,000	\$ 300,000	\$ 300,000	-	-
Total Capital Improvements - Excluded from "CAPS"	300,000	300,000	300,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,411,456	2,411,456	2,411,456		
Interest on Bonds	1,428,500	1,428,500	1,428,500		
Interest in Notes	120,000	120,000	119,082		\$ 918
Payment of Emergency Notes	340,000	340,000	340,000		
Interest on Emergency Notes	5,000	5,000			5,000
Green Acres Loan					
Repayment of Principal and Interest	81,962	81,962	79,683		2,279
NJ DCA Loan Repayment	20,000	20,000	20,000		
Capital Grant Agreement - Rahway Redevelopment Agency					
Library Project	680,921	680,921	680,921		
Arts Center Project	425,803	425,803	425,803		
Special Emergency Note Interest	15,000	15,000	5,735		9,265
Tax Appeal Refunding Note					
Principal	325,000	325,000	325,000		
Interest	10,500	10,500	10,250	-	250
Total Municipal Debt Service Excluded from "CAPS"	5,864,142	5,864,142	5,846,430	-	17,712
DEFERRED CHARGES AND STATUTORY EXPENDITURES - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years	224,000	224,000	224,000		
Deferred Charges Unfunded					
Ord. 7-05/13-07	266	266	266		
Ord. 5-06/6-07	5,978	5,978	5,978	-	-
Total Deferred Charges and Statutory Expenditures Excluded from "CAPS"	230,244	230,244	230,244	-	-
Total General Appropriations - Excluded from "CAPS"	8,351,600	8,470,898	8,440,315	\$ 12,871	17,712
Subtotal General Appropriations	49,692,230	49,831,528	47,881,319	1,432,497	517,712
Reserve for Uncollected Taxes	1,700,000	1,700,000	1,700,000	-	-
Total General Appropriations	\$ 51,392,230	\$ 51,531,528	\$ 49,581,319	\$ 1,432,497	\$ 517,712

Reference

A-2

A-1

A-1,A

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>
Budget as Adopted		\$ 51,392,230	
Added by N.J.S. 40A:4-87		<u>139,298</u>	
		<u>\$ 51,531,528</u>	
Cash Disbursements	A-4		\$ 46,779,433
Encumbrances Payable	A-16		595,130
Due to General Capital Fund	C-4		6,244
Transferred to Appropriated Grant Reserves	A-21		276,512
Deferred Charges	A-14		224,000
Reserve for Uncollected Taxes	A-2		<u>1,700,000</u>
			<u>\$ 49,581,319</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Assessment Trust Fund			
Cash	B-3, B-4	\$ 9,925	\$ 9,899
		<u>9,925</u>	<u>9,899</u>
Animal Control Fund			
Cash	B-3	22,854	16,206
		<u>22,854</u>	<u>16,206</u>
Community Development Trust Fund			
Cash	B-3	244,445	121,351
Community Development Grants Receivable	B-9	569,288	744,501
Loans Receivable	B-10	247,688	266,090
Deferred Loans Receivable	B-11	2,662,551	2,456,600
		<u>3,723,972</u>	<u>3,588,542</u>
Other Trust Fund			
Cash	B-3	2,783,262	3,229,111
Due from Current Fund	B-20	1,903,541	1,051,323
		<u>4,686,803</u>	<u>4,280,434</u>
Self- Insurance Fund			
Cash	B-3	155,937	78,111
Due from Current Fund	B-16	-	23,080
		<u>155,937</u>	<u>101,191</u>
 Total Assets		 <u>\$ 8,599,491</u>	 <u>\$ 7,996,272</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Assessment Trust Fund			
Due to Current Fund	B-5	\$ 28	\$ 2
Fund Balance	B-1	<u>9,897</u>	<u>9,897</u>
		<u>9,925</u>	<u>9,899</u>
Animal Control Fund			
Due to State of New Jersey	B-6	25	5
Reserve for Animal Control Expenditures	B-7	11,067	12,017
Due to Current Fund	B-8	<u>11,762</u>	<u>4,184</u>
		<u>22,854</u>	<u>16,206</u>
Community Development Trust Fund			
Due to Current Fund	B-25	65,845	
Due to General Capital Fund	B-26	136,000	
Reserve for Loans Receivable	B-10, B-11	2,910,239	2,722,690
Encumbrances Payable	B-12	125,671	131,166
Reserve for Community Development Expenditures	B-13	<u>486,217</u>	<u>734,686</u>
		<u>3,723,972</u>	<u>3,588,542</u>
Other Trust Fund			
Miscellaneous Reserves and Deposits	B-19	4,158,819	3,506,182
Other Liabilities	B-21	187,962	195,114
Payroll Deductions Payable	B-22	224,479	479,117
Accrued Salaries and Wages	B-23	75,613	62,371
Flex Spending	B-24	2,280	
Fund Balance	B-2	<u>37,650</u>	<u>37,650</u>
		<u>4,686,803</u>	<u>4,280,434</u>
Self- Insurance Fund			
Reserve for Workers' Compensation	B-14	66,505	68,700
Reserve for Unemployment Compensation	B-15	86,025	30,901
Reserve for Flex Spending	B-18		1,457
Due to Current Fund	B-16	10	
Due to State of New Jersey	B-17	<u>3,397</u>	<u>133</u>
		<u>155,937</u>	<u>101,191</u>
Total Liabilities and Fund Balance		<u>\$ 8,599,491</u>	<u>\$ 7,996,272</u>

CITY OF RAHWAY
STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	B	\$ <u>9,897</u>	\$ <u>9,897</u>
Balance, End of Year	B	\$ <u>9,897</u>	\$ <u>9,897</u>

EXHIBIT B-2

STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
OTHER TRUST FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	B	\$ <u>37,650</u>	\$ <u>37,650</u>
Balance, End of Year	B	\$ <u>37,650</u>	\$ <u>37,650</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2, C-3	\$ 6,748,614	\$ 4,452,419
Deferred Charges to Future Taxation			
Funded	C-5	36,188,356	39,040,197
Unfunded	C-6	19,375,410	14,600,297
Overexpenditure of Ordinance Appropriation	C-7	166,298	
Grants Receivable	C-9	1,365,124	1,050,676
Loans Receivable	C-10	575,995	575,995
Due from Rahway Redevelopment Agency	C-16	789,286	789,286
Due from Current Fund	C-4		653,912
Due from CDBG Trust Fund	B-26	136,000	-
		<u>136,000</u>	<u>-</u>
 Total Assets		 <u>\$ 65,345,083</u>	 <u>\$ 61,162,782</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-8	35,465,625	\$ 38,226,081
Bond Anticipation Notes Payable	C-11	17,825,117	13,309,180
Green Acres Loans Payable	C-12	475,231	546,616
Department of Community Affairs Loan Payable	C-13	60,000	80,000
NJ Redevelopment Authority Loan Payable	C-14	187,500	187,500
Contracts Payable	C-17	1,110,538	1,571,629
Improvement Authorizations:			
Funded	C-7	1,957,866	1,653,281
Unfunded	C-7	5,762,400	3,638,401
Due to Current Fund	C-4	323,177	
Capital Improvement Fund	C-15	138,594	86,517
Reserve for Grants Receivable	C-9	483,730	401,630
Reserve for Loans Receivable	C-10	562,500	562,500
Reserve for Payment of Debt	C-18		113,002
Reserve for Preliminary Expenses	C-19	8,257	8,257
Fund Balance	C-1	984,548	778,188
		<u>984,548</u>	<u>778,188</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 65,345,083</u>	 <u>\$ 61,162,782</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$1,758,193 and \$1,291,117 respectively (Exhibit C-20)

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	C	\$ 778,188	\$ 695,133
Increased by:			
Premium on Bond Anticipation Notes	C-2	<u>206,360</u>	<u>83,055</u>
Balance, End of Year	C	<u>\$ 984,548</u>	<u>\$ 778,188</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Operating Fund			
Cash	D-5	\$ 673,503	\$ 473,462
Cash - Change Fund	D-7	200	200
Due from Water Utility Capital Fund	D-15	<u>-</u>	<u>275,159</u>
		<u>673,703</u>	<u>748,821</u>
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	D-10	<u>649,990</u>	<u>761,447</u>
Deferred Charges			
Emergency Appropriation	D-11	49,000	
Overexpenditure of Appropriations	D-11	91,956	
Operating Deficit	D-11	<u>194,329</u>	<u>-</u>
		<u>335,285</u>	<u>-</u>
Total Operating Fund		<u>1,658,978</u>	<u>1,510,268</u>
Capital Fund			
Cash	D-5, D-6	15,741	156,269
Due from Water Utility Operating Fund	D-15	285,724	
Due from Current Fund	D-17		1,131,612
Fixed Capital	D-8	33,048,459	33,048,459
Fixed Capital Authorized and Uncompleted	D-9	4,375,000	2,775,000
Deferred Charges			
Overexpenditure of Ordinance Appropriation	D-12	<u>-</u>	<u>159,109</u>
Total Capital Fund		<u>37,724,924</u>	<u>37,270,449</u>
Total Assets		<u>\$ 39,383,902</u>	<u>\$ 38,780,717</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-4, D-13	\$ 326	\$ 15,323
Encumbrances Payable	D-14	21,784	67,292
Accrued Interest on Bonds and Notes	D-18	32,869	30,271
Due to Current Fund	D-16	176,920	260,108
Due to Water Utility Capital Fund	D-15	285,724	
Due to Sewer Utility Operating Fund	E-11	462,508	346,970
		<u>980,131</u>	<u>719,964</u>
Reserve for Receivables	D	649,990	761,447
Fund Balance	D-1	28,857	28,857
		<u>1,658,978</u>	<u>1,510,268</u>
Total Operating Fund		<u>1,658,978</u>	<u>1,510,268</u>
Capital Fund			
Serial Bonds Payable	D-23	4,580,000	5,010,000
Bond Anticipation Notes Payable	D-24	7,376,583	6,823,520
Contracts Payable	D-20	59,861	38,678
Capital Improvement Fund	D-25	50,520	76,820
Improvement Authorizations			
Unfunded	D-19	1,151,949	1,273,490
Reserve for Amortization	D-21	23,968,684	23,473,484
Reserve for Deferred Amortization	D-22	249,480	173,180
Due to Current Fund	D-17	98,000	
Due to Water Utility Operating Fund	D-15		275,159
Fund Balance	D-2	189,847	126,118
		<u>37,724,924</u>	<u>37,270,449</u>
Total Capital Fund		<u>37,724,924</u>	<u>37,270,449</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 39,383,902</u>	<u>\$ 38,780,717</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$1,248,712 and \$343,275, respectively (Exhibit D-26).

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized			
Rents	D-3	\$ 5,596,506	\$ 5,114,280
Additional Water Rents	D-3	42,296	482,226
Water Connection Fees	D-3	84,878	190,207
Miscellaneous Revenue	D-3	6,130	5,384
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-13	<u>1,089</u>	<u>86,299</u>
		<u>5,730,899</u>	<u>5,878,396</u>
Expenditures			
Budget Appropriations			
Operating	D-4	4,790,956	4,912,000
Capital Improvements	D-4	50,000	50,000
Debt Service	D-4	1,066,119	1,032,543
Deferred Charges	D-4	159,109	103,177
Refund of Prior Year Revenue	D-5	<u>-</u>	<u>87,088</u>
		<u>6,066,184</u>	<u>6,184,808</u>
Excess (Deficiency) in Revenues Over (Under) Expenditures		(335,285)	(306,412)
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which by Statute are Required to be Raised in Subsequent Year's Budget	D-11	140,956	
Deficit (General Budget)		<u>-</u>	<u>306,412</u>
Operating Deficit	D-11	<u>\$ (194,329)</u>	<u>\$ -</u>
Fund Balance, Beginning of Year	D	<u>\$ 28,857</u>	<u>\$ 28,857</u>
Fund Balance, End of Year	D	<u>\$ 28,857</u>	<u>\$ 28,857</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	D	\$ 126,118	\$ 84,036
Increased by:			
Premium on Issuance of Bonds and Notes	D-5	<u>63,729</u>	<u>42,082</u>
Balance, End of Year	D	<u>\$ 189,847</u>	<u>\$ 126,118</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriation</u>		<u>Expended</u>		<u>Over- Expenditure</u>	<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operating						
Management Fee	\$ 4,200,000	\$ 4,200,000	\$ 4,199,674	\$ 326		
Other Expenses	450,000	499,000	590,956		\$ 91,956	
Capital Improvements						
Capital Improvement Fund	50,000	50,000	50,000			
Debt Service						
Payment of Bond Principal	760,000	760,000	760,000			
Payment of Bond Anticipation Notes	65,200	65,200	65,200			
Interest on Bonds	175,000	175,000	174,788			\$ 212
Interest on Notes	80,000	80,000	66,131			13,869
Deferred Charges						
Overexpenditure of Improvement Authorization	<u>159,109</u>	<u>159,109</u>	<u>159,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,939,309</u>	<u>\$ 5,988,309</u>	<u>\$ 6,065,858</u>	<u>\$ 326</u>	<u>\$ 91,956</u>	<u>\$ 14,081</u>
Adopted Budget		\$ 5,939,309				
Emergency Authorization		<u>49,000</u>				
		<u>\$ 5,988,309</u>				

Reference

Cash Disbursements	D-5	\$ 5,617,347
Encumbrances Payable	D-13	21,784
Due to Water Utility Capital Fund	D-14	185,808
Accrued Interest on Bonds and Notes	D-17	<u>240,919</u>
		<u>\$ 6,065,858</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Operating Fund			
Cash	E-5	\$ 1,669,195	\$ 1,893,564
Due from Water Utility Operating Fund	E-12	462,508	346,970
Due from Sewer Utility Capital Fund	E-13	<u>138</u>	<u>101</u>
		<u>2,131,841</u>	<u>2,240,635</u>
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	E-7	<u>361,312</u>	<u>439,293</u>
Total Operating Fund		<u>2,493,153</u>	<u>2,679,928</u>
Capital Fund			
Cash	E-5, E-6	592,397	44,453
Fixed Capital	E-8	3,655,428	3,655,428
Fixed Capital Authorized and Uncompleted	E-9	1,840,000	1,290,000
Due from Current Fund	E-11	<u>588,000</u>	<u>588,000</u>
Total Capital Fund		<u>6,675,825</u>	<u>5,577,881</u>
Total Assets		<u>\$ 9,168,978</u>	<u>\$ 8,257,809</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	E-3, E-14	\$ 68,825	\$ 167,489
Due to Current Fund	E-10		101,754
Encumbrances Payable	E-15	698	
Accrued Interest on Bond and Loans	E-21	<u>22,033</u>	<u>18,707</u>
		91,556	287,950
Reserve for Receivables	E	361,312	439,293
Fund Balance	E-1	<u>2,040,285</u>	<u>1,952,685</u>
Total Operating Fund		<u>2,493,153</u>	<u>2,679,928</u>
Capital Fund			
Serial Bonds Payable	E-16	1,269,375	1,397,919
NJ Environmental Infrastructure Loan Payable	E-17	966,597	1,075,788
Bond Anticipation Notes Payable	E-18	1,314,300	721,300
Due to Sewer Utility Operating Fund	E-13	138	101
Improvement Authorizations			
Unfunded	E-19	1,267,689	808,100
Capital Improvement Fund	E-20	328,300	303,300
Reserve for Amortization	E-22	1,388,456	1,143,721
Deferred Reserve for Amortization	E-23	6,700	6,700
Reserve for Payment of Debt	E-24	111,892	111,892
Fund Balance	E-2	<u>22,378</u>	<u>9,060</u>
Total Capital Fund		<u>6,675,825</u>	<u>5,577,881</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,168,978</u>	<u>\$ 8,257,809</u>

There were bonds and notes authorized but not issued of \$550,000 and \$600,000 on December 31, 2014 and 2013, respectively. (Exhibit E-25)

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized			
Rents	E-3	\$ 4,712,956	\$ 4,824,462
Industrial Sewer Flow Charges	E-3	309,753	319,538
Sewer Connection Fees	E-3	64,043	113,900
Miscellaneous Revenue	E-3	31,165	19,569
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-14	<u>167,489</u>	<u>599,542</u>
		<u>5,285,406</u>	<u>5,877,011</u>
Expenditures			
Budget Appropriations			
Operating	E-4	4,210,534	3,744,662
Capital Improvements	E-4	25,000	
Debt Service	E-4	346,350	334,758
Deferred Charges and Statutory Expenditures	E-4	<u>14,000</u>	<u>19,000</u>
		<u>4,595,884</u>	<u>4,098,420</u>
Excess in Revenues Over Expenditures		689,522	1,778,591
Adjustments to Income Before Fund Balance			
Surplus to General Budget	E-4	<u>(601,922)</u>	<u>(789,510)</u>
Statutory Excess to Fund Balance		87,600	989,081
Fund Balance, Beginning of Year	E	<u>1,952,685</u>	<u>963,604</u>
Fund Balance, End of Year	E	<u>\$ 2,040,285</u>	<u>\$ 1,952,685</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	E	\$ 9,060	\$ 5,677
Increased by:			
Premium on Bond Anticipation Notes	E-5	<u>13,318</u>	<u>3,383</u>
Balance, End of Year	E	<u>\$ 22,378</u>	<u>\$ 9,060</u>

CITY OF RAHWAY
 STATEMENT OF REVENUES - REGULATORY BASIS
 SEWER UTILITY OPERATING FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Rents	E-1,E-3	\$ 4,800,000	\$ 4,712,956	\$ (87,044)
Industrial Sewer Flow Charges	E-1,E-5	300,000	309,753	9,753
Sewer Connection Fees	E-1,E-10	<u>100,000</u>	<u>64,043</u>	<u>(35,957)</u>
	E-4	<u>\$ 5,200,000</u>	5,086,752	<u>\$ (113,248)</u>
Nonbudget Revenue			<u>31,165</u>	
			<u>\$ 5,117,917</u>	
 <u>Analysis of Realized Revenue:</u>				
 <u>Rents</u>				
Cash Receipts	E-5		\$ 4,597,418	
Due from Water Utility Operating Fund	E-12		<u>115,538</u>	
	E-7		<u>\$ 4,712,956</u>	
 <u>Miscellaneous</u>				
Cash Receipts	E-5		\$ 31,128	
Due from Sewer Utility Capital Fund	E-13		<u>37</u>	
			<u>\$ 31,165</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
Operating					
Salaries and Wages	\$ 137,000	\$ 144,000	\$ 143,538	\$ 462	
Other Expenses	275,000	241,000	177,452	63,548	
Sewer Treatment Expense					
Rahway Valley Sewer Authority	3,747,534	3,748,534	3,747,178	1,356	
Sewer Permit Fees	75,000	77,000	76,560	440	
Capital Improvements					
Capital Improvement Fund	25,000	25,000	25,000		
Debt Service					
Payment of Bond Principal	128,544	128,544	128,544		
Payment of Bond Anticipation Notes	7,000	7,000	7,000		
Interest on Bonds	41,000	41,000	40,747		\$ 253
Interest on Notes	8,000	12,000	11,997		3
Principal and Interest on Loans	140,000	160,000	158,062		1,938
Statutory Expenditures					
Social Security System (O.A.S.I.)	14,000	14,000	10,981	3,019	
Surplus (General Budget)	<u>601,922</u>	<u>601,922</u>	<u>601,922</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,200,000</u>	<u>\$ 5,200,000</u>	<u>\$ 5,128,981</u>	<u>\$ 68,825</u>	<u>\$ 2,194</u>

<u>Reference</u>	E-3	E-1	E,E-1
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Cash Disbursements	E-5	\$ 5,026,668
Encumbrances Payable	E-15	698
Accrued Interest on Bonds and Notes	E-21	<u>101,615</u>
		<u>\$ 5,128,981</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Land	\$ 15,993,700	\$ 15,993,700
Land Improvements	2,187,390	2,187,390
Buildings	36,798,556	34,559,898
Machinery and Equipment	<u>6,792,865</u>	<u>4,738,395</u>
 Total Assets	 <u>\$ 61,772,511</u>	 <u>\$ 57,479,383</u>
 LIABILITIES AND RESERVES		
 Investment in General Fixed Assets	 <u>\$ 61,772,511</u>	 <u>\$ 57,479,383</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Rahway (the "City") was incorporated in 1858 and operates under an elected Mayor and Council form of government. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City is not includable in any other reporting entity as a component unit.

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 municipal library, parking authority or redevelopment agency, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the City of Rahway have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 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.

C. Basis of Presentation – Financial Statements

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. The City also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The City has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

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

Community Development Block Grant Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

Self- Insurance Fund - This fund is used to account for the resources and expenditures for workers compensation and unemployment self-insurance claims and premiums.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City, other than those accounted for in the water and sewer utility funds. The City's infrastructure is not reported in the account group.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements 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.

Reclassifications - Certain reclassifications have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The City presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The City of Rahway follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division ("regulatory basis of accounting") 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:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The City also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The City may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - 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 (i.e., when they are both measurable and available).

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - 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 as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and 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.

Expenditures - 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 cancelled 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Operating Deficits - Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the City of Rahway has developed a fixed assets accounting and reporting system. Fixed assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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, and streets and sidewalks are not capitalized.

Fixed Assets purchased after July 1, 2002 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to July 1, 2002 are stated as follows:

Land	Assessed Value
Buildings and Improvements	Estimated Historical Cost
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water and sewer utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**CITY OF RAHWAY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 as per N.J.S.A. 40A:4 et seq.

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

- Trust Funds
- General Capital Fund
- Utility Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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 2014 and 2013 the City Council increased the original budget by \$188,298 and \$1,203,134. The increase for 2014 was funded by additional aid allotted to the City in the amount of \$139,298, as well as an emergency resolution of \$49,000 for water utility expenditures. The increase for 2013 was funded by additional aid allotted to the City in the amount of \$83,134, as well as special emergency resolution for terminal pay in the amount of \$1,120,000. In addition, the governing body approved several budget transfers during 2014 and 2013.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2014</u>	<u>Modified</u>		<u>Actual</u>	<u>Unfavorable</u>
<u>General Capital Fund</u>	<u>Budget</u>			<u>Variance</u>
Ordinance 9-13/38-13 Various Capital Improvements	\$ 267,493	\$	380,248	\$ 112,755
Ordinance 22-13 Groundwater Investigation	118,160		134,983	16,823
Ordinance 37-13 DPW and Fire Equipment	421,158		457,878	36,720
<u>Water Utility Operating Fund</u>				
Other Expenses	499,000		590,956	91,956
 <u>2013</u>				
<u>Water Utility Capital Fund</u>				
Various Water System Improvements			159,109	159,109

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**CITY OF RAHWAY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

The City's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the City's deposits were \$27,408,589 and \$27,173,355 and bank and brokerage firm balances of the City's deposits amounted to \$27,645,749 and \$27,426,990, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 27,645,749	\$ 27,426,990

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 does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the City's bank balances were not exposed to custodial credit risk.

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2014 and 2013 the City had no outstanding investments.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 4 TAXES AND UTILITY CHARGES RECEIVABLE

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<u>2014</u>				
Property Taxes	\$ 1,400,586			\$ 1,400,586
Tax Title Liens	224,678			224,678
Utility Rents	<u>-</u>	<u>\$ 649,990</u>	<u>\$ 361,312</u>	<u>1,011,302</u>
	<u>\$ 1,625,264</u>	<u>\$ 649,990</u>	<u>\$ 361,312</u>	<u>\$ 2,636,566</u>

In 2014, the City collected \$1,435,706 and \$1,200,740 from delinquent taxes and utility charges and fees, which represented 84% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2013.

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<u>2013</u>				
Property Taxes	\$ 1,511,682			\$ 1,511,682
Tax Title Liens	196,216			196,216
Utility Rents	<u>-</u>	<u>\$ 761,447</u>	<u>\$ 439,293</u>	<u>1,200,740</u>
	<u>\$ 1,707,898</u>	<u>\$ 761,447</u>	<u>\$ 439,293</u>	<u>\$ 2,908,638</u>

In 2013, the City collected \$1,219,857 and \$1,388,201 from delinquent taxes and utility charges and fees, which represented 84% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2012.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 668,273	\$ 2,491,541	\$ 366,048	\$ 3,447,927
Trust Fund:				
Animal Control		4,293		4,184
Other Trust	1,903,541		1,051,323	
Assessment Trust		28		2
Community Development		201,845		
Self Insurance		10	23,080	
General Capital Fund	136,000	323,177	653,912	
Water Utility Fund:				
Operating		925,152	275,159	607,078
Capital	285,724	98,000	1,131,612	275,159
Sewer Utility Fund:				
Operating	462,646		347,071	101,754
Capital	<u>588,000</u>	<u>138</u>	<u>588,000</u>	<u>101</u>
 Total	 <u>\$ 4,044,184</u>	 <u>\$ 4,044,184</u>	 <u>\$ 4,436,205</u>	 <u>\$ 4,436,205</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The City expects all interfund balances to be liquidated within one year.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance</u> <u>December 31</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 672,000	\$ 224,000	\$ 448,000
General Capital Fund			
Overexpenditure of Ordinance Appropriation	166,298	166,298	
Water Utility Operating Fund			
Overexpenditure of Appropriations	91,956	91,956	
Emergency Authorization	49,000	49,000	
Operating Deficit	<u>194,329</u>	<u>194,329</u>	<u>-</u>
	<u>\$ 1,173,583</u>	<u>\$ 725,583</u>	<u>\$ 448,000</u>
	<u>Balance</u> <u>December 31</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 896,000	\$ 224,000	\$ 672,000
Water Utility Capital Fund			
Overexpenditure of Ordinance Appropriation	<u>159,109</u>	<u>159,109</u>	<u>-</u>
	<u>\$ 1,055,109</u>	<u>\$ 383,109</u>	<u>\$ 672,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,279,027	\$ 2,500,000	\$ 5,440,683	\$ 3,000,000
Non-Cash Surplus	<u>1,063,634</u>	<u>-</u>	<u>1,246,566</u>	<u>-</u>
	<u>\$ 6,342,661</u>	<u>\$ 2,500,000</u>	<u>\$ 6,687,249</u>	<u>\$ 3,000,000</u>
Water Utility Operating Fund				
Cash Surplus			\$ 28,857	
Non-Cash Surplus	<u>\$ 28,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,857</u>	<u>\$ -</u>	<u>\$ 28,857</u>	<u>\$ -</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 2,040,285	250,000	\$ 1,952,685	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,040,285</u>	<u>\$ 250,000</u>	<u>\$ 1,952,685</u>	<u>\$ -</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 15,993,700			\$ 15,993,700
Land Improvements	2,187,390			2,187,390
Buildings and Building Improvements	34,559,898	\$ 2,238,658		36,798,556
Machinery and Equipment	4,738,395	2,054,470	-	6,792,865
	<u>\$ 57,479,383</u>	<u>\$ 4,293,128</u>	<u>\$ -</u>	<u>\$ 61,772,511</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 15,993,700			\$ 15,993,700
Land Improvements	1,898,622	\$ 288,768		2,187,390
Buildings and Building Improvements	33,689,477	\$ 870,421		34,559,898
Machinery and Equipment	3,986,321	752,074	-	4,738,395
	<u>\$ 55,568,120</u>	<u>\$ 1,911,263</u>	<u>\$ -</u>	<u>\$ 57,479,383</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2014 and 2013.

<u>Water Utility Fund</u>	December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements	\$ 14,357,915			\$ 14,357,915
Land, Plant, Building and Building Improvements	18,116,708			18,116,708
Vehicles and Equipment	<u>573,836</u>	<u>-</u>	<u>-</u>	<u>573,836</u>
	<u>\$ 33,048,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,048,459</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
System and System Improvements	\$ 14,357,915			\$ 14,357,915
Land, Plant, Building and Building Improvements	18,116,708			18,116,708
Vehicles and Equipment	<u>573,836</u>	<u>-</u>	<u>-</u>	<u>573,836</u>
	<u>\$ 33,048,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,048,459</u>
<u>Sewer Utility Fund</u>	December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements	\$ 3,655,428	<u>-</u>	<u>-</u>	\$ 3,655,428
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
System and System Improvements	\$ 3,655,428	<u>-</u>	<u>-</u>	\$ 3,655,428

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects. 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 four months or retired by the issuance of bonds.

The City's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds, Notes and Loans	\$ 54,013,473	\$ 52,349,377
Water Utility		
Bonds and Notes	11,956,583	11,833,520
Sewer Utility		
Bonds, Notes and Loans	<u>3,550,272</u>	<u>3,195,007</u>
	69,520,328	67,377,904
Less Funds Temporarily Held to Pay Bonds and Notes	<u>319,792</u>	<u>224,894</u>
Net Debt Issued	69,200,536	67,153,010
Authorized But Not Issued		
General		
Bonds and Notes	1,758,193	1,291,117
Water Utility		
Bonds and Notes	1,248,712	343,275
Sewer Utility		
Bonds and Notes	<u>550,000</u>	<u>600,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 72,757,441</u>	<u>\$ 69,387,402</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of 2.33% and 1.94% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 55,771,666	\$ 700,000	\$ 55,071,666
School Debt	21,100,000	21,100,000	
Utility Debt	17,305,567	10,000,472	7,305,095
Debt Guarantees (Note 19)	<u>14,255,000</u>	<u>14,255,000</u>	<u>-</u>
Total	<u>\$ 108,432,233</u>	<u>\$ 46,055,472</u>	<u>\$ 62,376,761</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 53,640,494	\$ 1,478,002	\$ 52,162,492
School Debt	22,085,000	22,085,000	
Utility Debt	15,971,182	11,845,903	4,125,279
Debt Guarantees (Note 19)	<u>15,240,000</u>	<u>15,240,000</u>	<u>-</u>
Total	<u>\$ 106,936,676</u>	<u>\$ 50,648,905</u>	<u>\$ 56,287,771</u>

Statutory Borrowing Power

The City's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 93,769,474	\$ 101,752,311
Less: Net Debt	<u>62,376,761</u>	<u>56,287,771</u>
Remaining Borrowing Power	<u>\$ 31,392,713</u>	<u>\$ 45,464,540</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The City's long-term debt consisted of the following at December 31:

General Obligation Bonds

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$8,530,000, 2005 Refunding Bonds, due in annual installments of \$491,526 to \$535,763 through October 1, 2024, interest at 3.50% to 4.25%	\$ 5,156,107	\$ 5,662,379
\$4,319,000, 2006 Bonds, due in annual installments of \$275,000 through June 15, 2016, interest at 4.25%.	550,000	2,894,000
\$7,945,000, 2006 Refunding Bonds, due in annual installments of \$478,887 to \$507,336 through December 15, 2026, interest at 4.00% to 4.125%	5,955,268	6,467,345
\$11,650,000, 2011 Bonds, due in annual installments of \$450,000 to \$700,000 through April 15, 2030, interest at 4.00% to 5.00%	10,600,000	10,950,000
\$4,994,538, 2012 Refunding Bonds due in annual installments of \$451,389 to \$509,903 through December 1, 2023, interest at 1.44% to 3.00%	4,359,250	4,827,357
\$7,425,000, 2013 Bonds, due in annual installments of \$310,000 to \$515,000 through September 15, 2032, interest at 2.00% to 4.00%	7,125,000	7,425,000
\$1,720,000, 2014 Refunding Bonds, due in annual installments of \$10,000 to \$270,000 through June 15, 2023, interest at 1.50% to 4.00%	<u>1,720,000</u>	<u>-</u>
	<u>\$ 35,465,625</u>	<u>\$ 38,226,081</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The City has entered into loan agreements with the State of New Jersey for the financing relating to the various projects within the City. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$249,722, 1998 Green Acres Loan due in Semi-annual installments of \$8,242 to \$8,407 through June, 2016, interest at 2.00%	\$ 24,973	\$ 41,213
\$375,000, 1999 Green Acres Loan due in Semi-annual installments of \$16,302 to \$17,478 through August, 2018, interest at 2.00%	135,072	167,193
\$477,200, 2006 Green Acres Loan due in Semi-annual installments of \$11,685 to \$14,690 through August, 2026, interest at 2.00%	315,186	338,210
\$300,000, 2002 New Jersey Downtown Improvement Zone Loan due in annual installments of \$20,000, interest free	60,000	80,000
\$750,000, 2003 New Jersey Redevelopment Authority Loan (Amortization schedule not determined at audit date)	<u>187,500</u>	<u>187,500</u>
	<u>\$ 722,731</u>	<u>\$ 814,116</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Utility Bonds

The City pledges revenue from operations to pay debt service on utility bonds issued. The water and sewer utility bonds outstanding at December 31 are as follows:

Water Utility

	<u>2014</u>	<u>2013</u>
\$2,775,000, 2006 Bonds, due in annual installments of \$160,000 to \$165,000 through June 15, 2016, interest at 4.25%	\$ 325,000	\$ 1,825,000
\$5,190,000, 2009 Refunding Bonds, due in annual installments of \$615,000 to \$680,000 through December 1, 2019, interest at 3.0% to 3.5%	2,585,000	3,185,000
\$1,670,000, 2014 Refunding Bonds, due in annual installments of \$225,000 to \$265,000 through June 15, 2023, interest at 3.0% to 4.0%	<u>1,670,000</u>	<u>-</u>
	<u>\$ 4,580,000</u>	<u>\$ 5,010,000</u>

Sewer Utility

	<u>2014</u>	<u>2013</u>
Allocated \$134,821, 2005 Refunding Bonds, due in annual installments of \$8,474 to \$9,237 through October 1, 2024 interest at 3.63% to 4.25%	\$ 88,893	\$ 97,621
Allocated \$410,828, 2006 Refunding Bonds, due in annual installments of \$26,113 to \$27,664 through December 15, 2026 interest at 4.00% to 4.25%	324,732	352,655
Allocated \$980,462, 2012 Refunding Bonds, due in annual installments of \$88,611 to \$100,097 through December 15, 2023 interest at 1.44% to 3.00%	<u>855,750</u>	<u>947,643</u>
	<u>\$ 1,269,375</u>	<u>\$ 1,397,919</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility Intergovernmental Loans Payable

The City has entered into loan agreements with the State of New Jersey for the financing relating to the improvement of the City's sewer infrastructure. The City pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the sewer utility at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$2,606,505, 2002 Environmental Infrastructure Loans, due in annual installments of \$107,345 to \$133,625 through August 1, 2022, interest at 3.00% to 5.25 %	<u>\$ 966,597</u>	<u>\$ 1,075,788</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	General Capital		Water Utility		Sewer Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 2,605,524	\$ 1,430,556	\$ 775,000	\$ 212,144	\$ 234,640	\$ 64,563	\$ 5,322,427
2016	2,680,222	1,344,113	800,000	186,751	239,354	58,676	5,309,116
2017	2,688,026	1,160,763	880,000	102,208	245,576	51,913	5,128,486
2018	2,777,162	1,063,645	905,000	75,834	250,537	44,529	5,116,707
2019	2,809,044	961,984	225,000	44,189	255,493	36,937	4,332,647
2020-2024	13,585,728	3,286,011	995,000	80,545	957,629	79,822	18,984,735
2025-2029	6,675,150	1,207,078			52,743	3,253	7,938,224
2030-2032	2,180,000	137,500					2,317,500
Amortization Unavailable	<u>187,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,500</u>
	<u>\$ 36,188,356</u>	<u>\$ 10,591,650</u>	<u>\$ 4,580,000</u>	<u>\$ 701,671</u>	<u>\$ 2,235,972</u>	<u>\$ 339,693</u>	<u>\$ 54,637,342</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Advance Refundings of Debt

On September 29, 2014, the City issued \$3,390,000 in General Obligation Refunding Bonds having an interest rate of 1.50% to 4.0%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various General Improvement and Water System Bonds of the City. The total bond principal defeased was \$3,409,000 and the total interest payments defeased to the call date was \$912,888. The net proceeds of \$3,683,347 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability was removed from the General Capital Fund and Water Utility Capital Fund. This advance refunding resulted in the issuance of an additional \$19,000 in bonds and resulted in an increase of cash flows over the life of these bond issues in the amount \$144,860; however, the economic gain (difference between the present value of the old and new debt service payments) was \$134,052. The advanced refunding was undertaken to reduce total debt service payments over the next nine years by \$174,860.

Debt Guarantees

Rahway Redevelopment Agency-Public Library Project

The Rahway Redevelopment Agency (the "Agency") is a public body corporate and politic created by the City pursuant to the Redevelopment Law by adoption of an ordinance on January 5, 2001. The City has designated the Agency as redeveloper of a public/private project to construct and operate a new free public library for the City's use. In connection with said project, the Agency on October 29, 2001 issued \$12,000,000 City-secured Public Library project notes. Such project notes were subsequently refunded on October 17, 2002 by the issuance of \$4,665,000 City-secured Public Library Revenue Bonds, Series 2002 and \$5,780,000 City-secured Public Library Project Notes, Series 2002. The Series 2002 notes were then refunded on October 29, 2003 by the issuance of \$3,500,000 City-secured Public Library Project Notes, Series 2003. The Series 2003 notes were refunded on October 29, 2004 by the issuance of \$2,000,000 City-secured Public Library Revenue Bonds, Series 2004, and \$2,500,000 City-secured Public Library Project Notes, Series 2004. The Series 2004 Project Notes were subsequently retired on October 29, 2005 from grant proceeds received as part of the Library project. The Series 2002 bonds were refunded in 2012 through the issuance of \$4,505,000 City-Secured Public Library Revenue Refunding Bonds. The Series 2004 bonds were refunded in 2014 through the issuance of \$1,260,000 City-Secured Public Library Revenue Refunding Bonds. Said bonds and notes are secured through a "Use, Occupancy and Capital Grant Agreement" (the "Agreement"), between the Rahway Redevelopment Agency and the City of Rahway.

The obligation of the City to pay grants and to pay all other amounts provided for under the agreement and to perform its obligations under the Agreement shall be absolute and unconditional.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

Rahway Redevelopment Agency-Public Library Project (Continued)

The cost and expense of the performance by the City of its obligations under this Capital Grant Agreement and the incurrence of any liabilities of the City under this Capital Grant Agreement, including, without limitation, the obligation for the payment of all Basic Grants and additional Grants and all other amounts required to be paid by the City under this Capital Grant Agreement, is a direct, general and irrevocable obligation, full faith and credit pledge of the City for which the City is obligated to make any required payments under this Capital Grant Agreement out of the first funds becoming legally available for such purpose, and to provide funds for such payments, if not otherwise available, from the levy of ad valorem taxes upon all the taxable property in the City without limitation as to rate or amount, which obligation is not subject to appropriation. As of December 31, 2014 and 2013, the Agency had outstanding \$5,225,000 and \$5,670,000, respectively, subject to the City guarantee.

Rahway Redevelopment Agency – Arts District Extension

On September 15, 2008, the Rahway Redevelopment Agency issued \$5,950,000 in tax exempt project notes and \$1,550,000 in taxable project notes. The notes, which are guaranteed by the City, were used to (i) refund the \$4,000,000 principal balloon payment due on the UCIA loan; (ii) provide \$3,500,000 for the design and construction of an outdoor amphitheater in the Rahway Arts District; and (iii) pay costs associated with the issuance of such notes. These notes were renewed for an additional year on September 15, 2009 and again on September 15, 2010. On September 8, 2011, the Agency issued \$5,075,000 in City-secured Arts District Extension Revenue Bonds. As of December 31, 2014 and 2013, the Agency had outstanding, \$4,570,000 and \$4,825,000, respectively, subject to City guarantee.

Rahway Parking Authority

The Parking Authority of the City of Rahway (the "Authority") is a public body corporate and politic created pursuant to the Parking Authority Law. The Authority has determined to finance the construction of a new multi-level parking garage in the City of Rahway (the "Project") through the issuance of revenue bonds, notes or other debt obligations, in an aggregate principal amount not to exceed \$6,000,000 (the "Obligations"). The Obligations shall be general obligations of the Authority payable solely from the revenues of the Authority, including revenues generated by the Project. The Obligations shall also be secured by an Ordinance of the City of Rahway adopted September 8, 2003 unconditionally and irrevocably guaranteeing the payment of principal of and interest on the Obligations and the City shall, if necessary, be obligated to levy ad valorem taxes upon all the taxable property within the City for the payment thereof, without limitation as to rate or amount.

On December 3, 2003, the Authority issued \$5,800,000 City-guaranteed Parking Revenue Bonds, Series 2003, subject to this agreement. On May 14, 2013, the Authority issued \$4,745,000 to refund the 2003 Bonds. As of December 31, 2014 and 2013, the Authority had outstanding \$4,460,000 and \$4,645,000, respectively, subject to the City guarantee.

The parties agree to hold each other harmless for any loss, damage or claim incurred or asserted resulting from the negligence of either party in performing their duties and responsibilities under this Agreement.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31 <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund:					
Bonds Payable	\$ 38,226,081	\$ 1,720,000	\$ 4,480,456	\$ 35,465,625	\$ 2,512,705
Intergovernmental Loans Payable:					
Community Affairs Loan	80,000		20,000	60,000	20,000
NJ Redevelopment Authority	187,500			187,500	
Green Acres Loans	546,616	-	71,385	475,231	72,819
General Capital Fund Long-Term Liabilities	<u>\$ 39,040,197</u>	<u>\$ 1,720,000</u>	<u>\$ 4,571,841</u>	<u>\$ 36,188,356</u>	<u>\$ 2,605,524</u>
Water Utility Capital Fund:					
Bonds Payable	<u>\$ 5,010,000</u>	<u>\$ 1,670,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,580,000</u>	<u>\$ 775,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 5,010,000</u>	<u>\$ 1,670,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,580,000</u>	<u>\$ 775,000</u>
Sewer Utility Capital Fund:					
Bonds Payable	\$ 1,397,919		\$ 128,544	\$ 1,269,375	\$ 127,295
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>1,075,788</u>	-	<u>109,191</u>	<u>966,597</u>	<u>107,345</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 2,473,707</u>	<u>\$ -</u>	<u>\$ 237,735</u>	<u>\$ 2,235,972</u>	<u>\$ 234,640</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31 <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund:					
Bonds Payable	\$ 32,868,300	\$ 7,425,000	\$ 2,067,219	\$ 38,226,081	\$ 2,411,456
Intergovernmental Loans Payable:					
Community Affairs Loan	100,000		20,000	80,000	20,000
NJ Redevelopment Authority	187,500			187,500	
Green Acres Loans	<u>616,591</u>	<u>-</u>	<u>69,975</u>	<u>546,616</u>	<u>71,385</u>
General Capital Fund Long-Term Liabilities	<u>\$ 33,772,391</u>	<u>\$ 7,425,000</u>	<u>\$ 2,157,194</u>	<u>\$ 39,040,197</u>	<u>\$ 2,502,841</u>
Water Utility Capital Fund:					
Bonds Payable	<u>\$ 5,740,000</u>	<u>\$ -</u>	<u>\$ 730,000</u>	<u>\$ 5,010,000</u>	<u>\$ 760,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 5,740,000</u>	<u>\$ -</u>	<u>\$ 730,000</u>	<u>\$ 5,010,000</u>	<u>\$ 760,000</u>
Sewer Utility Capital Fund:					
Bonds Payable	\$ 1,525,700		\$ 127,781	\$ 1,397,919	\$ 128,544
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>1,178,461</u>	<u>-</u>	<u>102,673</u>	<u>1,075,788</u>	<u>109,191</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 2,704,161</u>	<u>\$ -</u>	<u>\$ 230,454</u>	<u>\$ 2,473,707</u>	<u>\$ 237,735</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2013	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2014
<u>2014</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Road Resurfacings	1.50%	8/7/2015	\$ 2,252,065	\$ 3,202,065	\$ 2,252,065	\$ 3,202,065
Streetscape Improvements	1.50%	8/7/2015	150,000	150,000	150,000	150,000
Various General Improvements	1.50%	8/7/2015	4,432,517	5,098,302	4,432,517	5,098,302
Acquisition of Equipment	1.50%	8/7/2015	121,600	121,600	121,600	121,600
Acquisitions and Improvements within a Duly						
Designated Redevelopment Area	1.50%	8/7/2015	3,100,000	3,100,000	3,100,000	3,100,000
DPW and Fire Equipment	1.50%	8/7/2015		522,500		522,500
Traffic Maintenance Pickup Truck	1.50%	8/7/2015		147,250		147,250
Various High School Park Improvements	1.50%	8/7/2015		514,000		514,000
Sidewalk Replacement Program	1.50%	8/7/2015		142,500		142,500
Athletic Field Improvements	1.50%	8/7/2015		2,238,000		2,238,000
Terminal Pay Refunding	1.25%	9/30/2014	340,000		340,000	
Groundwater Remediation at Carriage						
City Site	1.50%	8/7/2015	200,000	200,000	200,000	200,000
Basketball Court Renovations	1.50%	8/7/2015	190,000	190,000	190,000	190,000
Demolition and Improvements to						
Various Redevelopment Properties	1.50%	8/7/2015	285,000	285,000	285,000	285,000
Tax Appeal Refunding - Merck	1.50%	8/7/2015	1,025,000	700,000	1,025,000	700,000
Acquisition of Fire Pumper and						
Rebuild Street Sweeper	1.50%	8/7/2015	500,000	500,000	500,000	500,000
Improvements to Elm Avenue	1.50%	8/7/2015	238,000	238,000	238,000	238,000
Imprvts. To 911 Dispatch Center	1.50%	8/7/2015	247,500	247,500	247,500	247,500
Acq. Of Police Ballistic Equipment	1.50%	8/7/2015	38,000	38,000	38,000	38,000
Investigation of Groundwater						
Contamination and Remediation	1.50%	8/7/2015	189,498	190,400	189,498	190,400
			<u>13,309,180</u>	<u>17,825,117</u>	<u>13,309,180</u>	<u>17,825,117</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, <u>2013</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
2014						
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Various Water Improvements	1.25%	9/29/2015	\$ 2,130,000	\$ 2,370,437	\$ 2,130,000	\$ 2,370,437
Various Water Improvements	1.50%	8/7/2015	2,234,520	2,216,482	2,234,520	2,216,482
Monroe St. Bridge Water Improvements	1.50%	8/7/2015	150,000	148,101	150,000	148,101
Replace Water Main - Hamilton St.	1.50%	8/7/2015	1,309,000	1,309,000	1,309,000	1,309,000
Water Treatment Plan Improvements	1.25%	9/29/2015	<u>1,000,000</u>	<u>1,332,563</u>	<u>1,000,000</u>	<u>1,332,563</u>
			<u>6,823,520</u>	<u>7,376,583</u>	<u>6,823,520</u>	<u>7,376,583</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Sewer System Improvements	1.50%	8/7/2015	588,000	581,000	588,000	581,000
Impvts. To Donal Avenue Storm Sewer	1.50%	8/7/2015	133,300	133,300	133,300	133,300
Emergency Sinkhole Repair	1.50%	8/7/2015		300,000		300,000
Flood Control Mitigation	1.50%	8/7/2015	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
			<u>721,300</u>	<u>1,314,300</u>	<u>721,300</u>	<u>1,314,300</u>
Total Bond Anticipation Notes			<u>\$ 20,854,000</u>	<u>\$ 26,516,000</u>	<u>\$ 20,854,000</u>	<u>\$ 26,516,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, <u>2012</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Road Resurfacings	1.25%	10/2/2013	\$ 628,212		\$ 628,212	
Road Resurfacings	1.00%	8/8/2014	1,652,065	\$ 2,252,065	1,652,065	\$ 2,252,065
Streetscape Improvements	1.25%	10/2/2013	680,695		680,695	
Streetscape Improvements	1.00%	8/8/2014	150,000	150,000	150,000	150,000
Various General Improvements	1.25%	10/2/2013	128,290		128,290	
Various General Improvements	1.00%	8/8/2014	1,746,815	4,432,517	1,746,815	4,432,517
Acquisition of Equipment	1.25%	10/2/2013	601,288		601,288	
Acquisition of Equipment	1.00%	8/8/2014	121,600	121,600	121,600	121,600
Acquisition of Real Property	1.25%	10/2/2013	475,255		475,255	
Acquisitions and Improvements within a Duly						
Designated Redevelopment Area	1.25%	10/2/2013	4,000,000		4,000,000	
Acquisitions and Improvements within a Duly						
Designated Redevelopment Area	1.00%	8/8/2014	3,100,000	3,100,000	3,100,000	3,100,000
Construction of Bridge St. Bike Path	1.25%	10/2/2013	59,024		59,024	
Creation of a Park on Essex St.	1.25%	10/2/2013	132,179		132,179	
Downtown Street Loop Modifications	1.25%	10/2/2013	348,327		348,327	
Completion of Riverwalk	1.25%	10/2/2013	118,420		118,420	
Remediation of Hamilton Laundry Site	1.25%	10/2/2013	332,500		332,500	
Terminal Pay Refunding	1.25%	9/30/2014	675,000	340,000	675,000	340,000
Groundwater Remediation at Carriage						
City Site	1.00%	8/8/2014	200,000	200,000	200,000	200,000
Basketball Court Renovations	1.00%	8/8/2014	190,000	190,000	190,000	190,000
Demolition and Improvements to						
Various Redevelopment Properties	1.00%	8/8/2014	285,000	285,000	285,000	285,000
Tax Appeal Refunding - Merck	1.00%	8/8/2014	1,350,000	1,025,000	1,350,000	1,025,000
Acquisition of Fire Pumper and						
Rebuild Street Sweeper	1.00%	8/8/2014	500,000	500,000	500,000	500,000
Improvements to Elm Avenue	1.00%	8/8/2014		238,000		238,000
Imprvts. To 911 Dispatch Center	1.00%	8/8/2014		247,500		247,500
Acq. Of Police Ballistic Equipment	1.00%	8/8/2014		38,000		38,000
Investigation of Groundwater						
Contamination and Remediation	1.00%	8/8/2014	-	189,498	-	189,498
			<u>17,474,670</u>	<u>13,309,180</u>	<u>17,474,670</u>	<u>13,309,180</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2012	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2013
<u>2013</u>						
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Various Water Improvements	1.25%	9/30/2014	\$ 2,175,810	\$ 2,130,000	\$ 2,175,810	\$ 2,130,000
Various Water Improvements	1.00%	8/8/2014	2,234,520	2,234,520	2,234,520	2,234,520
Monroe St. Bridge Water Improvements	1.00%	8/8/2014	150,000	150,000	150,000	150,000
Replace Water Main - Hamilton St.	1.00%	8/8/2014		1,309,000		1,309,000
Water Treatment Plan Improvements	1.25%	9/30/14	-	1,000,000	-	1,000,000
			<u>4,560,330</u>	<u>6,823,520</u>	<u>4,560,330</u>	<u>6,823,520</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Sewer System Improvements	1.00%	8/8/2014	588,000	588,000	588,000	588,000
Impvts. To Donal Avenue Storm Sewer	1.00%	8/8/2014	-	133,300	-	133,300
			<u>588,000</u>	<u>721,300</u>	<u>588,000</u>	<u>721,300</u>
Total Bond Anticipation Notes			<u>\$ 22,623,000</u>	<u>\$ 20,854,000</u>	<u>\$ 22,623,000</u>	<u>\$ 20,854,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the water and sewer utility activities are accounted for in the Water and Sewer Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for the years 2014 and 2013 as follows:

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the City may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

2014

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
Hurricane Sandy	0.92%	11/20/2014	\$ 680,000	-	680,000	-
Total Special Emergency Notes			<u>\$ 680,000</u>	<u>\$ -</u>	<u>\$ 680,000</u>	<u>\$ -</u>

2013

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
Hurricane Sandy	0.92%	11/20/2014	\$ 850,000	\$ 680,000	850,000	\$ 680,000
Total Special Emergency Notes			<u>\$ 850,000</u>	<u>\$ 680,000</u>	<u>\$ 850,000</u>	<u>\$ 680,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
Streetscape Section VI Project	\$100,132	2015
Renovation of Arts District Studio space	124,175	2015
<u>2013</u>		
Renovation of Arts District Studio space	124,175	2015
Streetscape Section VI Project	150,063	2015
Purchase of Fire Department pumper Truck	430,564	2014

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$7,567,201 and \$7,640,034 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2014 and 2013, the City has reserved in the Other Trust Fund \$900,000 and \$546,540, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$1,554,082 and will be paid back with interest over 15 years beginning in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2014 and 2013 is \$2,022,574 and \$2,008,402, respectively.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

The City's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31 <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	\$ 7,640,034		\$ 72,833	\$ 7,567,201	
Deferred Pension Obligation	<u>2,008,402</u>	<u>\$ 99,014</u>	<u>84,842</u>	<u>2,022,574</u>	<u>\$ 93,408</u>
Other Long-Term Liabilities	<u>\$ 9,648,436</u>	<u>\$ 99,014</u>	<u>\$ 157,675</u>	<u>\$ 9,589,775</u>	<u>\$ 93,408</u>
	Balance, December 31 <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 7,249,567	\$ 390,467		\$ 7,640,034	
Deferred Pension Obligation	<u>1,966,286</u>	<u>118,177</u>	<u>\$ 76,061</u>	<u>2,008,402</u>	<u>\$ 84,842</u>
Other Long-Term Liabilities	<u>\$ 9,215,853</u>	<u>\$ 508,644</u>	<u>\$ 76,061</u>	<u>\$ 9,648,436</u>	<u>\$ 84,842</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those City employees who are eligible for pension coverage.

Consolidated Police and Firemen's Pension Fund (CPFPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. CPFPF is a cost-sharing plan with special funding situations.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those City employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

	<u>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 27,640	\$ 3,054,801	\$ 709,180	\$ 3,627
2013	17,955	3,161,668	725,288	NONE
2012	NONE	3,122,596	746,449	NONE

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the City. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher’s Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State’s Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$38.0 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2014, 2013 and 2012 were \$2,952,040, 2,759,962 and \$2,467,422, respectively, which equaled the required contributions for each year.

NOTE 14 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The City has obtained commercial insurance coverage to guard against these events to minimize the exposure to the City should they occur.

The City of Rahway is a member of the Garden State Municipal Joint Insurance Fund (GSJIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pool.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 14 RISK MANAGEMENT (Continued)

The relationship between the City and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The City is contractually obligated to make all annual and supplementary contributions to the insurance fund, to report claims on a timely basis, to cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which the municipality was a member.

The fund provides its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the fund can be obtained by contacting the fund’s Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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

<u>Year Ended December 31,</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 27,864	\$ 40,434	\$ 9,777	\$ 89,422
2013		22,962	35,892	30,901
2012		41,418	33,971	43,831

NOTE 15 CONTINGENT LIABILITIES

The City is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the City’s Attorney, the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the City reserved \$1,400,000 and \$1,025,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the City had no estimated arbitrage earnings due to the IRS.

NOTE 17 PUBLIC/PRIVATE PARTNERSHIPS

The City presently owns a water supply, treatment, transmission, storage and distribution system, and a billing and collections department (the "Water System"). The City has entered into a management services agreement with United Water Operations, Inc. for the operation, management, maintenance and repair of the Water System in accordance with the provisions of the "New Jersey Water Supply Public-Private Contracting Act" set forth at N.J.S.A. 58:26-19 et seq.

Pursuant to the terms of the agreement, the City will retain ownership of the Water System and United Water Operations, Inc. will operate, manage, maintain and repair the Water System for a period of twenty (20) years, beginning September 29, 1999. In exchange for these services, the City will pay United Water Operations, Inc. an annual Fixed Management Fee. The agreement does not provide for the payment of any concession fees by United Water Operations, Inc. to the City.

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The City has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the City has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2014. During December 31, 2014, the City has received \$728,707 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

During 2015, the City adopted Bond Ordinances authorizing the issuance of \$20,665,952 in Bonds or Bond Anticipation Notes to fund water treatment plant improvements and pipeline construction. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**CITY OF RAHWAY
STATEMENT OF CASH - TREASURER**

Balance, December 31, 2013		\$ 16,697,015
Increased by:		
Taxes Receivable	\$ 89,103,142	
Tax Title Liens	6,402	
Revenue Acct. Receivable	12,589,962	
Other Liens Receivable	9,005	
Prepaid Taxes	231,821	
Tax Overpayments	53,170	
Grants Receivable	85,368	
Non Budget Revenue	931,085	
Due from State-Senior and Veterans Deductions	223,218	
Receipts from Sewer Utility Operating Fund	101,754	
Other Trust Fund Receipts Deposited in Current Fund	402,875	
General Capital Fund Receipts Deposited in Current Fund	150,472	
Water Utility Operating Fund Receipts Deposited in Current Fund	83,188	
Reserve for FEMA Reimbursements	144,970	
Reserve for Host Community Fees	148,025	
Unappropriated Reserves for Grants	<u>217,201</u>	
		<u>104,481,658</u>
		121,178,673
Decreased by:		
2014 Budget Appropriations	46,779,433	
2013 Appropriation Reserves	419,326	
Encumbrances Payable	484,873	
Accounts Payable	109,091	
County Taxes	14,233,539	
County Added Taxes	13,036	
Local District School Taxes	40,851,951	
Special Improvement District Taxes	130,000	
Appropriated Reserves for Grants	128,916	
Tax Overpayments	46,696	
Special Emergency Note Payable	680,000	
Payments to Rahway Redevelopment Agency	20,553	
Refund of Prior Year Revenue	465,823	
Payments to CDBG Trust Fund	65,845	
Payments to Self Insurance Trust Fund	22,973	
Payments to General Capital Fund	1,005,785	
Payments to Water Utility Capital Fund	<u>1,229,612</u>	
		<u>106,687,452</u>
Balance, December 31, 2014		<u>\$ 14,491,221</u>

**CITY OF RAHWAY
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Tax Collector	\$ 1,000	\$ 1,000
City Clerk	20	20
Health Officer	25	25
Municipal Court	<u>250</u>	<u>250</u>
	<u>\$ 1,295</u>	<u>\$ 1,295</u>

**CITY OF RAHWAY
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	2014 Revenue <u>Realized</u>	Cash Receipts	Transferred from Unappropriated Grant Reserves	Balance, December 31, <u>2014</u>
Municipal Alliance Program	\$ 12,636	\$ 14,298	\$ 12,636	\$ 9,671	\$ 4,627
Drug Free Communities		125,000			125,000
Statewide Livable Communities Grant	661				661
Pedestrian Safety	6,600				6,600
Bulletproof Vest Partnership Grant	26,500			26,500	
Assistance to Firefighters	46,741				46,741
AFT (G.R.E.A.T.) Grant	52				52
NJDCA Cooperative Housing Program	10,000				10,000
Pandemic Influenza Grant	55,882				55,882
NJ Health Dept Grant	11,731				11,731
Union County Recreation Grant	69,900				69,900
Recreation for Individuals with Disabilities	292				292
Kids Recreation Trust	6,651		6,651		
Byrne Justice Grant	9,915		9,915		
COPS in Shops	1,610				1,610
Grahill Charitable Trust	20,000		20,000		
NJ DOT Highway Safety		29,423	29,423		
Body Armor Replacement Program		8,605	6,743	1,755	107
Click It or Ticket	4,000				4,000
Travel and Tourism Program	2,500	-	-	-	2,500
	<u>\$ 285,671</u>	<u>\$ 177,326</u>	<u>\$ 85,368</u>	<u>\$ 37,926</u>	<u>\$ 339,703</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERAN DEDUCTIONS**

Balance, December 31, 2013		\$ 64,895
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		<u>257,750</u>
		322,645
Decreased by:		
Cash Receipts	\$ 223,218	
Senior Citizen and Veteran Deductions Disallowed by Tax Collector		
Current Year	39,750	
Prior Year	<u>7,746</u>	
		<u>270,714</u>
Balance, December 31, 2014		<u>\$ 51,931</u>

**CITY OF RAHWAY
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2013	2014 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2014
					2013	2014				
SFY 2006	\$ 25,361									\$ 25,361
SFY 2008	1,413			\$ 8,500		\$ 6,500		\$ 1,746		1,667
SFY 2009	1,052			9,500		7,250		510	\$ 2,342	450
SFY 2010	5,471			10,250		7,500		5,062	3,159	-
TY 2011	50,030			11,500		8,248		429	3,551	49,302
CY 2012	43,834					21,309			3,598	18,927
CY 2013	<u>1,384,521</u>	<u>-</u>	<u>\$ 25,846</u>	<u>-</u>	<u>-</u>	<u>1,378,497</u>	<u>-</u>	<u>-</u>	<u>3,725</u>	<u>28,145</u>
	1,511,682	-	25,846	39,750	-	1,429,304	-	7,747	16,375	123,852
CY 2014	<u>-</u>	<u>\$ 90,076,632</u>	<u>348,910</u>	<u>7,746</u>	<u>\$ 1,130,798</u>	<u>87,673,838</u>	<u>\$ 257,750</u>	<u>94,168</u>	<u>-</u>	<u>1,276,734</u>
	<u>\$ 1,511,682</u>	<u>\$ 90,076,632</u>	<u>\$ 374,756</u>	<u>\$ 47,496</u>	<u>\$ 1,130,798</u>	<u>\$ 89,103,142</u>	<u>\$ 257,750</u>	<u>\$ 101,915</u>	<u>\$ 16,375</u>	<u>\$ 1,400,586</u>

Analysis of 2014 Tax Levy

Tax Yield	
General Purpose Tax	\$ 90,076,632
Special Improvement District Tax	130,293
Added Taxes (54:4-63.1 et seq.)	<u>348,910</u>
	<u>\$ 90,555,835</u>
Tax Levy	
Special Improvement District Tax	\$ 130,000
Local District School Tax (Abstract)	40,924,076
County Tax	\$ 14,233,539
County Share of Added Taxes	<u>59,390</u>
	14,292,929
Local Tax for Municipal Purposes	33,880,983
Minimum Library Tax	900,977
Additional Tax Levied	<u>426,870</u>
	<u>35,208,830</u>
	<u>\$ 90,555,835</u>

**CITY OF RAHWAY
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2013		\$ 196,216
Increased by:		
Transfers from Taxes Receivable	\$ 16,375	
Interest and Costs on Tax Sale	<u>18,489</u>	
		<u>34,864</u>
		231,080
Decreased by:		
Redemptions		<u>6,402</u>
Balance, December 31, 2014		<u>\$ 224,678</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2013		<u>\$ 2,644,300</u>
Balance, December 31, 2014		<u>\$ 2,644,300</u>

**CITY OF RAHWAY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, 2013	Accrued in 2014	Collected	Balance, December 31, 2014
Licenses				
Alcoholic Beverages		\$ 57,700	\$ 57,700	
Other		5,003	5,003	
Fees and Permits		105,370	105,370	
Municipal Court				
Fines and Costs	\$ 134,859	694,036	653,516	\$ 175,379
Red Light Camera Program		893,826	893,826	
Interest and Costs on Taxes		277,956	277,956	
Medicare Reimbursement				
Interest on Investments		41,991	41,991	
Anticipated Utility Operating Surplus - Sewer Utility		601,922	601,922	
Police Department Fees		108,764	108,764	
Payments in Lieu of Taxes				
Lower Essex St. - Denholtz Management		469,226	469,226	
Landmark - Block 157 Lot 1		408,624	408,624	
Rahway Parking Authority		170,000	170,000	
Rosegate		18,750	18,750	
Senior Citizen Housing		282,326	282,326	
Comcast Cable Franchise Fee		80,686	80,686	
Cellular Phone Tower Fees		492,973	492,973	
Sale of Recyclables				
Police Security - Administrative Fees		216,762	216,762	
Board of Adjustment Application Fees		3,885	3,885	
Planning Board Application Fees		46,691	46,691	
Street Opening Permits		36,843	36,843	
Motor Vehicle Fines		13,024	13,024	
Uniform Construction Code Penalties				
Uniform Construction Code Fees		517,332	517,332	
Energy Receipts Taxes		3,094,283	3,094,283	
Consolidated Municipal Property Tax Relief Aid		914,690	914,690	
U.C.U.A. Host Community Fees		2,650,000	2,650,000	
Berkeley Heights Health Services Contract		67,796	67,796	
Solid Waste Fees				
Rahway Housing Authority		27,750	27,750	
Rahway Board of Education		40,000	40,000	
Bulky Waste Fees				
Kenilworth		67,388	67,388	
Outside Health Services				
Scotch Plains		66,655	66,655	
Hillside		21,706	21,706	
Winfield		7,291	7,291	
Hotel Fees	-	129,233	129,233	-
	<u>\$ 134,859</u>	<u>\$ 12,630,482</u>	<u>\$ 12,589,962</u>	<u>\$ 175,379</u>

**CITY OF RAHWAY
SCHEDULE OF OTHER LIENS RECEIVABLE**

Balance, December 31, 2013	\$ 31,504
Decreased by:	
Redemptions	<u>9,005</u>
Balance, December 31, 2014	<u>\$ 22,499</u>

STATEMENT OF DUE FROM RAHWAY REDEVELOPMENT AGENCY

Balance, December 31, 2013	\$ 41,418
Increased by:	
Payments to Rahway Redevelopment Agency	<u>20,553</u>
Balance, December 31, 2014	<u>\$ 61,971</u>

**CITY OF RAHWAY
STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY**

<u>Purpose</u>	<u>Amount Authorized</u>	<u>Not Less Than 1/5 of Amount Authorized</u>	<u>Balance, December 31, 2013</u>	<u>Amount Resulting from 2014</u>	<u>Reduced in 2014</u>	<u>Balance, December 31, 2014</u>
Terminal Pay	\$ 1,120,000	\$ 224,000	\$ 896,000	\$ -	\$ 224,000	\$ 672,000
	<u>\$ 1,120,000</u>	<u>\$ 224,000</u>	<u>\$ 896,000</u>	<u>\$ -</u>	<u>\$ 224,000</u>	<u>\$ 672,000</u>

CITY OF RAHWAY
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance December 31, 2013	Cancelled Encumbrances Payable	Balance After Modification	Expended	Balance Lapsed
General Government					
Department of Administration					
Salaries and Wages	\$ 3,842		\$ 3,842	\$ 3,800	\$ 42
Other Expenses	21,458		21,458	549	20,909
Mayor's Office					
Salaries and Wages	14		14		14
Municipal Council					
Salaries and Wages	926		926	900	26
Other Expenses	7,520	\$ 863	8,383		8,383
Environmental Commission					
Salaries and Wages	253		253	250	3
Other Expenses	398		398		398
City Clerk					
Salaries and Wages	226		226	225	1
Other Expenses	10,051	726	10,777		10,777
Department of Revenue and Finance					
Salaries and Wages	15,216		15,216	15,000	216
Other Expenses	61,316		61,316	9,992	51,324
Municipal Audit					
Department of Assessment					
Salaries and Wages	1,580		1,580	1,500	80
Other Expenses	22,964	85	23,049		23,049
Department of Law					
Salaries and Wages	142		142	140	2
Other Expenses	18,987		18,987	10,956	8,031
Municipal Court					
Salaries and Wages	328		328	325	3
Other Expenses	8	791	799		799
Division of Engineering					
Other Expenses	19,370		19,370	19,309	61
Department of Building, Planning & Economic Development					
Salaries and Wages	264		264	250	14
Other Expenses	15,980	1	15,981		15,981
Planning Board					
Salaries and Wages	362		362	350	12
Other Expenses	5,791		5,791		5,791
Board of Adjustment					
Salaries and Wages	452		452	450	2
Other Expenses	9,098		9,098		9,098
Municipal A.B.C. Board					
Salaries and Wages	1,047		1,047	1,000	47
Other Expenses	32	100	132		132
Insurance					
Other Insurance	19,977	50,856	70,833		70,833
Employee Group Insurance	418,923		418,923	192,465	226,458
Police Department					
Salaries and Wages	79,995		79,995	75,000	4,995
Other Expenses	396	4,100	4,496		4,496
Office of Emergency Management					
Salaries and Wages	43		43		43
Other Expenses		480	480		480
Fire Department					
Salaries and Wages	451		451	450	1
Other Expenses	1,885	1,897	3,782		3,782

CITY OF RAHWAY
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance December 31, 2013	Cancelled Encumbrances Payable	Balance After Modification	Expended	Balance Lapsed
Department of Public Works					
Salaries and Wages	\$ 96,085		\$ 96,085	\$ 96,000	\$ 85
Other Expenses	210,912		210,912	50,593	160,319
Solid Waste and Recycling					
Salaries and Wages	1,417	\$ 19	1,436	1,400	36
Other Expenses	70,617		70,617	68,595	2,022
Department of Health and Welfare					
Salaries and Wages	898		898	850	48
Other Expenses	28,084	182	28,266		28,266
Community Services - Senior Services					
Salaries and Wages	3,467		3,467	3,400	67
Other Expenses	216	874	1,090		1,090
Recreation Department					
Salaries and Wages	10,848		10,848	10,800	48
Other Expenses	29,658		29,658	6,347	23,311
First Thursday		4,179	4,179		4,179
Special Emergency					
Terminal Pay	133,297		133,297	133,297	
Revenue Administration					
Salaries and Wages	1,013		1,013	1,000	13
Other Expenses	9,441		9,441		9,441
Uniform Construction Code Enforcement					
Salaries and Wages	7,297		7,297	7,200	97
Other Expenses	6,985		6,985		6,985
Unclassified					
Electricity	64,957		64,957	45,180	19,777
Heating Fuels	29,100		29,100	17,535	11,565
Telephone	11,418	53	11,471		11,471
Street Lighting	88,851		88,851	88,514	337
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	95		95		95
Pension Adjustment Fund	2,045		2,045	1,818	227
PERS	844		844		844
Consolidated Police and Fireman's Pension Fund	500		500		500
Police Dispatch 9-1-1 System					
Other Expenses	68	1,150	1,218	197	1,021
Public and Private Programs Offset with Revenues					
Municipal Alliance - Matching Funds	7,149	-	7,149	7,149	-
Total	\$ 1,554,557	\$ 66,356	\$ 1,620,913	\$ 872,786	\$ 748,127
Cash Disbursements				\$ 419,326	
Due to Other Trust Fund					
Reserve for Health Insurance Claims				100,000	
Reserve for Terminal Pay				353,460	
				<u>\$ 872,786</u>	

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$	732,841
Increased by:			
Charged to 2014 Budget Appropriations		\$	595,130
Charged to Appropriated Grant Reserves			<u>24,095</u>
			<u>619,225</u>
			1,352,066
Decreased by:			
Cash Disbursements			484,873
Cancelled to Appropriation Reserves			<u>66,356</u>
			<u>551,229</u>
Balance, December 31, 2014		\$	<u>800,837</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013		\$	210,130
Decreased by:			
Cash Disbursements			<u>109,091</u>
Balance, December 31, 2014		\$	<u>101,039</u>

**CITY OF RAHWAY
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2013	\$ 46,696
Increased by:	
Tax Overpayments	53,170
	99,866
Decreased by:	
Cash Disbursements	46,696
Balance, December 31, 2014	\$ 53,170

STATEMENT OF PREPAID TAXES

Balance, December 31, 2013	\$ 1,130,798
Increased by:	
Collection of 2015 Taxes	231,821
	1,362,619
Decreased by:	
Applied to 2014 Taxes	1,130,798
Balance, December 31, 2014	\$ 231,821

CITY OF RAHWAY
STATEMENT OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2013</u>	Increased by <u>Receipts</u>	2014 Revenue <u>Realized</u>	Transferred to Grants <u>Receivable</u>	Balance, December 31, <u>2014</u>
NJ Wayfinding System	\$ 75,000				\$ 75,000
Multiple Housing Inspection	12,653	\$ 13,760	\$ 12,653		13,760
Police Body Armor Grant	28,255			\$ 28,255	
Recycling Tonnage Grant	14,791	683	14,791		683
Alcohol Education and Rehabilitation	1,295	177			1,472
Drunk Driving Enforcement Fund	6,722		6,722		-
NJ DOT Highway Safety	66,795	27,749			94,544
Recreation Heart Grant	250	500	250		500
Thomas Grahill Trust	20,000		20,000		
Clean Communities	44,770	41,990	44,770		41,990
Green the Streets	5,000	1,466			6,466
State Forestry Services	3,000				3,000
Municipal Alliance	8,761	910		9,671	
Kids Recreation Trust		129,966			129,966
Downtown Retail Study	20,000	-	-	-	20,000
	<u>\$ 307,292</u>	<u>\$ 217,201</u>	<u>\$ 99,186</u>	<u>\$ 37,926</u>	<u>\$ 387,381</u>

**CITY OF RAHWAY
STATEMENT OF APPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2013</u>	Transferred from 2014 Budget <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2014</u>
Multiple Housing Inspections	\$ 31,644	\$ 12,653	\$ 16,110	\$ 28,187
Clean Communities	85,241	44,770	33,147	96,864
Senior Services	23,016		7,360	15,656
Drunk Driving Enforcement Fund	5,897	6,722	3,888	8,731
Body Armor Grant	12,913	8,605	14,798	6,720
Public Health Priority Grant	282			282
Municipal Alliance Program		14,298	(5,157)	19,455
Recycling Tonnage Grant	91,549	14,791	5,273	101,067
Safe and Secure Communities	113,305			113,305
Emergency Management Grant	13,242			13,242
Infant Smoke Detector Program	432			432
NJ Tree Foundation	2,500			2,500
Local Law Enforcement Block Grant	17,548			17,548
Hazardous Discharge Site Remediation	228,809		9,000	219,809
ADA Tase Grant	11,240			11,240
Alcohol Education and Rehabilitation Fund	975			975
General Motors - DARE Programs	7,260			7,260
Merck & Co. Mini Grant	15,415			15,415
Recreation Heart Grant	2,170	250		2,420
County PDA Grant	345			345
Grahill Charitable Trust	7,134	20,000	14,413	12,721
NY/NJ Snowflake Youth	11,377		5,493	5,884
Drug Free Communities		125,000	9,065	115,935
Smart Growth Program	8,000			8,000
Green the Streets	90,937			90,937
Statewide Livable Communities - Library	73,057			73,057
Statewide Livable Communities - Essex St.				
Local Domestic Preparedness	2,630			2,630
Pedestrian Safety				
NJ Health Dept Grant	20			20
Union County Recreation Grant	6,899			6,899
Kids Recreation Grant	73,478			73,478
Pandemic Influenza Grant	44,114			44,114
Child Passenger Safety Grant	2,375			2,375
NJ DOT Highway Safety	2,662	29,423	29,287	2,798
NJ 911 General Assistance Grant	301			301
NJ 911 Equipment Grant	47			47
You Drink, Your Drive, You Lose	7,091			7,091
Underage Drinking LBG				
Over the Limit, Under Arrest				
NJ DCA Brownfields	27,271			27,271
Assistance to Firefighters	1,097			1,097
NJ BPU Clean Energy Program	44,839			44,839
COPS in Shops	-			-
Travel and Tourism	2,500			2,500
Obey the Signs	4,000			4,000
Click It or Ticket	16,731			16,731
Byrne Justice Grant	85,857		10,334	75,523
Matching Funds for Grants	22,000	-	-	22,000
	<u>\$ 1,198,200</u>	<u>\$ 276,512</u>	<u>\$ 153,011</u>	<u>\$ 1,321,701</u>
			Cash Disbursements \$ 128,916	
			Encumbrances Payable <u>24,095</u>	
			<u>\$ 153,011</u>	

**CITY OF RAHWAY
STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
2014 Levy		
General Taxes	\$ 13,825,557	
County Open Space Taxes	<u>407,982</u>	
		<u>\$ 14,233,539</u>
Decreased by:		
Payments		<u>\$ 14,233,539</u>

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2013	\$ 13,036
Increased by:	
2014 County Added Taxes	<u>59,390</u>
	72,426
Decreased by:	
Payments	<u>13,036</u>
Balance, December 31, 2014	<u>\$ 59,390</u>

**CITY OF RAHWAY
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, December 31, 2013	\$ 15,418
Increased by:	
2014 Levy	<u>40,924,076</u>
	40,939,494
Decreased by:	
Payments	<u>40,851,951</u>
Balance, December 31, 2014	<u>\$ 87,543</u>

STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES PAYABLE

Increased by:	
2014 Levy	<u>\$ 130,000</u>
Decreased by:	
Payments	<u>\$ 130,000</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2013	\$ 1,025,000
Increased by:	
Contested Amount of 2014 Taxes Collected which are Pending State Appeal	<u>375,000</u>
Balance, December 31, 2014	<u>\$ 1,400,000</u>

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR FEMA REIMBURSEMENTS**

Balance, December 31, 2013	\$	192,158
Increased by:		
FEMA Proceeds		<u>144,970</u>
		337,128
Decreased by:		
Realized as 2014 Budgeted Revenue		<u>192,158</u>
Balance, December 31, 2014	\$	<u><u>144,970</u></u>

STATEMENT OF RESERVE FOR HOST COMMUNITY FEES

Balance, December 31, 2013	\$	150,000
Increased by:		
Cash Receipts		<u>148,025</u>
		298,025
Decreased by:		
Realized as 2014 Budgeted Revenue		<u>150,000</u>
Balance, December 31, 2014	\$	<u><u>148,025</u></u>

STATEMENT OF RESERVE FOR INSURANCE RECOVERIES

Balance, December 31, 2013	\$	<u>553,574</u>
Balance, December 31, 2014	\$	<u><u>553,574</u></u>

**CITY OF RAHWAY
STATEMENT OF SPECIAL EMERGENCY NOTES PAYABLE**

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2014</u>
Superstorm Sandy Damage	12/28/2012	12/20/13	12/19/14	1.25%	\$ 680,000	-	\$ 680,000	-
					<u>\$ 680,000</u>	<u>-</u>	<u>\$ 680,000</u>	<u>-</u>

TRUST FUND

**CITY OF RAHWAY
TRUST FUNDS
STATEMENT OF CASH AND INVESTMENTS**

	<u>Assessment</u>	<u>Animal Control Fund</u>	<u>Community Development</u>	<u>Other Trust Fund</u>	<u>Self- Insurance</u>
Balance, December 31, 2013	\$ 9,899	\$ 16,206	\$ 121,351	\$ 3,229,111	\$ 78,111
Increased by Receipts:					
Due State of New Jersey		1,232			
Animal Control Licenses		6,519			
Community Development Receipts					
Grants Receivable			519,293		
Loans Receivable			18,402		
Interest on Loans			3,595		
General Capital Fund Receipts Deposited in Community Development Block Grant Trust Fund			136,000		
Miscellaneous Deposits and Reserves				2,555,967	
Payroll Deductions Payable				13,636,588	40,434
Accrued Salaries and Wages				13,272,894	
Reserve for Flex Spending				19,764	
Current Fund Budget Appropriations					58,629
Receipts from Self Insurance Trust Fund				1,457	
Receipts from Current Fund			65,845		22,973
Interest Earned	26	109	-	4,117	271
	<u>26</u>	<u>7,860</u>	<u>743,135</u>	<u>29,490,787</u>	<u>122,307</u>
	<u>9,925</u>	<u>24,066</u>	<u>864,486</u>	<u>32,719,898</u>	<u>200,418</u>
Decreased by Disbursements:					
Reserve for:					
Community Development Expenditures					
Reserve for Expenditures			532,160		
Encumbrances Payable			87,881		
Miscellaneous Deposits and Reserves				2,571,703	
Workmen's Compensation					33,114
Payroll Deductions Payable				13,891,226	
Accrued Salaries & Wages				13,259,652	
Other Liabilities				195,114	
Reserve for Flex Spending				18,941	
Due to State of New Jersey		1,212			9,910
Payments to Other Trust Fund	-	-	-	-	1,457
	<u>-</u>	<u>1,212</u>	<u>620,041</u>	<u>29,936,636</u>	<u>44,481</u>
Balance, December 31, 2014	<u>\$ 9,925</u>	<u>\$ 22,854</u>	<u>\$ 244,445</u>	<u>\$ 2,783,262</u>	<u>\$ 155,937</u>

**CITY OF RAHWAY
TRUST FUND
ANALYSIS OF ASSESSMENT CASH AS OF DECEMBER 31, 2014**

Fund Balance	\$ 9,897
Due to Current Fund	<u>28</u>
	<u>\$ 9,925</u>

EXHIBIT B-5

**STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND**

Balance, December 31, 2013	\$ 2
Increased by:	
Interest Earned	<u>26</u>
Balance, December 31, 2014	<u>\$ 28</u>

EXHIBIT B-6

**STATEMENT OF AMOUNT DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 5
Increased by:	
License Fees Collected	<u>1,232</u>
	1,237
Decreased by:	
Payments to State of New Jersey	<u>1,212</u>
Balance, December 31, 2014	<u>\$ 25</u>

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2013		\$ 12,017
Increased by:		
Dog License Fees Collected	\$ 5,089	
Cat Licenses/Late Fees	<u>1,430</u>	
		<u>6,519</u>
		18,536
Decreased by:		
Statutory Excess Due to Current Fund		<u>7,469</u>
Balance, December 31, 2014		<u>\$ 11,067</u>

EXHIBIT B-8

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, December 31, 2013		\$ 4,184
Increased by:		
Interest Earned	\$ 109	
Statutory Excess	<u>7,469</u>	
		<u>7,578</u>
Balance, December 31, 2014		<u>\$ 11,762</u>

CITY OF RAHWAY
STATEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

Program Year	Balance, December 31, <u>2013</u>	2014 Grant <u>Awards</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2014</u>
2000 - Year 25	\$ 25,000			\$ 25,000
2006 - Year 31	20,000			20,000
2009 - Year 34	17,014			17,014
2010 - Year 35	229			229
2011 - Year 36	37,625			37,625
2012 - Year 37	79,474			79,474
2013 - Year 38	19,779			19,779
2014 - Year 39	545,380		\$ 519,293	26,087
2015 - Year 40	<u>-</u>	<u>\$ 344,080</u>	<u>-</u>	<u>344,080</u>
	<u>\$ 744,501</u>	<u>\$ 344,080</u>	<u>\$ 519,293</u>	<u>\$ 569,288</u>

**CITY OF RAHWAY
STATEMENT OF LOANS RECEIVABLE
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2013	\$ 266,090
Decreased by:	
Loan Repayments - Principal	<u>18,402</u>
Balance, December 31, 2014	<u>\$ 247,688</u>

**STATEMENT OF DEFERRED LOANS RECEIVABLE
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2013	\$ 2,456,600
Increased by:	
Loans Advanced	<u>323,145</u>
	2,779,745
Decreased by:	
Loans Forgiven	<u>117,194</u>
Balance, December 31, 2014	<u>\$ 2,662,551</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2013	\$ 131,166
Increased by:	
Charged to Program Expenditures	<u>82,386</u>
	213,552
Decreased by:	
Payments	<u>87,881</u>
Balance, December 31, 2014	<u>\$ 125,671</u>

CITY OF RAHWAY
STATEMENT OF RESERVE FOR COMMUNITY DEVELOPMENT EXPENDITURES

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	2014 Grants <u>Authorized</u>	<u>Expenditures</u>	Balance, December 31, <u>2014</u>
Union County Projects:					
2011 Projects	\$ 7,210			\$ 1,004	\$ 6,206
2012 Projects	14,877				14,877
2013 Projects	136,289			61,781	74,508
2014 Projects	456,711			453,261	3,450
2015 Projects			\$ 344,080		344,080
Program Income	<u>119,599</u>	<u>\$ 21,997</u>	<u>-</u>	<u>98,500</u>	<u>43,096</u>
	<u>\$ 734,686</u>	<u>\$ 21,997</u>	<u>\$ 344,080</u>	<u>\$ 614,546</u>	<u>\$ 486,217</u>
			Cash Expended	\$ 532,160	
			Encumbrances Payable	<u>82,386</u>	
				<u>\$ 614,546</u>	

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR WORKERS' COMPENSATION CLAIMS**

Balance, December 31, 2013		\$ 68,700
Increased by:		
Current Fund Budget Appropriations	\$ 30,765	
Interest Earned	<u>154</u>	
		<u>30,919</u>
		99,619
Decreased by:		
Claims		<u>33,114</u>
Balance, December 31, 2014		<u>\$ 66,505</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION CLAIMS

Balance, December 31, 2013		\$ 30,901
Increased by:		
Current Fund Budget Appropriations	\$ 27,864	
Employee Contributions Due from Current Fund	<u>40,434</u>	
		<u>68,298</u>
		99,199
Decreased by:		
Claims Due to State of New Jersey		<u>13,174</u>
Balance, December 31, 2014		<u>\$ 86,025</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM/TO CURRENT FUND
SELF INSURANCE TRUST FUND**

Balance, December 31, 2013 (Due from)		\$ 23,080
Decreased by:		
Interest Earnings	\$ 117	
Receipts from Current Fund	<u>22,973</u>	
		<u>23,090</u>
Balance, December 31, 2014 (Due to)		<u>\$ 10</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY
SELF INSURANCE TRUST FUND**

Balance, December 31, 2013		\$ 133
Increased by:		
Unemployment Claims		<u>13,174</u>
		13,307
Decreased by:		
Cash Disbursements		<u>9,910</u>
Balance, December 31, 2014		<u>\$ 3,397</u>

**STATEMENT OF RESERVE FOR FLEX SPENDING
SELF INSURANCE TRUST FUND**

Balance, December 31, 2013		\$ 1,457
Decreased by:		
Transfer to Other Trust Fund		<u>1,457</u>
Balance, December 31, 2014		<u>\$ -</u>

CITY OF RAHWAY
STATEMENT OF MISCELLANEOUS DEPOSITS AND RESERVES

	Balance, December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
State Fees - Building Department	\$ 73,740	\$ 33,751	\$ 39,743	\$ 67,748
Police Bullet Proof Vests				
Street Opening Deposits	121,858	11,300	15,170	117,988
State Department of Human Services	2,482	4,975	5,625	1,832
Parking Offense Adjudication Act	9,428	3,015		12,443
Police Outside Employment	235,914	730,794	686,202	280,506
Professional Review Fees	656,891	129,817	151,002	635,706
Building Department Rezoning Deposits		4,054		4,054
Fire Safety Penalties	10			10
Elevator Inspections	68,057	52,989	50,695	70,351
Narcotics Investigation	15,022	33,114	12,627	35,509
Recreation Deposits	37,105	145,315	129,646	52,774
Public Defender	35,029	7,431		42,460
Tax Sale Premiums	671,723	633,000	355,700	949,023
Third Party Liens	527,511	1,156,566	1,313,255	370,822
Terminal Pay	546,540	353,460		900,000
Police Confiscated Money	9,327	158		9,485
Miscellaneous	545	12,563		13,108
Passaic Valley River Litigation	95,000			95,000
Health Insurance Claims	400,000	100,000	-	500,000
	<u>\$ 3,506,182</u>	<u>\$ 3,412,302</u>	<u>\$ 2,759,665</u>	<u>\$ 4,158,819</u>
		Cash Receipts \$ 2,555,967		
		Due from Current Fund <u>856,335</u>		
		<u>\$ 3,412,302</u>		
		Cash Disbursements \$ 2,571,703		
		Other Liabilities <u>187,962</u>		
		<u>\$ 2,759,665</u>		

**CITY OF RAHWAY
STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST FUND**

Balance, December 31, 2013	\$	1,051,323
Increased by:		
Other Trust Fund Receipts Deposited in Current Fund	\$ 402,875	
Transferred from 2013 Appropriation Reserves	<u>453,460</u>	
		<u>856,335</u>
		1,907,658
Decreased by:		
Interest Earned		<u>4,117</u>
Balance, December 31, 2014	\$	<u>1,903,541</u>

EXHIBIT B-21

STATEMENT OF OTHER LIABILITIES

Balance, December 31, 2013	\$	195,114
Increased by:		
Charges to Miscellaneous Reserves and Deposits		<u>187,962</u>
		383,076
Decreased by:		
Cash Disbursements		<u>195,114</u>
Balance, December 31, 2014	\$	<u>187,962</u>

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2013	\$	479,117
Increased by:		
Payroll Deductions Received		13,636,588
		14,115,705
Decreased by:		
Payroll Deductions Paid		13,891,226
Balance, December 31, 2014	\$	224,479

EXHIBIT B-23

STATEMENT OF ACCRUED SALARIES AND WAGES

Balance, December 31, 2013	\$	62,371
Increased by:		
Accrued Salaries and Wages Earned		13,272,894
		13,335,265
Decreased by:		
Accrued Salaries and Wages Paid		13,259,652
Balance, December 31, 2014	\$	75,613

EXHIBIT B-24

**STATEMENT OF RESERVE FOR FLEX SPENDING
SELF INSURANCE TRUST FUND**

Increased by:		
Cash Receipts	\$	19,764
Transfer to Other Trust Fund		1,457
	\$	21,221
Decreased by:		
Cash Disbursements		18,941
Balance, December 31, 2014	\$	2,280

**CITY OF RAHWAY
STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Increased by:	
Receipts from Current Fund	\$ <u>65,845</u>
Balance, December 31, 2014	\$ <u>65,845</u>

**STATEMENT OF DUE TO GENERAL CAPITAL FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Increased by:	
General Capital Fund Receipts Deposited in Community Development Trust Fund	\$ <u>136,000</u>
Balance, December 31, 2014	\$ <u>136,000</u>

GENERAL CAPITAL FUND

CITY OF RAHWAY
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2013		\$ 4,452,419
Increased by Receipts:		
Interest Earned	\$ 15,018	
Grant Proceeds	106,900	
Current Fund Budget Appropriation		
Capital Improvement Fund	300,000	
Receipts from Current Fund	1,005,785	
Bond Anticipation Note Proceeds	5,180,937	
Premium on Sale of Bond Anticipation Notes	<u>206,360</u>	
		<u>6,815,000</u>
		11,267,419
Decreased by Disbursements:		
Improvement Authorizations	3,648,481	
Contracts Payable	<u>870,324</u>	
		<u>4,518,805</u>
Balance, December 31, 2014		<u>\$ 6,748,614</u>

**CITY OF RAHWAY
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 984,548
Capital Improvement Fund	138,594
Grants Receivable	(881,394)
Loans Receivable	(13,495)
Due to Current Fund	323,177
Due from Rahway Redevelopment Agency	(789,286)
Due from CDBG Trust	(136,000)
Contracts Payable	1,110,538
Excess Note Proceeds	207,900
Deferred Charges - Overexpenditure of Ordinance	(166,298)
Reserve for Preliminary Expenses	8,257

<u>Ord. No.</u>	<u>Description</u>	
70-97	Combined Sewer Overflow Study	212,607
26-00/48-01/20-02	CSO Solids and Floatables Control	51,926
38-00	Acq of Property/Construction of Parking Lots	310,826
14-01/51-01	2001 Road Resurfacing	1,113
26-05/14-06	Construction of Bridge St. Bike Path	34,404
5-07	2007 Road Resurfacing	41,943
31-05/40-06/21-07	Various Streetscape Improvements, Phase II	51,007
21-06/05-08/33-08/3-11	Creation of a Park on Essex Street	50,148
20-07/2-08	Streetscape Improvements - Phase III	42,676
36-07/17-09	Downtown Street Loop Modifications	23,498
4-08	2008 Road Resurfacing	102,837
16-08/24-08	Streetscape Improvements - Phase IV	8,531
25-08	Acquisition of Equipment and Improvements	82,929
4-09/35-09	Reconstruction and Renovation of Madden Fieldhouse	129,090
9-09	Acquisition of Real Property	13,834
10-09/19-09	Stormwater Control Projects	16,277
12-09	2009 Road Resurfacings	34,118
18-09	Completion of Riverwalk in the Right of Ways of Essex and Hancock St.	65,179
41-09	Acquisition of Easements Relating to the Monroe St. Bridge Replacement	18,756
49-09	Acquisition of Vehicles and Equipment	38,218
3-10	2010 Road Resurfacing Project	33,867
7-10/12-11	Acquisitions and Improvements Within a Duly Designated Redevelopment Area	561,002
12-10	Remediation of Hamilton Laundry Site	49,018
19-10	Acquisition of Real Property - 324 Hamilton St.	138,531
4-11	Ground Water Remediation at Carriage City Site	98,656
8-11	Basketball Court Renovations	11,817
10-11	2001 Road Resurfacing Project	130,713

**CITY OF RAHWAY
ANALYSIS OF GENERAL CAPITAL CASH**

<u>Ord. No.</u>	<u>Description</u>	Balance, December 31, <u>2014</u>
11-11/2-12	Demolition and Improvements to Various Properties Within a Duly Designated Redevelopment Area	\$ 78,936
13-11	Various General Improvements	25,886
32-11	Acquisition of Equipment	6,018
39-11	Various General Improvements	93,382
14-12	Various 2012 Capital Improvements	86,950
18-12	Acquisition of Fire Pumper and Rebuild of Street Sweeper	37,646
29-12	Improvements to Elm Avenue	14,776
31-12	Resurfacing of a Portion of Hamilton Street	188,983
33-12	Improvements to Police Dept. 911 Dispatch Center	9,323
9-13/38-13	Various Capital Improvements	(642)
10-13	Police Ballistic Equipment	9,677
44-13/12-14	2013 Road Improvements	92,934
50-13	Acquisition of Equipment	68,044
3-14/20-14	Various High School Park Improvements	(94,800)
6-14	2014 Sidewalk Replacement Program	138,193
7-14	Rahway River Park Athletic Field Improvements	2,345,120
13-14	Various 2014 Capital Improvements	272,688
27-14	2014 Road Reconstruction and Resurfacing Program	300,138
30-14	Asbestos Remediation of City Properties	<u>(64,700)</u>
		<u>\$ 6,748,614</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM/TO CURRENT FUND**

Balance, December 31, 2013 (Due from)		\$ 653,912
Increased by:		
General Capital Fund Receipts Deposited in Current Fund		
Grants Receivable	\$ 150,472	
Current Fund Budget Appropriation		
Deferred Charges Unfunded	<u>6,244</u>	
		<u>156,716</u>
Decreased by:		
Interest on Investments	15,018	810,628
Realized as Current Fund Budgeted Revenue		
Reserve for Payment of Debt	113,002	
Receipts from Current Fund	<u>1,005,785</u>	
		<u>1,133,805</u>
Balance, December 31, 2014 (Due to)		<u>\$ 323,177</u>

CITY OF RAHWAY
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013		\$ 39,040,197
Increased by:		
Refunding Bonds Issued		<u>1,720,000</u>
		40,760,197
Decreased by:		
Serial Bonds Refunded	\$ 2,069,000	
Current Fund Budget Appropriations:		
Serial Bonds Principal Paydowns	2,411,456	
Community Affairs Loan Principal	20,000	
Green Acres Loan Principal Paydowns	<u>71,385</u>	
		<u>4,571,841</u>
Balance, December 31, 2014		<u>\$ 36,188,356</u>

CITY OF RAHWAY
STATEMENT OF DEFERRED CHARGES UNFUNDED

Ord. No.	Description	Balance December 31, 2013	2014 Authorizations	Budget Appropriation	Notes Paid by Budget Appropriation	Grant Proceeds	Balance December 31, 2014	Analysis of Balance		
								Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
7-05/13-07	2005 Road Reconstruction and Resurfacing	\$ 266		\$ 266						
5-06/6-07	Contribution for Redevelopment - Environmental Remediation at 80 East Milton Ave.	5,978		5,978						
7-10/12-11	Acquisitions and Imprvts. Within A Duly Designated Redevelopments Area	3,100,000					\$ 3,100,000	\$ 3,100,000		
3-10	2010 Road Resurfacing Project	725					725			\$ 725
16-10/17-10	Terminal Pay - Sick and Vacation Pay	340,000			\$ 340,000					
19-10	Acquisition of Real Property -324 Hamilton St.	745					745			745
04-11	Ground Water Remediation at Carriage City Site	200,000					200,000	200,000		
08-11	Basketball Court Renovations	190,000					190,000	190,000		
09-11	Streetscape Improvements - Phase VI	150,000					150,000	150,000		
10-11	2011 Road Resurfacing Project	911,066					911,066	911,065		1
11-11 / 2-12	Demolition and Improvements to Various Properties Within a Duly Designated Redevelopment Area	285,000					285,000	285,000		
13-11	Various General Improvements	950,000					950,000	950,000		
14-11	Tax Appeal Refunding - Merck	1,025,000			325,000		700,000	700,000		
32-11	Acquisition of Equipment	121,600					121,600	121,600		
39-11	Various General Improvements	130,150					130,150	130,150		
14-12	Various 2012 Capital Improvements	666,665					666,665	666,665		
16-12	2012 Road Reconstruction and Resurfacing Program	741,000					741,000	741,000		
18-12	Acquisition of Fire Pumper and Rebuild of Street Sweeper	500,000					500,000	500,000		
29-12	Improvements to Elm Avenue	238,000					238,000	238,000		
31-12	Resurfacing of a Portion of Hamilton Street	600,000					600,000	600,000		
33-12	Improvements to Police Dept. 911 Dispatch Center	247,500					247,500	247,500		
35-12/16-13/24-13	Various 2012 Capital Improvements	1,304,757					1,304,757	1,304,757		
9-13/38-13	Various Capital Improvements	1,475,945					1,475,945	1,475,303	\$ 642	
10-13	Police Ballistic Equipment	38,000					38,000	38,000		
22-13	Groundwater Investigation	190,400					190,400	190,400		
37-13	DPW and Fire Equipment	522,500					522,500	522,500		
44-13/02-14	2013 Road Improvements	665,000	\$ 285,000			\$ 207,900	742,100	742,100		
50-13	Traffic Maintenance Pickup Truck		147,250				147,250	147,250		
03-14/20-14	Various High School Park Improvements		704,000				704,000	514,000	94,800	95,200
06-14	2014 Sidewalk Replacement Program		142,500				142,500	142,500		
07-14	Rahway River Park Athletic Field Improvements		2,238,000				2,238,000	2,238,000		
13-14	Various 2014 Capital Improvements		571,427				571,427	571,427		
26-14	Acquisitions and Imprvts. Within A Duly Designated Redevelopments Area		750,000				750,000			750,000
27-14	Road Resurfacing Project		744,680				744,680			744,680
30-14	Asbestos Remediation		71,400				71,400		64,700	6,700
		<u>\$ 14,600,297</u>	<u>\$ 5,654,257</u>	<u>\$ 6,244</u>	<u>\$ 665,000</u>	<u>\$ 207,900</u>	<u>\$ 19,375,410</u>	<u>\$ 17,617,217</u>	<u>\$ 160,142</u>	<u>\$ 1,598,051</u>
								Bond Anticipation Notes	\$ 17,825,117	
								Less: Excess Note Proceeds Ord. 44-13 / 2-14	(207,900)	
									<u>\$ 17,617,217</u>	

**CITY OF RAHWAY
STATEMENT OF DEFERRED CHARGES UNFUNDED**

		<u>Analysis of Balance</u>
		Unexpended
		Improvement
		<u>Authorization</u>
Improvement Authorizations - Unfunded		\$ 5,762,400
Less: Unexpended Proceeds		
	7-10/12-11	\$ 561,727
	4-11	98,656
	8-11	11,817
	10-11	130,713
	11-11/2-12	78,936
	13-11	25,886
	32-11	6,018
	39-11	93,382
	14-12	86,950
	18-12	37,646
	29-12	14,776
	31-12	188,983
	33-12	9,323
	10-13	9,677
	44-13/02-14	92,934
	50-13	68,044
	06-14	138,193
	07-14	2,238,000
	13-14	<u>272,688</u>
		<u>4,164,349</u>
		<u>\$ 1,598,051</u>

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>					
2005 Refunding Bonds	6/28/2005	\$ 8,530,000	10/1/2015	\$ 496,441	3.63 %				
			10/1/2016	491,526	3.75				
			10/1/2017	535,763	4.00				
			10/1/2018	530,848	4.00				
			10/1/2019	525,933	4.00				
			10/1/2020	521,018	4.13				
			10/1/2021	516,102	4.13				
			10/1/2022	506,272	4.20				
			10/1/2023	521,018	4.25				
			10/1/2024	511,186	4.25				
2006 General Obligation Bonds	6/15/2006	4,319,000	6/15/2015-16	275,000	4.25	2,894,000		2,344,000	550,000
2006 Refunding Bonds	1/4/2007	7,945,000	12/15/2015-17	507,336	4.000				
			12/15/2018	502,594	4.000				
			12/15/2019-20	497,853	4.000				
			12/15/2021	493,111	4.250				
			12/15/2022	488,370	4.000				
			12/15/2023-24	493,111	4.125				
			12/15/2025	488,370	4.125				
			12/15/2026	478,887	4.125				

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>					
2011 General Obligation Bonds	4/15/2011	\$ 11,650,000	4/15/2015	\$ 450,000	4.000 %	\$ 10,950,000			\$ 10,600,000
			4/15/2016	550,000	4.000				
			4/15/2017	560,000	4.000				
			4/15/2018	640,000	4.000				
			4/15/2018-22	700,000	4.000				
			4/15/2023	700,000	4.250				
			4/15/2024	700,000	4.375				
			4/15/2025	700,000	4.500				
			4/15/2026	700,000	4.625				
			4/15/2027-30	700,000	5.000				
2012 Refunding Bonds	5/24/2012	4,994,538	12/1/2015	463,928	1.44-2.00	4,827,357			4,359,250
			12/1/2016	455,569	1.6-3.0				
			12/1/2017	451,389	3.000				
			12/1/2018	489,005	3.000				
			12/1/2019	484,825	2.000				
			12/1/2020	509,903	2.125				
			12/1/2021	509,903	2.375				
			12/1/2022	501,544	2.500				
			12/1/2023	493,185	2.625				

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
			Date	Amount					
2013 General Obligation Bonds	9/30/2013	\$ 7,425,000	9/15/2015	\$ 310,000	2.000 %				
			9/15/2016	315,000	3.000				
			9/15/2017-18	325,000	3.000				
			9/15/2019	345,000	3.000				
			9/15/2020	355,000	3.000				
			9/15/2021	365,000	3.000				
			9/15/2022	375,000	3.000				
			9/15/2023	385,000	3.000				
			9/15/2024	395,000	3.000				
			9/15/2025	405,000	3.125				
			9/15/2026	420,000	3.375				
			9/15/2027	430,000	3.500				
			9/15/2028	440,000	3.750				
			9/15/2029	455,000	4.000				
			9/15/2030	475,000	4.000				
9/15/2031	490,000	4.000							
9/15/2032	515,000	4.000			\$ 7,425,000	\$ 300,000	\$ 7,125,000		
2014 Refunding Bonds	9/29/2014	1,720,000	6/15/2015	10,000	1.500				
			6/15/2017-2018	230,000	3.000				
			6/15/2019	230,000	4.000				
			6/15/2020-2022	250,000	4.000				
			6/15/2023	270,000	4.000				
					-	\$ 1,720,000	-	1,720,000	
					\$ 38,226,081	\$ 1,720,000	\$ 4,480,456	\$ 35,465,625	
							\$ 2,411,456		
							2,069,000		
							\$ 4,480,456		

**CITY OF RAHWAY
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2013	Grants Awarded	Cash Receipts	Balance, December 31, 2014	<u>Pledged to:</u> Improvement Authorization	Reserve for <u>Receivable</u>
NJ Department of Transportation						
Ord. 31-05 - Streetscape Improvements	\$ 11,200			\$ 11,200	\$ 11,200	
Ord. 16-12 - 2012 Road Improvements	12,000			12,000	12,000	
Ord. 44-13 - 2013 Road Improvements	200,630		\$ 106,900	93,730		\$ 93,730
Ord. 27-14 - 2014 Road Improvements		\$ 237,820	150,472	87,348	87,348	
Ord. 09-11 (Transit Village Grant)	124,455			124,455	124,455	
County of Union						
Ord. 3-14 - HS Park Improvements Recreation Trust		170,000		170,000		170,000
Ord. 17-07 - Madden Field Lighting	200,000			200,000	200,000	
Ord. 35-09 - Madden Fieldhouse	100,000			100,000		100,000
Community Development Block Grants						
Ord. 4-09 - Madden Fieldhouse	70,000			70,000	70,000	
Ord. 12-09 - 2009 Road Resurfacings	17,636			17,636	17,636	
Ord. 16-12 - 2012 Road Improvements	6,000			6,000	6,000	
Ord. 44-13 - 2013 Road Improvements	136,000		136,000			
Ord. 27-14 - 2014 Road Improvements		180,000		180,000	180,000	
Other						
Statewide Livable Communities						
Ord. 31-05 - Streetscape Improvements	75,000			75,000	75,000	
US EPA						
Ord. 20-09 - Sewer System Infiltration	97,755			97,755	97,755	
Rahway Board of Education						
Ord. 3-14 - HS Park Improvements	-	120,000	-	120,000	-	120,000
	<u>\$ 1,050,676</u>	<u>\$ 707,820</u>	<u>\$ 393,372</u>	<u>\$ 1,365,124</u>	<u>\$ 881,394</u>	<u>\$ 483,730</u>
			Cash Receipts	\$ 106,900		
			Due from Current Fund	150,472		
			Due from General Capital Fund	<u>136,000</u>		
				<u>\$ 393,372</u>		

**CITY OF RAHWAY
STATEMENT OF LOANS RECEIVABLE**

	<u>Total</u>	<u>NJ Environmental Infrastructure</u>	<u>NJ Redevelopment Authority Ord. 5-06</u>
Balance, December 31, 2013	\$ 575,995	\$ 13,495	\$ 562,500
Balance, December 31, 2014	<u>\$ 575,995</u>	<u>\$ 13,495</u>	<u>\$ 562,500</u>
Pledged to:			
Improvement Authorization	\$ 13,495	\$ 13,495	
Reserve for Loans Receivable	<u>562,500</u>	<u>-</u>	<u>\$ 562,500</u>
	<u>\$ 575,995</u>	<u>\$ 13,495</u>	<u>\$ 562,500</u>

**CITY OF RAHWAY
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2014</u>
7-10/12-11	Acquisitions and Imprvts. Within A Duly Designated Redevelopments Area	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000
16-10/17-10	Terminal Pay Refunding Note	10/5/2010	9/30/2013	9/30/2014	1.25%	340,000		340,000	
4-11	Ground Water Remediation at Carriage City Site	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	200,000	200,000	200,000	200,000
8-11	Basketball Court Renovations	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	190,000	190,000	190,000	190,000
9-11	Streetscape Improvements - Phase VI	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	150,000	150,000	150,000	150,000
10-11	2011 Road Resurfacing Project	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	911,065	911,065	911,065	911,065
11-11 / 2-12	Demolition and Improvements to Various Redevelopment Properties	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	285,000	285,000	285,000	285,000
13-11	Various General Improvements	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	950,000	950,000	950,000	950,000
14-11	Tax Appeal Refunding - Merck	8/11/2011	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	1,025,000	700,000	1,025,000	- 700,000
32-11	Acquisition of Equipment	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	121,600	121,600	121,600	121,600
39-11	Various Improvements	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	130,150	130,150	130,150	130,150
14-12	2012 Various Capital Improvements	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	666,665	666,665	666,665	666,665
16-12	2012 Road Reconstruction and Resurfacing Project	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	741,000	741,000	741,000	741,000
18-12	Acquisition of Fire Pumper Truck and Rebuild of Street Sweeper	8/10/2012	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	500,000	500,000	500,000	500,000

**CITY OF RAHWAY
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2014</u>
29-12	Improvements to Elm Avenue	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	\$ 238,000	\$ 238,000	\$ 238,000	\$ 238,000
31-12	Resurfacing of a Portion of Hamilton Street	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	600,000	600,000	600,000	600,000
33-12	Improvements to Police Dept. 911 Dispatch Center	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	247,500	247,500	247,500	247,500
35-12/16-13/24-13	Various 2012 Capital Improvements	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	1,304,757	1,304,757	1,304,757	1,304,757
9-13	Various 2013 Capital Improvements	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	1,380,945	1,380,945 94,358	1,380,945	1,380,945 94,358
10-13	Acquisition of Police Ballistic Equipment	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	38,000	38,000	38,000	38,000
22-13	Investigation of Groundwater Contamination and Remediation	8/9/2013	8/9/2013 8/8/2014	8/8/2014 8/7/2015	1.00% 1.50%	189,498	190,400	189,498	190,400
37-13	DPW and Fire Equipment	8/8/2014	8/8/2014	8/7/2015	1.50%		522,500		522,500
44-13/02-14	2013 Road Improvements	8/8/2014	8/8/2014	8/7/2015	1.50%		950,000		950,000
50-13	Traffic Maintenance Pickup Truck	8/8/2014	8/8/2014	8/7/2015	1.50%		147,250		147,250
03-14	Various High School Park Improvements	8/8/2014	8/8/2014	8/7/2015	1.50%		514,000		514,000
06-14	2014 Sidewalk Replacement Program	8/8/2014	8/8/2014	8/7/2015	1.50%		142,500		142,500
07-14	Rahway River Park Athletic Field Improvements	8/8/2014	8/8/2014	8/7/2015	1.50%		2,238,000		2,238,000
13-14	Various 2014 Capital Improvements	8/8/2014	8/8/2014	8/7/2015	1.50%	-	571,427	-	571,427
						<u>\$ 13,309,180</u>	<u>\$ 17,825,117</u>	<u>\$ 13,309,180</u>	<u>\$ 17,825,117</u>
							\$ 12,644,180	\$ 12,644,180	
							5,180,937		
							-	665,000	
							<u>\$ 17,825,117</u>	<u>\$ 13,309,180</u>	

**CITY OF RAHWAY
STATEMENT OF GREEN ACRES LOAN PAYABLE**

	<u>Total</u>	<u>Ord. 22-95</u>	<u>Ord. 8-97</u>	<u>Ord. 9-97</u>
Balance, December 31, 2013	\$ 546,616	\$ 41,213	\$ 167,193	\$ 338,210
Decreased by:				
Principal Paid by Budget Appropriation	<u>71,385</u>	<u>16,240</u>	<u>32,121</u>	<u>23,024</u>
Balance, December 31, 2014	<u>\$ 475,231</u>	<u>\$ 24,973</u>	<u>\$ 135,072</u>	<u>\$ 315,186</u>

EXHIBIT C-13

STATEMENT OF DEPARTMENT OF COMMUNITY AFFAIRS LOAN PAYABLE

Balance, December 31, 2013	\$ 80,000
Decreased by:	
Paid by Budget Appropriation	<u>20,000</u>
Balance, December 31, 2014	<u>\$ 60,000</u>

EXHIBIT C-14

STATEMENT OF NEW JERSEY REDEVELOPMENT AUTHORITY LOAN PAYABLE

Balance, December 31, 2013	<u>\$ 187,500</u>
Balance, December 31, 2014	<u>\$ 187,500</u>

EXHIBIT C-15

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013	\$ 86,517
Increased by:	
Current Fund Budget Appropriation	<u>300,000</u>
	386,517
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>247,923</u>
Balance, December 31, 2014	<u>\$ 138,594</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM RAHWAY REDEVELOPMENT AGENCY**

Balance, December 31, 2013	\$ <u>789,286</u>
Balance, December 31, 2014	\$ <u>789,286</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2013	\$ 1,571,629
Increased by:	
Charged to Improvement Authorizations	<u>409,262</u>
	1,980,891
Decreased by:	
Cash Disbursements	\$ 870,324
Cancellations	<u>29</u>
	<u>870,353</u>
Balance, December 31, 2014	\$ <u>1,110,538</u>

STATEMENT OF RESERVE FOR THE PAYMENT OF DEBT

Balance, December 31, 2013	\$ <u>113,002</u>
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>\$ 113,002</u>

STATEMENT OF RESERVE FOR PRELIMINARY EXPENSES

Balance, December 31, 2013	\$ <u>8,257</u>
Balance, December 31, 2014	\$ <u>8,257</u>

CITY OF RAHWAY
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2013	2014 Authorizations	Notes Issued for Cash	Budget Appropriation	Balance, December 31, 2014
7-05/13-07	2005 Road Reconstruction and Resurfacing	\$ 266			\$ 266	
5-06/6-07	Environmental Remediation at 80 East Milton Ave.	5,978			5,978	
3-10	2010 Road Resurfacing Project	725				\$ 725
19-10	Acquisition of Real Property - 324 Hamilton	745				745
10-11	2011 Road Resurfacing Project	1				1
9-13/38-13	Various 2013 Capital Improvements	95,000		\$ 94,358		642
22-13	Investigation of Groundwater Contamination and Remediation	902		902		
37-13	Acquisition of DPW and Fire Department Equipment	522,500		522,500		
44-13/02-14	2013 Road Program	665,000	\$ 285,000	950,000		
50-13	Traffic Maintenance Pickup Truck		147,250	147,250		
03-14/20-14	Various High School Park Improvements		704,000	514,000		190,000
06-14	2014 Sidewalk Replacement Program		142,500	142,500		
07-14	Rahway River Park Athletic Field Improvements		2,238,000	2,238,000		
13-14	Various 2014 Capital Improvements		571,427	571,427		
26-14	Acquisitions and Imprvts. Within A Duly Designated Redevelopments Area		750,000			750,000
27-14	Road Resurfacing Project		744,680			744,680
30-14	Asbestos Remediation	-	71,400	-	-	71,400
		<u>\$ 1,291,117</u>	<u>\$ 5,654,257</u>	<u>\$ 5,180,937</u>	<u>\$ 6,244</u>	<u>\$ 1,758,193</u>

WATER UTILITY FUND

**CITY OF RAHWAY
WATER UTILITY CASH
STATEMENT OF CASH - COLLECTOR/TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 473,462	\$ 156,269
Increased by Receipts:		
Consumer Accounts Receivable	\$ 5,638,802	
Water Connection Fees	1,690	
Interest on Investments	5,540	\$ 590
Capital Improvement Fund		50,000
Bond Anticipation Notes		618,263
Premium on Bond Anticipation Notes		63,729
Receipts from Current Fund		1,229,612
Receipts from Water Utility Capital Fund	375,665	
Sewer Utility Operating Fund Receipts Deposited in Water Utility Operating Fund	<u>115,538</u>	<u>-</u>
	<u>6,137,235</u>	<u>1,962,194</u>
	6,610,697	2,118,463
Decreased by Disbursements:		
2014 Budget Appropriations	5,617,347	
2013 Appropriation Reserves	14,234	
Encumbrances Payable	67,292	38,678
Improvement Authorizations		1,661,680
Interest on Bonds and Notes	238,321	
Water Utility Operating Fund Expenditures Paid by Water Utility Capital Fund		26,699
Payments to Water Utility Operating Fund	<u>-</u>	<u>375,665</u>
	<u>5,937,194</u>	<u>2,102,722</u>
Balance, December 31, 2014	<u>\$ 673,503</u>	<u>\$ 15,741</u>

**CITY OF RAHWAY
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

		Balance, December 31, <u>2014</u>
Fund Balance		\$ 189,847
Capital Improvement Fund		50,520
Due to Current Fund		98,000
Due from Water Utility Operating Fund		(285,724)
Contracts Payable		59,861
<u>Improvement Authorizations</u>		
<u>Ord. No.</u>		
45-97	Water Main Replacement	(783)
03-04	Rehabilitation and Reconstruction of the Water System Interconnection	(8,572)
24-06	Various Water Capital Improvements	(620)
30-12	Replacement of Hamilton St. Water Main	190,893
34-13/39-14	Preliminary Costs - Water Treatment Plant Upgrade	(450,349)
28-14	Various 2014 Water Utility Capital Improvements	<u>172,668</u>
		 <u>\$ 15,741</u>

**CITY OF RAHWAY
STATEMENT OF CHANGE FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ <u>200</u>
Balance, December 31, 2014		\$ <u><u>200</u></u>

**STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

<u>Account</u>	Balance, December 31 <u>2013</u>	<u>Increased by:</u> Transferred from Fixed Capital Authorized and Uncompleted	Balance, December 31 <u>2014</u>
Filtration Plant Improvements	\$ 18,091,708		\$ 18,091,708
Wells and Distribution System	8,786,803		8,786,803
General Equipment	573,836		573,836
Various Water System Improvements	5,571,112		5,571,112
Land	<u>25,000</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 33,048,459</u>	<u>\$ -</u>	<u>\$ 33,048,459</u>

**CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance, December 31 2013</u>	<u>Increased by: 2014 Authorizations</u>	<u>Decreased by: Transferred to Fixed Capital</u>	<u>Balance, December 31 2014</u>
30-12/23-13	Replacement of Hamilton St. Water Main	2012	\$ 1,375,000	\$ 1,375,000			\$ 1,375,000
34-13/39-14	Preliminary Costs - Water Treatment Plant Upgrade	2013 / 2014	2,700,000	1,400,000	\$ 1,300,000		2,700,000
28-14	Various 2014 Water Utility Capital Improvements	2014	300,000	-	300,000	-	300,000
				<u>\$ 2,775,000</u>	<u>\$ 1,600,000</u>	<u>\$ -</u>	<u>\$ 4,375,000</u>

**CITY OF RAHWAY
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 761,447
Increased by:	
Water Rents Levied	<u>5,527,345</u>
	6,288,792
Decreased by:	
Collections	<u>5,638,802</u>
Balance, December 31, 2014	<u>\$ 649,990</u>

EXHIBIT D-11

**STATEMENT OF DEFERRED CHARGES
WATER UTILITY OPERATING FUND**

	Balance, December 31, <u>2013</u>	Increased by: Results from <u>2014</u>	2014 Budget <u>Appropriation</u>	Balance, December 31, <u>2014</u>
Emergency Authorizations		\$ 49,000		\$ 49,000
Overexpenditure of Appropriations		91,956		91,956
Operating Deficit	<u>-</u>	<u>194,329</u>	<u>-</u>	<u>194,329</u>
	<u>\$ -</u>	<u>\$ 335,285</u>	<u>\$ -</u>	<u>\$ 335,285</u>

EXHIBIT D-12

**STATEMENT OF DEFERRED CHARGES
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2013</u>	Increased by: Results from <u>2014</u>	2014 Budget <u>Appropriation</u>	Balance, December 31, <u>2014</u>
Overexpenditure of Ordinance Appropriation	<u>\$ 159,109</u>	<u>-</u>	<u>\$ 159,109</u>	<u>-</u>
	<u>\$ 159,109</u>	<u>\$ -</u>	<u>\$ 159,109</u>	<u>\$ -</u>

CITY OF RAHWAY
STATEMENT OF 2013 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance December 31, <u>2013</u>	Adjusted <u>Balance</u>	Cash <u>Disbursements</u>	Balance <u>Lapsed</u>
Operating Other Expenses	\$ 15,323	\$ 15,323	\$ 14,234	\$ 1,089
	<u>15,323</u>	<u>\$ 15,323</u>	<u>\$ 14,234</u>	<u>\$ 1,089</u>
Appropriation Reserves		<u>\$ 15,323</u>		

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$	67,292
Increased by:		
Charged to 2014 Budget Appropriations		21,784
		89,076
Decreased by:		
Cash Disbursements		67,292
Balance, December 31, 2014	\$	21,784

**STATEMENT OF DUE FROM/TO WATER UTILITY OPERATING FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013 (Due to)	\$	275,159
Increased by:		
Interest Earned		590
		275,749
Decreased by:		
Payments to Water Utility Operating Fund	\$	375,665
Water Utility Operating Fund Expenditures Paid by Water Utility Capital Fund		26,699
Water Utility Operating Fund Budget Appropriation		
Deferred Charge - Overexpenditure of Ordinance Appropriation		159,109
		561,473
Balance, December 31, 2014 (Due from)	\$	285,724

**CITY OF RAHWAY
STATEMENT OF DUE TO CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 260,108
Decreased by:	
Water Utility Operating Fund Receipts Deposited in Current Fund	<u>83,188</u>
Balance, December 31, 2014	<u>\$ 176,920</u>

EXHIBIT D-17

**STATEMENT OF DUE FROM/TO CURRENT FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013 (Due from)	\$ 1,131,612
Decreased by:	
Receipts from Current Fund	<u>1,229,612</u>
Balance, December 31, 2014 (Due to)	<u>\$ 98,000</u>

EXHIBIT D-18

**STATEMENT OF ACCRUED INTEREST PAYABLE ON BONDS AND NOTES
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 30,271
Increased by:	
Budget Appropriations	
Interest on Bonds	<u>240,919</u>
	271,190
Decreased by:	
Interest Paid	<u>238,321</u>
Balance, December 31, 2014	<u>\$ 32,869</u>

**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2013		2014 Authorizations	Paid or Charged	Balance December 31, 2014	
			Funded	Unfunded			Funded	Unfunded
30-12/23-13	Replacement of Hamilton St. Water Main	\$ 1,375,000		\$ 191,582		\$ 689		\$ 190,893
34-13/ 39-14	Preliminary Costs - Water Treatment Plant Upgrade	2,700,000		1,081,908	\$ 1,300,000	1,593,520		788,388
28-14	Various 2014 Water Utility Capital Improvements	300,000	-	-	300,000	127,332	-	172,668
			<u>\$ -</u>	<u>\$ 1,273,490</u>	<u>\$ 1,600,000</u>	<u>\$ 1,721,541</u>	<u>\$ -</u>	<u>\$ 1,151,949</u>
				Debt Authorizations	\$ 1,523,700			
				Capital Improvement Fund	76,300			
					<u>\$ 1,600,000</u>			
					Cash Disbursements	\$ 1,661,680		
					Contracts Payable	59,861		
						<u>\$ 1,721,541</u>		

**CITY OF RAHWAY
STATEMENT OF CONTRACTS PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	38,678
Increased by:		
Charges to Improvement Authorizations		59,861
		98,539
Decreased by:		
Cash Disbursements		38,678
Balance, December 31, 2014	\$	59,861

**STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	23,473,484
Increased by:		
Serial Bonds Paid by Operating Budget	\$ 760,000	
Serial Bonds Refunded	1,340,000	
Bond Anticipation Note Principal Paid by Operating Budget	65,200	
		2,165,200
		25,638,684
Decreased by:		
Refunding Bonds Issued		1,670,000
Balance, December 31, 2014	\$	23,968,684

**STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	173,180
Increased by:		
Improvement Authorizations Funded by Capital Improvement Fund		76,300
Balance, December 31, 2014	\$	249,480

**CITY OF RAHWAY
STATEMENT OF WATER SERIAL BONDS
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31 2014</u>
			<u>Date</u>	<u>Amount</u>					
Improvement of Water System	6/15/2006	\$ 2,775,000	6/15/2015	\$ 160,000	4.25%				
			6/15/2016	165,000	4.25%	\$ 1,825,000		\$ 1,500,000	\$ 325,000
Refunding Water Utility	12/1/2009	5,190,000	12/1/2015	615,000	3.00%				
			12/1/2016	635,000	3.00%				
			12/1/2017	655,000	3.00%				
			12/1/2018	680,000	3.50%	3,185,000		600,000	2,585,000
2014 Refunding Bonds	9/29/2014	1,670,000	6/15/2017-2018	225,000	3.00%				
			6/15/2019	225,000	4.00%				
			6/15/2020-2021	245,000	4.00%				
			6/15/2022	240,000	4.00%				
			6/15/2023	265,000	4.00%				
						<u>-</u>	<u>\$ 1,670,000</u>	<u>-</u>	<u>1,670,000</u>
						<u>\$ 5,010,000</u>	<u>\$ 1,670,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,580,000</u>
								\$ 760,000	
								<u>1,340,000</u>	
								<u>\$ 2,100,000</u>	

**CITY OF RAHWAY
WATER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2014</u>
24-06	Various Water Capital Imprvts.	4/30/2008	9/29/2014 9/30/2013	9/29/2015 9/30/2014	1.25% 1.25%	\$ 976,399	\$ 946,326	\$ 976,399	\$ 946,326
34-07	Various Water System Improvements	4/30/2008	9/29/2014 9/30/2013	9/29/2015 9/30/2014	1.25% 1.25%	1,153,601	1,138,411	1,153,601	1,138,411
36-09/13-10	Various Water System Imprvts.	8/11/2011	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	1,425,000	1,406,962	1,425,000	1,406,962
42-09	Water System Imprvts. Relating to The Monroe Street Bridge	8/11/2011	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	150,000	148,101	150,000	148,101
15-12	2012 Various Water Improvements	8/10/2012	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	809,520	809,520	809,520	809,520
30-12/23-13	Replacement of Water Main on Hamilton St.	8/9/2013	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	1,309,000	1,309,000	1,309,000	1,309,000
34-13	Water Treatment Plant Improvements	9/30/2013	9/29/2014 9/30/2013 9/29/2014	9/29/2015 9/30/2014 9/29/2015	1.25% 1.25% 1.25%	1,000,000	1,000,000 332,563	1,000,000	1,000,000 332,563
28-14	Water System Improvements	9/29/2014	9/29/2014	9/29/2015	1.25%	-	285,700	-	285,700
						<u>\$ 6,823,520</u>	<u>\$ 7,376,583</u>	<u>\$ 6,823,520</u>	<u>\$ 7,376,583</u>
							\$ 6,758,320	\$ 6,758,320	
							618,263		
							-	65,200	
							<u>\$ 7,376,583</u>	<u>\$ 6,823,520</u>	

**CITY OF RAHWAY
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 76,820
Increased by:	
Water Utility Operating Budget Appropriation	<u>50,000</u>
	126,820
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>76,300</u>
Balance, December 31, 2014	<u>\$ 50,520</u>

**CITY OF RAHWAY
WATER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	2014 <u>Authorizations</u>	Notes Issued <u>for Cash</u>	Balance, December 31, <u>2014</u>
45-97	Water Main Replacement	\$ 783			\$ 783
3-04	Rehabilitation and Reconstruction of Water System Interconnections	8,572			8,572
24-06	Various Water Capital Improvements	620			620
34-13	Upgrade to Water Treatment Plant	333,300		\$ 332,563	737
28-14	Water System Improvements		\$ 285,700	285,700	
39-14	Water System Plant Improvements	-	1,238,000	-	1,238,000
		<u>\$ 343,275</u>	<u>\$ 1,523,700</u>	<u>\$ 618,263</u>	<u>\$ 1,248,712</u>

SEWER UTILITY FUND

**CITY OF RAHWAY
SEWER UTILITY CASH
STATEMENT OF CASH - COLLECTOR/TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 1,893,564	\$ 44,453
Increased by Receipts:		
Consumer Accounts Receivable	\$ 4,597,418	
Industrial Sewer Flow Charges	309,753	
Sewer Connection Fees	64,043	
Miscellaneous Revenue	31,128	
Interest on Investments		\$ 37
Bond Anticipation Notes		600,000
Premium on Bond Anticipation Note		13,318
Capital Improvement Fund	<u>-</u>	<u>25,000</u>
	<u>5,002,342</u>	<u>638,355</u>
	6,895,906	682,808
Decreased by Disbursements:		
2014 Budget Appropriations	5,026,668	
Improvement Authorizations		90,411
Accrued Interest on Bonds and Loans	98,289	
Payments to Current Fund	<u>101,754</u>	<u>-</u>
	<u>5,226,711</u>	<u>90,411</u>
Balance, December 31, 2014	<u>\$ 1,669,195</u>	<u>\$ 592,397</u>

**CITY OF RAHWAY
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

Balance,
December 31,
2014

Fund Balance	\$ 22,378
Capital Improvement Fund	328,300
Reserve for Payment of Debt	111,892
Due to Sewer Utility Operating Fund	138
Due from Current Fund	(588,000)

Improvement Authorizations

Ord. No.

11-09/21-09	Wastewater Improvements	185,645
34-12	Improvements to Donald Avenue Storm Sewer	54,240
36-13/25-14	Emergency Sinkhole Repair	204,632
45-13	Flood Control Mitigation	287,601
29-14	Kline Place Storm Sewer	<u>(14,429)</u>
		<u>\$ 592,397</u>

**CITY OF RAHWAY
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ 439,293
Increased by:		
Sewer Rents Levied		<u>4,634,975</u>
		5,074,268
Decreased by:		
Cash Receipts	\$ 4,597,418	
Sewer Utility Operating Receipts Deposited in Water Utility Operating Fund	<u>115,538</u>	
		<u>4,712,956</u>
Balance, December 31, 2014		<u>\$ 361,312</u>

**CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

<u>Account</u>	Balance, December 31, 2013	<u>Increased by:</u> Transfers from Fixed Capital Authorized and Uncompleted	Balance, December 31, 2014
Various Sewer System Improvements	\$ 3,655,428	\$ -	\$ 3,655,428
	<u>\$ 3,655,428</u>	<u>\$ -</u>	<u>\$ 3,655,428</u>

**CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	<u>Ordinance</u> <u>Date</u>	<u>Amount</u>	Balance, December 31, 2013	<u>Increased by:</u> 2014 <u>Authorizations</u>	<u>Decreased by:</u> Transfers to Fixed Capital	Balance, December 31, 2014
11-09/21-09	Wastewater Improvements	2009	\$ 550,000	\$ 550,000			\$ 550,000
34-12	Improvements to Donald Avenue Storm Sewer	2012	140,000	140,000			140,000
36-13/25-14	Emergency Sinkhole Repair	2013	300,000	300,000	\$ 200,000		500,000
45-13	Flood Control Mitigation	2013	300,000	300,000			300,000
29-14	Improvement of the Storm Sewer on Kline Place	2014	350,000	-	350,000	-	350,000
				<u>\$ 1,290,000</u>	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 1,840,000</u>

**CITY OF RAHWAY
STATEMENT OF DUE TO CURRENT FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	<u>\$ 101,754</u>
Decreased by:	
Payments to Current Fund	<u>\$ 101,754</u>

**STATEMENT OF DUE FROM CURRENT FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013	<u>\$ 588,000</u>
Balance, December 31, 2014	<u>\$ 588,000</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM WATER UTILITY OPERATING FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 346,970
Increased by:	
Sewer Utility Operating Fund Receipts	
Deposited in Water Utility Operating Fund	<u>115,538</u>
Balance, December 31, 2014	<u>\$ 462,508</u>

**STATEMENT OF DUE TO SEWER UTILITY CAPITAL FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 101
Increased by:	
Interest Earned	<u>37</u>
Balance, December 31, 2014	<u>\$ 138</u>

**CITY OF RAHWAY
STATEMENT OF 2013 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2013</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 70,086	\$ 70,086		\$ 70,086
Other Expenses	90,881	90,881		90,881
Sewer Treatment Expense				
Sewer Permit Fees	240	240		240
Statutory Expenditures				
Social Security	<u>6,282</u>	<u>6,282</u>	<u>-</u>	<u>6,282</u>
	<u>\$ 167,489</u>	<u>\$ 167,489</u>	<u>\$ -</u>	<u>\$ 167,489</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

Increased by:	
Charged to Budget Appropriations	<u>\$ 698</u>
Balance, December 31, 2014	<u>\$ 698</u>

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>			
			<u>Date</u>	<u>Amount</u>								
2005 Refunding Bonds	6/28/2005	\$ 134,821	10/1/2015	\$ 8,559	3.63 %							
			10/1/2016	8,474	3.75							
			10/1/2017	9,237	4.00							
			10/1/2018	9,152	4.00							
			10/1/2019	9,067	4.00							
			10/1/2020	8,982	4.13							
			10/1/2021	8,898	4.13							
			10/1/2022	8,728	4.20							
			10/1/2023	8,982	4.25							
			10/1/2024	8,814	4.25					\$ 97,621	\$ 8,728	\$ 88,893
2006 Refunding Bonds	1/4/2007	410,828	12/15/2015-17	27,664	4.000							
			12/15/2018	27,406	4.000							
			12/15/2019-20	27,147	4.000							
			12/15/2021	26,889	4.250							
			12/15/2022	26,630	4.000							
			12/15/2023-24	26,889	4.125							
			12/15/2025	26,630	4.125							
			12/15/2026	26,113	4.125					352,655	27,923	324,732

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
			Date	Amount					
2012 Refunding Bonds	5/24/2012	\$ 980,462	12/1/2015	\$ 91,072	1.44-2.00 %				
			12/1/2016	89,431	1.6-3.0				
			12/1/2017	88,611	3.000				
			12/1/2018	95,995	3.000				
			12/1/2019	95,175	2.000				
			12/1/2020	100,097	2.125				
			12/1/2021	100,097	2.375				
			12/1/2022	98,456	2.500				
			12/1/2023	96,815	2.625				
					\$ 947,643	-	\$ 91,893	\$ 855,750	
					\$ 1,397,919	\$ -	\$ 128,544	\$ 1,269,375	
							\$ 128,544		

CITY OF RAHWAY
STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
SEWER UTILITY CAPITAL FUND

Balance, December 31, 2013	\$ 1,075,788
Decreased by:	
Principal Paid by Budget Appropriation	<u>109,191</u>
Balance, December 31, 2014	<u>\$ 966,597</u>

**CITY OF RAHWAY
SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2014</u>
11-09 / 21-09	Wastewater Improvements	8/11/2011	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	\$ 550,000	\$ 543,000	\$ 550,000	\$ 543,000
41-11	Sewer System Improvements	8/10/2012	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	38,000	38,000	38,000	38,000
34-12	Improvements to Donald Avenue Storm Sewer	8/9/2013	8/8/2014 8/9/2013	8/7/2015 8/8/2014	1.50% 1.00%	133,300	133,300	133,300	133,300
36-13	Emergency Sinkhole Repair	8/8/2014	8/8/2014	8/7/2015	1.50%		300,000		300,000
45-13	Flood Control Mitigation	8/8/2014	8/8/2014	8/7/2015	1.50%	-	300,000	-	300,000
						<u>\$ 721,300</u>	<u>\$ 1,314,300</u>	<u>\$ 721,300</u>	<u>\$ 1,314,300</u>
					Renewals		\$ 714,300	\$ 714,300	
					Issued for Cash		600,000		
					Paid by Budget Appropriation		-	7,000	
							<u>\$ 1,314,300</u>	<u>\$ 721,300</u>	

**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2013		2014 Authorizations	Expended	Balance, December 31, 2014	
			Funded	Unfunded			Funded	Unfunded
11-09/21-09	Wastewater Improvements	\$ 550,000		\$ 185,645			\$ 185,645	
34-12	Improvements to Donald Avenue Storm Sewer	140,000		56,129		\$ 1,889		54,240
36-13/ 25-14	Emergency Sinkhole Repair	200,000		267,910	\$ 200,000	63,278		404,632
45-13	Flood Control Mitigation Project			298,416		10,815		287,601
29-14	Improvement of the Storm Sewer on Kline Place	350,000	-	-	350,000	14,429	-	335,571
			<u>\$ -</u>	<u>\$ 808,100</u>	<u>\$ 550,000</u>	<u>\$ 90,411</u>	<u>\$ -</u>	<u>\$ 1,267,689</u>
Debt Authorized					<u>\$ 550,000</u>			
Cash Disbursements						<u>\$ 90,411</u>		

**CITY OF RAHWAY
STATEMENT OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 303,300
Increased by:	
Budget Appropriation	<u>25,000</u>
Balance, December 31, 2014	<u>\$ 328,300</u>

**STATEMENT OF ACCRUED INTEREST ON BONDS AND LOANS
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 18,707
Increased by:	
Budget Appropriations	
Interest on Bonds and Loans	<u>101,615</u>
	120,322
Decreased by:	
Interest Paid	<u>98,289</u>
Balance, December 31, 2014	<u>\$ 22,033</u>

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013		\$ 1,143,721
Increased by:		
Principal Paid by Budget Appropriation		
Serial Bonds	\$ 128,544	
Loans	109,191	
Bond Anticipation Notes	<u>7,000</u>	
		<u>244,735</u>
Balance, December 31, 2014		<u>\$ 1,388,456</u>

EXHIBIT E-23

STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION

Balance, December 31, 2013		<u>\$ 6,700</u>
Balance, December 31, 2014		<u>\$ 6,700</u>

EXHIBIT E-24

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013		<u>\$ 111,892</u>
Balance, December 31, 2014		<u>\$ 111,892</u>

**CITY OF RAHWAY
SEWER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Notes Issued for Cash	Balance, December 31, 2014
36-13/25-14	Emergency Sinkhole Repair	\$ 300,000	\$ 200,000	\$ 300,000	\$ 200,000
45-13	Flood Control Mitigation	300,000		300,000	
29-14	Storm Sewer - Kline Place	-	350,000	-	350,000
		<u>\$ 600,000</u>	<u>\$ 550,000</u>	<u>\$ 600,000</u>	<u>\$ 550,000</u>

CITY OF RAHWAY



PART II

GOVERNMENT AUDITING STANDARDS

AND SINGLE AUDIT



LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Rahway
Rahway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the City of Rahway, as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2015. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs items 2014-001 and 2014-002 that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rahway's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002.

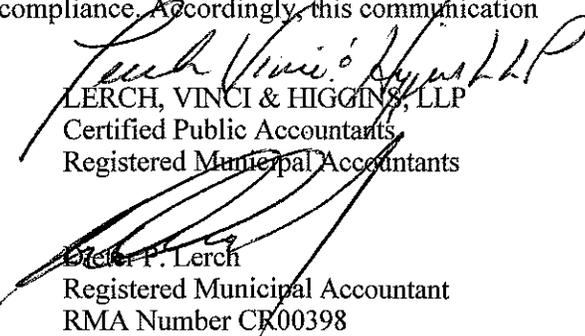
We also noted certain matters that are not required to be reported under Government Auditing standards that we reported to management of the City of Rahway in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

City of Rahway's Responses to Findings

The City of Rahway's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Rahway's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

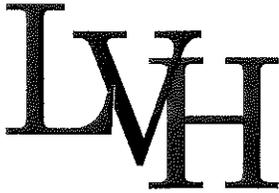
Purpose of this Report

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


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Peter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
July 31, 2015



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Rahway
Rahway, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the City of Rahway's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Rahway's major federal programs for the year ended December 31, 2014. The City of Rahway's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Rahway's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rahway's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Rahway's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Rahway complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the City of Rahway is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Rahway's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rahway's internal control over compliance.

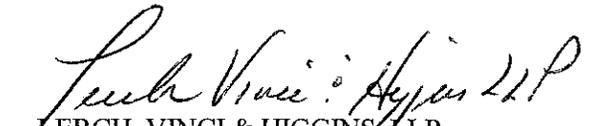
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

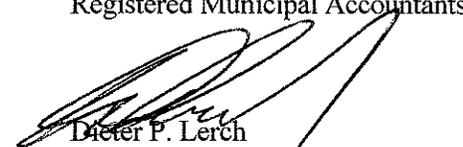
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133

We have audited the financial statements - regulatory basis of the City of Rahway as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated July 31, 2015, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained an unmodified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
July 31, 2015

**CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014**

	<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Original Grant Award</u>	<u>2014 Receipts</u>	<u>Balance, December 31, 2013</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Adjustment/ Cancellation</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Total Expenditures</u>
U.S. Department of Housing and Urban Development (Passed Through Union County Dept. of Community Development)											
Community Development Block Grants	14.218	N/A									
Program Year 36											
Façade Program - FY 2011			\$ 40,000		\$ 408				\$ 408	\$ 39,592	
Senior Citizen Social Services Program - FY 2011			4,463		669				669	3,794	
Policy & Planning - FY 2011			99,000		5,597		\$ 1,004		4,593	94,407	
Comprehensive Housing Program - FY 2011			325,000		536				536	324,464	
Program Year 37											
Home Improvement Program - FY 2012			300,000		18,326				18,326	281,674	
Façade Program - FY 2012			34,000		2,492				2,492	31,508	
Senior Citizen Social Services Program - FY 2012			4,017		2,853				2,853	1,164	
Senior Transportation Program - FY 2012			14,529		(2,631)				(2,631)	17,160	
Policy & Planning - FY 2012			95,000		(34,897)				(34,897)	129,897	
Code Enforcement Program - FY 2012			31,000		28,734				28,734	2,266	
Program Year 38			514,380							514,380	
Street Improvements - FY 2013			130,000		130,000		61,781		68,219		
Senior Transportation Program - FY 2013			11,280							11,280	
Senior Citizen Social Services Program - FY 2013			3,100		(59)				(59)	3,159	
Housing Rehab - FY 2013			290,000		(13,073)				(13,073)	303,073	
Code Enforcement Program - FY 2013			30,000							30,000	
Policy & Planning - FY 2013			90,000		19,421				19,421	70,579	
Program Year 39											
Street Improvements - FY 2014			146,000	\$ 119,913	146,000		142,550		3,450	142,550	
Senior Citizen Social Services Program - FY 2014			14,380	14,380	11,962		11,962			14,380	
Home Improvement Program - FY 2014			275,000	275,000	275,000		275,000			275,000	
Code Enforcement Program - FY 2014			20,000	20,000	3,103		3,103			20,000	
Policy & Planning - FY 2014			90,000	90,000	20,646		20,646			90,000	
Program Year 40											
Senior Citizen Social Services Program - FY 2015			15,380			15,380			15,380		
Roadway Rehabilitation - FY 2015			213,700			213,700			213,700		
Code Enforcement Program - FY 2015			35,000			35,000			35,000		
Policy & Planning - FY 2015			80,000			80,000			80,000		
Program Income					119,599	21,997	98,500			43,096	49,979
2012 Road Program (Ord. 16-12)			140,000		6,000				6,000	134,000	
2013 Road Program (Ord. 44-13)			136,000	136,000	104,207		104,207			136,000	

**CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014**

	<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Original Grant Award</u>	<u>2014 Receipts</u>	<u>Balance, December 31, 2013</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Adjustment/ Cancellation</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Total Expenditures</u>
U.S. Environmental Protection Agency											
Sewer System Infiltration and Inflow Construction (Ord. 20-09)	66.808	N/A	\$ 238,950		\$ 3,726		\$ 3,726				\$ 238,950
U.S. Department of Transportation (Passed Through New Jersey Department of Law and Public Safety)											
Drunk Driving Enforcement Fund	20.601	1160-100-057	8,860 6,722		5,897	\$ 6,722	3,888		\$ 2,009 6,722		6,851
Occupant Protection Program	20.602	1160-100-113	4,400		418				418		3,982
(Passed Through New Jersey Department of Transportation)											
Highway Planning and Construction (Ord. 16-12)	20.205	6320-480	205,000		12,000				12,000		193,000
Highway Planning and Construction (Ord. 44-13)			200,630	\$ 106,900	200,630		200,630				
U.S. Department of Homeland Security (Passed Through New Jersey Department of Law and Public Safety)											
Public Assistance Grants	97.036										
Hurricane Sandy		1200-100-A92	583,817			583,817	583,817				583,817
Severe Snowstorm		1200-100-A77	8,365								8,365
Emergency Management Program	97.042	1200-100-726			5,000				5,000		
			3,242		3,242				3,242		
			5,000		5,000				5,000		
U.S. Department of Health and Human Services (Passed Through New Jersey Department of Health)											
H1N1 Public Health Emergency Response	93.069	4230-100-480	195,788		35,127					35,127	160,661
U.S. Department of Justice (Passed Through New Jersey Department of Law and Public Safety)											
Edward Byrne Justice Grant	16.738	N/A	48,721		48,721		10,334			38,387	10,334
Edward Byrne Justice Grant			27,221		27,221					27,221	
Edward Byrne Justice Grant			9,915	9,915	9,915					9,915	
Local Law Enforcement Block Grant - FY 2004			17,548		17,548					17,548	
					<u>\$ 1,219,338</u>	<u>\$ 956,616</u>	<u>\$ 1,521,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,806</u>	

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>State Grant Program</u>	<u>Account Number</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Balance, December 31, 2013</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Total Expenditures</u>
Department of Community Affairs									
Statewide Livable Communities Grant	8030-100-655	\$ 60,000		\$ 13,057				\$ 13,057	\$ 46,943
Statewide Livable Communities Grant-Essex Street		60,000		60,000				60,000	
Cooperative Housing Inspection	8010-100-023-2010	10,249		1,531		\$ 1,531			10,249
		17,634		11,054		11,054			17,634
		19,059		19,059		3,525		15,534	3,525
		12,653			\$ 12,653			12,653	
Clean Communities Grant	N/A	38,851		8,433		8,433			38,851
		38,676		38,676		24,714		13,962	24,714
		38,132		38,132				38,132	
		44,770			44,770			44,770	
Brownfields	N/A	27,271		27,271				27,271	
Department of Environmental Protection									
Clean Energy Program		49,071		32,571				32,571	16,500
		12,268		12,268				12,268	
Recycling Tonnage Grant	4900-752-001	29,516		29,516		5,273		24,243	5,273
	4900-752-001	22,570		15,826				15,826	6,744
		5,000		5,000				5,000	
		30,404		14,251				14,251	16,153
		26,956		26,956				26,956	
		14,791			14,791			14,791	
Department of Health									
Public Health Priority Funding	4230-100-307	75,530		282				282	75,248
Economic Development Authority									
Hazardous Discharge Site Remediation - FY 2009		313,170		50,970		9,000		41,970	271,200
Hazardous Discharge Site Remediation - FY 2011		284,033		177,839				177,839	106,194
Department of Law and Public Safety									
Municipal Alliance Program - FY 2009		28,595	12,636	-			5,157	5,157	23,438
		14,298			14,298			14,298	
Alcohol Education and Rehabilitation- Prior Years	4250-760-050000-63	229		229				229	
Alcohol Education and Rehabilitation- FY 2003		496		496				496	
Alcohol Education and Rehabilitation - FY 2004		250		250				250	
Click It or Ticket Program	N/A	3,906		3,599				3,599	307
		9,150		9,150				9,150	
		3,982		3,982				3,982	

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

**CITY OF RAHWAY
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the City of Rahway. The City is defined in Note 1(A) to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the City's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. Financial assistance revenues are reported in the City's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 590,539	\$ 249,540	\$ 840,079
General Capital Fund	-	237,820	237,820
Community Development Grant Fund	<u>366,077</u>	<u>-</u>	<u>366,077</u>
Total Financial Awards	<u>\$ 956,616</u>	<u>\$ 487,360</u>	<u>\$ 1,443,976</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the City's fiscal year and grant program year.

**CITY OF RAHWAY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The City's federal and state loans outstanding at December 31, 2014, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>Amount</u>
Green Acres Loan Program	\$ 475,231
New Jersey Redevelopment Authority	187,500
Environmental Infrastructure Loan	966,597
Dept. of Community Affairs	<u>60,000</u>
	<u>\$ 1,689,328</u>

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

State Awards Section - Not Applicable

Dollar threshold used to determine Type A programs: \$ _____

Auditee qualified as low-risk auditee? _____ yes _____ no

Type of auditors' report on compliance for major programs: _____

Internal Control over compliance:

1) Material weakness(es) identified? _____ yes _____ no

2) Were significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? _____ yes _____ no

Identification of major programs:

GMIS Number(s)	Name of State Program
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2014-001:

Our audit revealed that overexpenditures were incurred during the period under audit for the General Capital and Water Utility Operating Funds. In addition, the Water Utility Operating Fund incurred an operating deficit in 2014.

Criteria or specific requirement:

N.J.A.C. 5:30-5.2, "Encumbrance Systems", N.J.S.A. 40A:4-57, "Expenditure Void Without Appropriations"

Local Budget Law

Condition:

Expenditures were incurred and charged to the Water Utility Operating Fund budget and to ordinances in the General Capital Fund which were in excess of available appropriations. Water utility revenues were not sufficient to cover expenditures.

Questioned Costs:

None

Context:

The following expenditures were incurred in excess of available appropriations:

General Capital Fund	
Ordinance 9-13/38-13 Various Capital Improvements	\$112,755
Ordinance 22-13 Groundwater Investigation	16,823
Ordinance 37-13 DPW and Fire Equipment	36,720
Water Utility Operating Fund	
Other Expenses	91,956

Effect:

Certain revenues and/or appropriations were not sufficient to fund expenditures incurred by the City.

Cause:

Unknown.

Recommendation:

Capital ordinances be amended and water utility appropriations be made available prior to the commitment of City funds for expenditures.

View of Responsible Officials and Planned Corrective Action:

Management will develop a corrective action plan to address this finding.

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2014-002:

Our audit of the Office of the Tax Collector revealed the following:

- a) Certain prior year delinquent balances reported in the tax system do not appear to reflect valid balances owed to the City.
- b) Prior year tax overpayments reported in the tax system do not appear to reflect valid balances owed by the City.
- c) State tax court judgments and applicable refunds were not reflected in the respective taxpayer account histories.
- d) Tax sale premiums in excess of five years old remain in the tax reporting system.

Criteria or specific requirement:

N.J.S.A. Title 54 – Taxation

Condition:

Certain balances reported in the tax system do not reflect actual balances at year end.

Questioned Costs:

None.

Context:

- a) Delinquent balances of \$1,724,811 are reflected in the tax system for 2006 through 2013.
- b) Overpayment balances of \$504,379 are reflected in the tax system for 2006 through 2013.
- c) State tax court judgments and respective refunds of \$465,823 were not reflected in the tax system.
- d) Tax sale premiums of \$834,700 are reflected in the tax system. \$20,000 are in excess of 5 years old.

Effect:

The tax reporting system does not always reflect actual City balances and transactions.

**CITY OF RAHWAY
SCHEDULE OF FINDINGS QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2014-002: (Continued)

Cause:

Unknown.

Recommendation:

It is recommended that:

- a) Prior year delinquent tax balances be cleared of record.
- b) Prior years tax overpayments be cleared of record.
- c) State tax court judgments be reflected in the taxpayer history.
- d) Tax sale premiums be reviewed and those over 5 years old be forfeited to the City.

View of Responsible Officials and Planned Corrective Action:

Management will develop a corrective action plan to address this finding.

CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014

Part III – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08.

FEDERAL AWARDS

There are none.

STATE AWARDS

Not Applicable.

**CITY OF RAHWAY
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-1:

Our audit revealed that overexpenditures were incurred during the period under audit for the Water Utility Capital Fund.

Current status:

See Finding 2014-001.

Finding 2013-3:

Our audit of the Office of the Tax Collector revealed the following:

- a) Certain prior year delinquent balances reported in the tax system do not appear to reflect valid balances owed to the City.
- b) Prior year tax overpayments reported in the tax system do not appear to reflect valid balances owed by the City.
- c) State Tax Court judgments and applicable refunds were not reflected in the respective taxpayer account histories.
- d) Tax sale premiums in excess of five years old remain in the tax reporting system.

Current status:

See Finding 2014-002.

CITY OF RAHWAY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND

	<u>December 31, 2014</u>			<u>December 31, 2013</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Anticipated	\$ 3,000,000	2.76 %	\$	1,500,000	1.39
Miscellaneous - From Other Than Local					
Property Tax Levies	14,272,106	13.15		16,929,878	15.75 %
Collection of Delinquent Taxes and Tax Title Liens	1,435,706	1.32		1,219,857	1.13
Collection of Current Tax Levy	88,679,640	81.69		86,556,610	80.69
Other Credits to Income	<u>1,172,067</u>	<u>1.08</u>		<u>1,067,449</u>	<u>1.04</u>
Total Income	<u>108,559,519</u>	<u>100.00 %</u>		<u>107,273,794</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	49,313,816	46.56 %		50,261,679	48.05 %
County Taxes	14,292,929	13.50		14,197,193	13.57
Local School Taxes	40,924,076	38.64		39,365,157	37.63
Special Improvement Taxes	130,000	0.13		130,000	0.13
Other Expenditures	<u>1,243,286</u>	<u>1.17</u>		<u>653,120</u>	<u>0.62</u>
Total Expenditures	105,904,107	<u>100.00 %</u>		104,607,149	<u>100.00 %</u>
Less: Expenditures to be Raised by Future Taxes	<u>-</u>			<u>1,120,000</u>	
Total Adjusted Expenditures	<u>105,904,107</u>			<u>103,487,149</u>	
Excess in Revenue	2,655,412			3,786,645	
Fund Balance, Beginning of Year	<u>6,687,249</u>			<u>4,400,604</u>	
	9,342,661			8,187,249	
Less Utilization as Anticipated Revenue	<u>3,000,000</u>			<u>1,500,000</u>	
Fund Balance, End of Year	<u>\$ 6,342,661</u>			<u>\$ 6,687,249</u>	

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Collection of Water Rents	\$ 5,638,502	98.39 %	\$ 5,596,506	95.20 %
Water Connection Fees	84,878	1.48	190,207	3.24
Miscellaneous - From Other Than Water Rents	<u>7,219</u>	<u>0.13</u>	<u>91,683</u>	<u>1.56</u>
Total Income	<u>5,730,599</u>	<u>100.00 %</u>	<u>5,878,396</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	4,790,956	78.98 %	4,912,000	79.42 %
Capital Improvements	50,000	0.82	50,000	0.83
Deferred Charges	159,109	2.63	103,177	1.66
Debt Service	1,066,119	17.57	1,032,543	16.69
Other Expenditures				
Refund of Prior Year Revenue	<u>-</u>	<u>-</u>	<u>87,088</u>	<u>1.40</u>
Total Expenditures	<u>6,066,184</u>	<u>100.00 %</u>	<u>6,184,808</u>	<u>100.00 %</u>
Excess (Deficiency) in Revenues Over (Under) Expenditures	(335,585)		(306,412)	
Adjustments to Income Before Fund Balance				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year	140,956			
Deficit General Budget	<u>-</u>		<u>306,412</u>	
Statutory Excess to Fund Balance			-	
Operating Deficit	<u>(194,629)</u>			
Fund Balance, Beginning of Year	<u>28,857</u>		<u>28,857</u>	
Fund Balance, End of Year	<u>28,857</u>	#	<u>28,857</u>	

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Rents	\$ 4,712,956	89.17 %	\$ 4,824,462	82.09 %
Industrial Sewer Flow Charges	309,753	5.86	319,538	5.43
Sewer Connection Fees	64,043	1.21	113,900	1.93
Miscellaneous - From Other Than Sewer Rents	31,165	0.59	19,569	0.35
Other Credits to Income	<u>167,489</u>	<u>3.17</u>	<u>599,542</u>	<u>10.20</u>
Total Income	<u>5,285,406</u>	<u>100.00 %</u>	<u>5,877,011</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	4,210,534	91.62 %	3,744,662	91.36 %
Deferred Charges and Statutory Expenditures	14,000	0.30	19,000	0.48
Capital Improvements	25,000	0.54		
Debt Service	<u>346,350</u>	<u>7.54</u>	<u>334,758</u>	<u>8.16</u>
Total Expenditures	<u>4,595,884</u>	<u>100.00 %</u>	<u>4,098,420</u>	<u>100.00 %</u>
Excess in Revenue	689,522		1,778,591	
Adjustments to Income Before Fund Balance				
Surplus to General Budget	<u>(601,922)</u>		<u>(789,510)</u>	
Statutory Excess to Fund Balance	87,600		989,081	
Fund Balance, Beginning of Year	<u>1,952,685</u>		<u>963,604</u>	
Fund Balance, End of Year	<u>\$ 2,040,285</u>		<u>\$ 1,952,685</u>	

**CITY OF RAHWAY
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate - Calendar Year</u>	<u>\$6.204</u>	<u>\$6.047</u>	<u>\$5.841</u>

Apportionment of Tax Rate

Municipal (1)	2.399	2.367	2.282
County	.982	.974	.972
Local School	2.823	2.706	2.587

(1) Includes Library

Assessed Valuation

2014	<u>\$1,449,812,047</u>	
2013		<u>\$1,455,199,564</u>
2012		<u>\$1,466,403,685</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
CY 2014	\$ 90,555,835	\$ 89,054,640	98.34%
CY 2013	88,206,982	86,556,610	98.12%
CY 2012	85,328,911	84,007,780	98.45%
TY 2011	42,263,378	41,389,151	97.93%
SFY 2011	84,137,091	83,838,932	99.64%

**CITY OF RAHWAY
DELINQUENT TAXES AND TAX TITLE LIENS**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
CY 2014	\$ 224,678	\$ 1,400,586	\$ 1,625,264	1.79%
CY 2013	196,216	1,511,682	1,707,898	1.93%
CY 2012	133,932	1,323,499	1,457,431	1.71%
TY 2011	123,820	881,516	1,005,336	2.38%
SFY 2011	217,197	213,421	430,618	0.51%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Balance Year End</u>	<u>Amount</u>
CY 2014	\$ 2,644,300
CY 2013	2,644,300
CY 2012	2,644,300
TY 2011	2,644,300
SFY 2011	2,644,300

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection*</u>
CY 2014	\$5,527,345	\$5,638,802	102.02%
CY 2013	5,543,876	5,596,506	100.94
CY 2012	5,142,327	5,143,748	100.02
TY 2011	2,538,346	2,331,187	91.84
SFY 2011	4,917,200	4,866,590	98.97

*Includes collection of prior year receivables

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
CY 2014	\$4,634,975	\$4,712,956	101.68%
CY 2013	4,689,631	4,824,462	102.87
CY 2012	4,490,035	4,640,555	103.35
TY 2011	2,553,918	2,332,991	91.35
SFY 2011	5,090,846	4,832,459	94.92

CITY OF RAHWAY

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance Year End</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	CY 2014	\$6,342,661	\$2,500,000
	CY 2013	6,687,249	3,000,000
	CY 2012	4,400,604	1,500,000
	TY 2011	2,967,190	1,200,000
	SFY 2011	2,315,623	-0-
Water Utility Operating Fund	CY 2014	\$28,857	\$ -0-
	CY 2013	28,857	-0-
	CY 2012	28,857	-0-
	TY 2011	28,857	-0-
	SFY 2011	632	-0-
Sewer Utility Operating Fund	CY 2014	\$2,040,285	\$250,000
	CY 2013	1,952,685	-0-
	CY 2012	963,604	-0-
	TY 2011	963,604	-0-
	SFY 2011	422,650	-0-

**CITY OF RAHWAY
OFFICIALS IN OFFICE AND SURETY BONDS
AS OF DECEMBER 31, 2014**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Samson D. Steinman	Mayor	
James E. Baker	Councilmember-at-Large	
Salvatore Mione	Councilmember-at-Large	
Nancy Saliga	Councilmember-at-Large	
Rodney Farrar	Councilmember – Ward 1	
Michael Cox	Councilmember – Ward 2	
Robert Bresenhan, Jr.	Councilmember – Ward 3	
David Brown	Councilmember – Ward 4	
Jennifer Wenson Maier	Councilmember - Ward 5	
Raymond Giacobbe, Jr.	Councilmember – Ward 6	
Jeffrey J. Jotz	City Clerk	
Cherron Rountree	Business Administrator	\$ 50,000 (A)
Michael Smalling	Director of Public Works and Engineering	50,000 (A)
John Rodger	Director/Chief of Police	50,000 (A)
William R. Young, Jr.	Director/Fire Chief	50,000 (A)
Frank Ruggiero	Chief Financial Officer	50,000 (A)
Richard Lorentzen	Tax Collector/ Tax Search Officer	250,000 (A)
Andrea Zapcic	Director of Parks and Recreation	50,000 (A)
Louis Rainone	Director of Law	
Roman Montes	Municipal Judge	50,000 (A)
Marylene Shepard	Court Administrator	100,000 (B)
Thomas Mancuso	Director of Assessments/Tax Assessor	50,000 (A)
John Rodger	Emergency Management Coordinator	50,000 (A)
Richard Watkins	Director of Building, Planning and Economic Development/Construction Code Official	50,000 (A)
Warren J. Hehl	Health Officer	50,000 (A)

- A. Public Employee Dishonesty Blanket coverage as written by the Travelers Casualty and Surety Company of America in the amount of \$50,000.
- B. Municipal Court bond as written by the Travelers Casualty and Surety Company of America in the amount of \$100,000, Bond #105421641.