

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 9, 2016**

**NEW ISSUE - BOOK-ENTRY ONLY**

*In the opinion of Gibbons P.C., Bond Counsel to the Township, assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. In the case of certain corporate holders of the Notes, interest on the Notes will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings" of certain corporations. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**TOWNSHIP OF LIVINGSTON  
IN THE COUNTY OF ESSEX, NEW JERSEY**

**\$11,500,000 BOND ANTICIPATION NOTES, SERIES 2016**

**Consisting of  
\$5,155,000 General Improvement Notes,  
\$4,510,000 Water Utility Notes  
and  
\$1,835,000 Sewer Utility Notes  
(Non-callable)**

**Dated: March 24, 2016  
Maturing: March 23, 2017  
Rate of Interest: \_\_\_\_\_  
Reoffering Yield: \_\_\_\_\_**

The \$11,500,000 Bond Anticipation Notes, Series 2016, consisting of \$5,155,000 General Improvement Notes (the "General Improvement Notes"), \$4,510,000 Water Utility Notes (the "Water Utility Notes") and \$1,835,000 Sewer Utility Notes (the "Sewer Utility Notes", and together with the General Improvement Notes and the Water Utility Notes, the "Notes"), of the Township of Livingston, in the County of Essex, New Jersey (the "Township") will be issued in the form of one certificate for each series of Notes listed above and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository ("DTC"). Individual purchases will be made in book-entry form (without certificates) through DTC Participants, as hereinafter defined, in the principal amount of \$1,000 each or any integral multiple thereof. See "THE NOTES - Book-Entry Only System" herein.

The principal of and interest on the Notes shall be paid on the maturity date to the Securities Depository by the Township as Paying Agent. Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the participants of The Depository Trust Company as listed on its records as of the close of business on March 10, 2017 (the "Record Date" for the payment of the interest on the Notes). See "THE NOTES - Book-Entry Only System" herein.

The Notes are not subject to redemption prior to their stated maturity.

The Notes are valid and legally binding general obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

*The Notes are offered when, as and if issued and delivered to the purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey and certain other conditions described herein. Delivery is anticipated to be at the offices of the Township's bond counsel, Gibbons P.C., Newark, New Jersey or at such other place as agreed to with the purchaser on or about March 24, 2016.*

**Dated: March \_\_, 2016**

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX  
NEW JERSEY**

**MAYOR**

Alfred "Al" M. Anthony

**DEPUTY MAYOR**

Shawn R. Klein

**COUNCIL MEMBERS**

Rufino "Rudy" Fernandez, Jr.  
Michael M. Silverman  
Edward Meinhardt

**TOWNSHIP MANAGER**

Michele E. Meade

**DEPUTY TOWNSHIP MANAGER**

Russell A. Jones, Jr.

**CHIEF FINANCIAL OFFICER**

William S. Nadolny

**TOWNSHIP CLERK**

Glenn R. Turtleaub

**PROFESSIONAL ADVISORS**

**TOWNSHIP ATTORNEY**

Murphy McKeon, PC

**INDEPENDENT ACCOUNTANTS**

Samuel Klein and Company  
Certified Public Accountants

**BOND COUNSEL**

Gibbons P.C.

No dealer, broker or salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township's Chief Financial Officer during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township.

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## OFFICIAL STATEMENT

### TOWNSHIP OF LIVINGSTON IN THE COUNTY OF ESSEX, NEW JERSEY

#### \$11,500,000 BOND ANTICIPATION NOTES, SERIES 2016

Consisting of  
**\$5,155,000 General Improvement Notes,**  
**\$4,510,000 Water Utility Notes**  
and  
**\$1,835,000 Sewer Utility Notes**

## INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, is furnished by the Township of Livingston (the "Township"), in the County of Essex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of the \$11,500,000 Bond Anticipation Notes, Series 2016, consisting of \$5,155,000 General Improvement Notes (the "General Improvement Notes"), \$4,510,000 Water Utility Notes (the "Water Utility Notes") and \$1,835,000 Sewer Utility Notes (the "Sewer Utility Notes", and together with the General Improvement Notes and the Water Utility Notes, the "Notes"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer.

Prior to the issuance of the Notes, the Township will enter into an agreement for the benefit of the holders of the Notes to comply with the secondary market disclosure requirements of the Securities and Exchange Commission's Rule 15c2-12 ("Rule 15c2-12"). See "APPENDIX B - FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

## THE NOTES

### General Description

The Notes are dated, will mature on the date in the amount and will bear interest payable at the rate as set forth on the front cover page hereof. The Notes may be purchased in book-entry only form in the amount of \$1,000 each or any integral multiple thereof through book-entries made on the books of The Depository Trust Company, New York, New York ("DTC" or the "Securities Depository") and its participants.

The principal of and interest due on the Notes will be paid to the Security Depository by the Township or its designated paying agent (the "Paying Agent"). Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. Interest on the Notes will be credited to the Participants of DTC as listed on the records of DTC as of March 10, 2017 (the "Record Date" for the payment of interest on the Notes).

### Redemption

The Notes are not subject to redemption prior to their stated maturities.

### Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each series of each maturity of the Notes, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants

shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

**THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE TOWNSHIP MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.**

**THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.**

**Discontinuation of Book-Entry Only System**

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such a Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Township shall notify DTC of the termination of the book-entry only system.

**AUTHORIZATION AND PURPOSE OF THE NOTES**

**General Improvement Notes**

The General Improvement Notes consist of current refunding and new money obligations and are being issued pursuant to the Local Bond Law of the State, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), and various bond ordinances of the Township as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
\$ 200,000	6-2010	Various Capital Improvements - 2010
100,000	14-2011	Various Capital Improvements - 2011
400,000	7-2012	Various Capital Improvements - 2012
100,000	14-2013	Various Capital Improvements - 2013
405,000	7-2014	Various Capital Improvements - 2014
1,500,000	6-2015	Various Capital Improvements - 2015
<u>2,450,000</u>	2-2016	Various Capital Improvements - 2016
<u>\$ 5,155,000</u>		

### Water Utility Notes

The Water Utility Notes consist of current refunding and new money obligations and are being issued pursuant to the Local Bond Law and the bond ordinances of the Township as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
\$ 510,000	12-2013	Improvements to Water System - 2013
1,200,000	8-2014	Improvements to Water System - 2014
1,200,000	7-2015	Improvements to Water System - 2015
<u>1,600,000</u>	3-2016	Improvements to Water System - 2016
<u><u>\$ 4,510,000</u></u>		

### Sewer Utility Notes

The Sewer Utility Notes consist of current refunding and new money obligations and are being issued pursuant to the Local Bond Law and the bond ordinances of the Township as set forth below:

<u>Amount</u>	<u>Ordinance Number</u>	<u>Description of Improvement</u>
\$ 235,000	9-2014	Improvements to Sewer System - 2014
750,000	8-2015	Improvements to Sewer System - 2015
<u>850,000</u>	4-2016	Improvements to Sewer System - 2016
<u><u>\$ 1,835,000</u></u>		

### SECURITY FOR THE NOTES

The Notes are valid and legally binding obligations of the Township and the full faith and credit of the Township are pledged to the payment of the principal of and interest on the Notes, for which payment the Township is obligated to levy *ad valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission whose powers have been vested in the Local Finance Board.

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

### **Debt Limits**

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The average for the last three years, of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Director of Taxation, is \$7,575,753,303.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township has not exceeded its statutory debt limit. At December 31, 2015, the statutory net debt as a percentage of average equalized valuation was 1.062%. As noted above, the statutory limit is 3.50%.

### **Exceptions to Debt Limits - Extensions of Credit**

The Township may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Township must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township without the approval of the Local Finance Board to fund certain notes for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

### **Short-Term Financing**

The Township may issue short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditures. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Certain statutory payments are required if the notes are renewed beyond the third anniversary date equal to the minimum amount required for the first year's principal payment for a bond issue.

### **School Debt**

State law permits the school district to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized evaluation basis, by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization.

## **The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

### **Limitations on Municipal Appropriations and Tax Levy**

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposes a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

This legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment to limit tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes.

### **Miscellaneous Revenues**

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

### **Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31, of such preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "Reserve for Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Township's Current Tax Collections or Less}} = \text{Total Taxes to be Levied}$$

### **Deferral of Current Expenses**

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the Township Council. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revisions and codification of ordinances, master plan preparations and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, (a) no transfers may be made to appropriations for contingent expenses, deferred charges, or emergency appropriation, and (b) no transfers may be made from appropriations for contingent expenses, deferred charges, cash deficit of preceding year, reserve for uncollected taxes, down payments, capital improvement fund, interest and redemption charges and emergency appropriations.

### **Operation of Utilities**

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Capital Budget**

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

### **The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within thirty (30) days of its submission. The entire annual audit report for the year ended December 31, 2014 is on file with the Township Clerk and is available for review during business hours.

## **GENERAL INFORMATION ABOUT THE TOWNSHIP OF LIVINGSTON**

The Township of Livingston, incorporated in the year 1813, is an attractive upper middle-class residential community located in western Essex County, approximately eight miles from the City of Newark, New Jersey, and nineteen miles from New York City. Its area of 13.88 square miles makes it geographically the second largest community in the County, being exceeded only by Newark. Its residents include a substantial number of business and professional people who commute to Newark and New York, as well as people who work in industries in nearby communities. Approximately 93.5% of homes are owner occupied. The Township has no passenger train service, but has bus transportation to the surrounding communities and to Newark and New York. Commuters to Newark and New York may also travel by bus or private car to nearby municipalities and take N.J. Transit.

The Township is presently ninety-five percent developed and its development has closely followed the Master Plan of 1960 as amended in 1977 and 1985.

### **Municipal Government**

Livingston Township operates under the Council-Manager form of government. Under this system, a professionally trained manager is responsible to an elected five-member council for the administration of Township affairs. Equalized valuation (true value) of real estate in the Township was certified by the County Board of Taxation at \$7,175,921,517 for 2014. Tax collection in 2015 was 99.98 percent of the tax levy. Township debt is 1.062 percent of statutory valuations as of December 31, 2015.

### **Planning and Zoning**

The Township Master Plan was adopted in 1946 and represented years of work and study by citizens and officials under the guidance of Mr. Russell Van Nest Black, planning consultant. It was supplemented by the completion in 1950 of a long range survey of school and park sites under the direction of Bagby and Pangburn, planning consultants and was revised in 1960. The Master Plan now administered by a Planning Board with the support of the Township Council embraces all present and future park and school sites, industrial areas, business areas and residential areas. A third or revised Master Plan was adopted in 1977, and a comprehensive revision was adopted in 1985. In 1992, a re-examination report was completed. A re-examination and comprehensive revision was adopted in 2007.

There are several areas zoned for research laboratories and offices, and other areas zoned for light industry. Companies located in Livingston include American International Group and Formosa Plastics. The business and commercial area features the Livingston Mall - a regional shopping center, the Village at Livingston, and the Livingston Town Center - a premier mixed - use pedestrian development.

### **Public Works**

The Township has 107.14 miles of paved streets, 160 miles of water mains and 150 miles of sanitary sewers. The water pollution control facility has been completely modernized and rehabilitated. Water facilities are owned and operated by the Township on a utility basis. Costs of sewer lines are largely recovered by assessments against properties benefitted and sewer maintenance and treatment costs are offset by revenue from sewer rental charges. Gas and electric services are provided by privately-owned public utility companies.

### **Public Safety**

Livingston is served by an efficient public safety department with outstanding police and fire divisions. Fire insurance rates for the Township were reduced in recent years as a result of a survey of fire protection facilities by insurance underwriters.

### **Recreation**

Livingston enjoys an excellent recreation program for all ages, supervised by a professional staff and an advisory Recreation Council. Over 517 acres of school and park sites, acquired under the Township's Master Plan, are available for recreational use under an agreement with the Board of Education. The Recreation Department provides recreational opportunities, operates summer play programs, two swimming pools, gymnasiums, tennis courts, a skating pond, playing fields and other facilities. A new Senior/Community Center Building was opened during 2004, and included increased office facilities for the Recreation Department.

### **Public Library**

The Free Public Library has served the community for over eighty years. It is staffed by ten full-time librarians, 20 full-time staff, additional part-time workers and offers reference as well as complete children and adult reading services in its own building. The library was automated in 1991 to improve service, with a local area network added in 1994 for reference services. A major addition has recently been completed.

### **Education**

The Township and School District are coterminous. The District is an independent legal entity operating under Title 18A of the New Jersey Statutes.

The public school system, under the administration of a five-member Board of Education elected by the citizens for three-year terms, includes a senior high school, two middle schools and six elementary schools. Present enrollment in these schools is approximately 5,367. In addition to its public schools, Livingston has one parochial elementary school. The school system enjoys an excellent reputation.

### **Capital Budget**

The Township's 2015 capital budget sets forth the anticipated capital requirements and projects. The capital budget is the Township's statement of intent--it does not commit. The monetary commitment is brought about by the adoption of a bond ordinance or an ordinance appropriation of capital surplus or funds in the capital improvement fund or by the inclusion of the project as a line item in the capital section of the Township's annual budget.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**POPULATION**

<u>Year</u>	<u>Source</u>	<u>Population</u>
2014 (Estimated)	U.S. Census Bureau	29,931
2010	Federal Census	29,366
2000	Federal Census	27,391
1990	Federal Census	26,609

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**ECONOMIC INFORMATION**

<u>Median Family Income - 2014</u>					<u>Per Capita Income</u>			
<u>Income Group</u>	<u>Township of Livingston</u>	<u>County of Essex</u>	<u>State of New Jersey</u>	<u>Year</u>	<u>Township of Livingston</u>	<u>County of Essex</u>	<u>State of New Jersey</u>	
\$ 0 - \$ 10,000.00	52	11,114	76,442	2014	\$60,288.00	\$32,327.00	\$36,359.00	
10,000.00 - 14,999.00	37	7,179	49,290	2013	59,621.00	32,181.00	36,027.00	
15,000.00 - 24,999.00	133	15,142	120,377	2012	61,321.00	32,171.00	35,928.00	
25,000.00 - 34,999.00	164	15,138	139,766	2011	63,122.00	32,149.00	34,858.00	
35,000.00 - 49,999.00	354	20,072	209,017	2010	59,342.00	31,535.00	34,858.00	
50,000.00 - 74,999.00	672	26,890	343,017					
75,000.00 - 99,999.00	681	20,205	300,670					
100,000.00 - 149,999.00	1,823	26,964	448,911					
150,000.00 - 199,999.00	1,181	14,467	240,836					
200,000.00 - Or More	<u>2,907</u>	<u>22,983</u>	<u>279,749</u>					
Total Families	<u>8,004</u>	<u>180,154</u>	<u>2,208,075</u>					
Median Family Income	<u>\$155,287</u>	<u>\$69,018</u>	<u>\$87,999</u>					

Source: U.S. Census Bureau

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**LABOR FORCE ESTIMATES**

<u>Year</u>	<u>Township of Livingston</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2015	14,500	14,100	400	2.8 %
2014	14,284	13,637	647	4.5
2013	15,249	14,410	839	5.5
2012	15,332	14,383	949	6.2
2011	15,239	14,317	922	6.1

<u>Year</u>	<u>County of Essex</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2015	378,300	358,500	19,800	5.2 %
2014	375,900	346,200	29,700	7.9
2013	367,475	332,387	35,088	9.5
2012	372,009	331,862	40,147	10.8
2011	370,417	330,337	40,080	10.8

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2015	4,569,400	4,368,400	201,000	4.4 %
2014	4,518,700	4,218,450	300,250	6.6
2013	4,537,800	4,166,000	371,800	8.2
2012	4,595,500	4,159,300	436,200	9.5
2011	4,556,200	4,131,800	424,400	9.3

Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographics and Economic Analysis

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**HOUSING CHARACTERISTICS - HOUSING UNITS - 2014**

	<u>Township of Livingston</u>	<u>County of Essex</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	8,754	125,432	2,073,915
Renter Occupied	763	152,313	1,114,583
Vacant Housing Units	<u>403</u>	<u>35,707</u>	<u>383,640</u>
Total	<u>9,920</u>	<u>313,452</u>	<u>3,572,138</u>
Median Value Owned	<u>\$557,500</u>	<u>\$358,100</u>	<u>\$319,900</u>

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Source: U.S. Census Bureau

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**BUILDING PERMITS**

<u>Year</u>	<u>*Total Number</u>	<u>Construction Value</u>
2014	2,867	\$ 97,559,482
2013	2,249	44,341,445
2012	2,083	50,240,856
2011	2,009	128,717,227
2010	2,191	59,308,746

\*Includes new building, alterations, additions and permit updates.

Source: Township of Livingston

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**FIFTEEN LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>2016 Assessed Valuation</u>
Livingston Mall	\$132,000,000
KRG Livingston Center, LLC	46,726,300
Livingston Circle Associates, L.P.	38,000,000
CIT Group, Inc.	31,992,000
Eastgreen, Inc.	30,175,000
Formosa Plastics Corp., USA	28,000,000
Livingston Retirement Care Associates	28,000,000
Trustee Sears Facilities	21,709,700
Allwood Associates	21,500,000
Esplanade Livingston, LLC	20,000,000
Marsag, L.P.	20,000,000
Care Two, LLC	19,406,000
Hillside Northfield Partners, LLC	18,000,000
Singer Enterprises, LLC	16,055,300
Northten, LLC	16,000,000

Source: Livingston Township Tax Assessor

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**REAL PROPERTY CLASSIFICATION**  
**2012 - 2016 (ASSESSED VALUATION)**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>	<u>Total Real Property</u>	<u>Business Personal Property*</u>	<u>Net Valuation Taxable</u>
2016	\$115,384,300	\$5,993,856,017	\$ 979,149,578	\$104,657,200	\$2,658,800	\$740,300	\$7,196,446,195	\$ 9,738,270	\$7,206,184,465
2015	105,448,800	5,976,634,671	977,333,378	90,641,900	2,658,800	740,300	7,153,457,849	9,528,870	7,162,986,719
2014	116,045,300	5,953,673,571	1,002,976,178	90,110,600	2,658,800	740,300	7,166,204,749	9,716,749	7,175,921,517
2013	142,157,500	5,938,761,771	1,032,942,678	97,978,100	2,658,800	740,300	7,215,239,419	11,213,456	7,226,452,605
2012	155,825,800	5,925,469,396	1,084,979,478	112,693,200	2,658,800	740,300	7,282,366,974	12,139,900	7,294,506,874

\*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

Source: Township of Livingston

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**ASSESSED VALUATION AND TAX RATES**

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation as a Percentage of True Value</u>
2016**	\$7,196,446,195.00	\$7,206,184,465.00	\$ -	- %
2015	7,153,457,849.00	7,162,986,719.00	2.463	94.39
2014	7,166,204,749.00	7,175,921,517.00	2.383	96.28
2013	7,214,616,949.00	7,225,830,405.00	2.293	98.30
2012	7,282,366,974.00	7,294,506,874.00	2.204	97.31

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\*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

\*\*Final Equalization Table

Source: Abstract of Ratables

**COMPARISON OF COMPONENTS OF TAX RATE**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$2.463</u>	<u>\$2.383</u>	<u>\$2.293</u>	<u>\$2.204</u>	<u>\$2.139</u>
Apportionment of Tax Rate:					
Municipal	\$0.422	\$0.407	\$0.398	\$0.374	\$0.364
Minimum Library Tax	0.035	0.035	0.035	0.035	0.035
Municipal Open Space	0.005	0.005	0.005	0.005	0.005
County	0.533	0.514	0.472	0.454	0.442
County Open Space	0.016	0.016	0.015	0.015	0.016
Local School	<u>1.452</u>	<u>1.406</u>	<u>1.368</u>	<u>1.321</u>	<u>1.277</u>
	<u>\$2.463</u>	<u>\$2.383</u>	<u>\$2.293</u>	<u>\$2.204</u>	<u>\$2.139</u>

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**TAX COLLECTION EXPERIENCE**

<u>Year</u>	<u>Tax Levy</u>	<u>Added Taxes</u>	<u>Collections During Year of Levy</u>		<u>Collections to Date Dec. 31</u>		<u>*Uncollected Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
2015**	\$ 177,583,661.57	\$ -	\$ 177,550,371.54	99.98 %	\$ -	- %	\$ 15,601.15
2014	172,109,064.31	-	171,774,596.94	99.80	171,785,135.32	99.81	0.01
2013	166,454,722.76	6,000.00	164,936,317.98	99.08	164,945,187.68	99.09	
2012	161,561,883.20	5,250.00	157,715,307.09	97.61	160,942,754.81	99.61	
2011	159,830,354.91	6,039.04	156,977,134.70	98.21	159,202,661.59	99.60	
Property Acquired for Taxes at Assessed Valuation (Foreclosed Property)							260,750.00
Tax Title Liens							87,233.58

\*Balances remaining after credits for remissions and transfers to tax title liens.

\*\*Unaudited

Tax Collection Procedure

Property taxes are based on the Assessor's valuation of real property and are levied for the calendar year. The taxes for Township, Local School District and County purposes are combined into one levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purposes of the Local School District cover the school fiscal year. Turnovers by the Township to the Board of Education are based on school needs and are generally made on a periodic basis throughout the year. The Township remits County Taxes quarterly, on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of the months of August, November, February and May. Delinquent payments are subject to an interest penalty at 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00. Unpaid taxes are subject to tax sale as of November 1 in the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**DEBT STATEMENT AS OF DECEMBER 31, 2015**  
**(Unaudited)**

Gross Debt

Local School District:		
Bonds Issued and Outstanding	\$ 93,710,000.00	
Bonds and Notes Authorized but Not Issued	<u>2,110,849.00</u>	
		\$ 95,820,849.00
Municipal Debt:		
General Improvements:		
Serial Bonds	65,748,000.00	
Refunding Bonds	11,978,808.38	
Downtown Business Improvement Loan Payable	133,333.38	
Lake and Stream Restoration Loan Payable	122,190.80	
Bond Anticipation Notes	11,109,000.00	
Bonds and Notes Authorized but Not Issued	<u>3,419,487.98</u>	
		92,510,820.54
Water Utility:		
General Improvements:		
Serial Bonds	6,055,000.00	
Water Supply Contaminated Wellfield Loan Payable	22,506.73	
Bond Anticipation Notes Issued	8,960,000.00	
Bonds and Notes Authorized but Not Issued	<u>3,794,000.00</u>	
		18,831,506.73
Sewer Utility:		
General Improvements:		
Serial Bonds	2,333,000.00	
Bond Anticipation Notes Issued	2,535,000.00	
Bonds and Notes Authorized but Not Issued	<u>1,059,000.00</u>	
		5,927,000.00
Swimming Pool Utility:		
General Improvements:		
Bond Anticipation Notes		<u>96,000.00</u>
		213,186,176.27

Statutory Deductions

Local School District:		
Maximum (4% of Average Equalized Valuation \$7,575,753,303.00)	95,820,849.00	
Municipal Debt:		
Cash on Hand	88,862.47	
Reserve for Debt Service	3,932.42	
Reserve for Grants Receivable	9,265.00	
Refunding Bonds (N.J.S.A. 40A:2-52)	11,978,808.38	
Water Debt:		
Self-Liquidating	18,831,506.73	
Sewer Debt:		
Self-Liquidating	5,927,000.00	
Swimming Pool:		
Self-Liquidating	<u>96,000.00</u>	
Total Deductions		<u>132,756,224.00</u>
Statutory Net Debt		<u>\$ 80,429,952.27</u>
Average Equalized Valuation of Real Property for 2013-2015		<u>\$ 7,575,753,303.00</u>
Net Debt Percentage (Statutory Debt Limit 3 1/2%)		<u>1.062%</u>

**REMAINING STATUTORY BORROWING POWER**  
**(Unaudited)**

3 1/2% of Equalized Valuation Basis	\$ 449,872,778.95
Net Debt	<u>265,151,365.61</u>
Remaining Borrowing Power December 31, 2015	<u>\$ 184,721,413.34</u>

Gross Debt is the total financial obligation of the Municipality and its subdivisions. Statutory deductions determine the borrowing power and Statutory Net Debt under the laws of the State of New Jersey.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

**UNDERLYING DEBT - DECEMBER 31, 2015**  
**(Unaudited)**

<u>County of Essex</u>	
County of Essex - Gross Debt	<u>\$1,068,175,104.04</u>
Apportionment to Township of Livingston	<u>\$98,216,276.04</u>
Basis of Debt Apportionment:	
Ratio of Equalized Valuation:	
Township of Livingston - 2015	<u>\$7,605,882,122.00</u>
Total Essex County - 2015	<u>\$82,719,626,090.00</u>
Ratio of Township of Livingston	<u>9.194773%</u>

\*Includes both the Essex County Improvement Authority and Essex County Utilities Authority Guarantee of Bonds by the County.

**GROSS DEBT COMPARED WITH TRUE VALUE**  
**(Unaudited)**

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2015	<u>\$92,510,820.54</u>	<u>\$190,727,096.58</u>
Aggregate Fair Value for 2015 - All Taxable Property - Assessed Valuation	\$7,162,986,719.00	
Amount Added for Equalization:		
Real Property Assessed at 94.39% of True Value	<u>442,895,403.00</u>	
Total - With Real Property at True Value	<u>\$7,605,882,122.00</u>	
Gross Debt as a Percentage of True Value	<u>1.216%</u>	<u>2.508%</u>

**TOWNSHIP FINANCIAL SCHEDULES**

**Current Fund - Revenues and Expenditures**

The Current Fund is used to account for the resources and expenditures for governmental operations of a general nature, including debt service on general purpose bonds and notes. The fund balance in the Current Fund at the end of each fiscal year is comprised of cash, investments and certain receivables. Under State law, only the amount of Current Fund balance held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year's budget, unless the Director of the Division of Local Government Services gives written consent to an exception.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
2015	\$2,096,395.99	\$ -
2014	2,484,636.50	945,000.00
2013	2,342,353.91	1,375,000.00
2012	1,153,081.03	410,000.00
2011	2,952,658.87	2,383,464.90

**Emergency Appropriations Deferred to Subsequent Years**

<u>Year</u>	<u>Amount</u>
2015	\$ None
2014	None
2013	None
2012	160,000.00
2011	620,000.00

In addition to emergency appropriations there are other classes of expenditures not contemplated in the adopted budget which are treated in the same manner as emergency appropriations.

**Other Expenditures Deferred to the Following Year**

<u>Year</u>	<u>Over- expenditure of Appropriations</u>	<u>Over- expenditure of Ordinance Appropriation</u>
2015	\$ None	\$ None
2014	None	None
2013	None	None
2012	None	None
2011	3,464.90	None

## **TAX MATTERS**

### **Exclusion of Interest on the Notes from Gross Income for Federal Income Tax Purposes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for purposes of Federal income taxation under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Notes. The Township will make certain representations in its tax certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause the interest on the Notes to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. Gibbons P.C., Bond Counsel to the Township, has relied upon the representations of the Township made in its Tax Certificate and has assumed continuing compliance by the Township with the above covenants in rendering its Federal income tax opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to the treatment of interest on the Notes for purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

### **Additional Federal Income Tax Consequences**

In the case of certain corporate holders of the Notes, interest on the Notes will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings" of certain corporations.

Prospective purchasers of the Notes should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

### **State Taxation**

Bond Counsel is of the opinion that, under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

### **Miscellaneous**

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Notes, the exclusion of interest on the Notes from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Notes or any other date, or that such changes will not result in other adverse federal or state tax consequences.

**THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.**

### **LITIGATION**

To the knowledge of the Township Attorney, Murphy McKeon, PC, Riverdale, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township's Attorney and delivered to the Underwriter at the closing.

### **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Township, including the Notes and such Notes are authorized security for any and all public deposits.

### **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994 and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

## SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Securities Exchange Act") had adopted amendments to its Rule 15c2-12 effective July 3, 1995 which generally prohibits a broker, dealer, or municipal securities dealer ("Participating Underwriter") from purchasing or selling municipal securities, such as the Notes, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (the "MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery of the Notes, the Township will enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Notes pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant in the Continuing Disclosure Certificate to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the Township with the MSRB.

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues. In connection with such bond issues, the Township failed to timely file its audited financial statements and operating data for the fiscal years ended December 31, 2010 through 2013. In addition, the Township failed to timely file notices with respect to such late filings and event notices with respect to certain rating changes. The Township has engaged Digital Assurance Certification, L.L.C. to ensure timely filings on a going-forward basis.

## PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Underwriter by a certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Samuel Klein and Company, Newark, New Jersey, assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

All other information has been obtained from sources which the Township considers to be reliable and they make no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Gibbons P.C. has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof, and, accordingly, express no opinion with respect thereto.

## UNDERWRITING

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the "Underwriter"), at a purchase price of \$\_\_\_\_\_. The Underwriter of the Notes has purchased the Notes in accordance with the Notice of Sale.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to William S. Nadolny, Chief Financial Officer, Township of Livingston, 357 South Livingston Avenue, Livingston, New Jersey 07039, Telephone (973) 863-7993.

### **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

### **TOWNSHIP OF LIVINGSTON**

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**William S. Nadolny**  
**Chief Financial Officer**

**Dated: March \_\_, 2016**

**APPENDIX A**  
**TOWNSHIP OF LIVINGSTON**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

***SAMUEL KLEIN AND COMPANY***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*550 Broad Street  
Newark, New Jersey 07102-4517  
Phone (973) 624-6100  
Fax (973) 624-6101*

*36 West Main Street, Suite 301  
Freehold, New Jersey 07728-2291  
Phone (732) 780-2600  
Fax (732) 780-1030*

**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of the Township Council  
Township of Livingston  
Livingston, New Jersey 07039

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Township of Livingston, State of New Jersey, as of and for the years ended December 31, 2014, 2013, 2012 and 2011. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 5, 2015. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the Township of Livingston, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the Township of Livingston, State of New Jersey.

**Management's Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

**Auditor's Responsibility**

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis are consistent, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

## Opinion

In our opinion, the summary financial statements - regulatory basis of the Township of Livingston, State of New Jersey as of and for the years then ended December 31, 2014, 2013, 2012 and 2011 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

## Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of Bond Anticipation Notes, Series 2016 consisting of General Improvement Notes, Water Utility Notes and Sewer Utility Notes of the Township of Livingston, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated June 5, 2015, August 8, 2014, April 19, 2013 and May 25, 2012, respectively.



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONO, RMA, PA

Newark, New Jersey  
June 5, 2015

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - CURRENT FUND - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>ASSETS AND DEFERRED CHARGES</u>					
<u>Regular Fund</u>					
Cash - Checking -Treasurer	\$ 8,025,501.72	\$ 6,707,711.43	\$ 7,415,293.55	\$ 4,258,863.63	\$ 4,915,945.06
Cash - Checking - Collector		(5,135.51)	1,622.65	(18,132.94)	43,252.29
Change Funds	950.00	950.00	950.00	950.00	950.00
	<u>8,026,451.72</u>	<u>6,703,525.92</u>	<u>7,417,866.20</u>	<u>4,241,680.69</u>	<u>4,960,147.35</u>
Due from State of New Jersey per Chapter 129, P.L. 1976	74,306.95	78,556.95	68,086.40	74,306.95	74,556.95
	<u>8,100,758.67</u>	<u>6,782,082.87</u>	<u>7,485,952.60</u>	<u>4,315,987.64</u>	<u>5,034,704.30</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Taxes	15,601.16	13,207.09	3,869.99	4,840,202.50	3,139,943.81
Tax Title Liens	87,233.58	59,462.05	58,282.22	49,934.43	37,382.64
Property Acquired for Taxes at Assessed Valuation	260,750.00	260,750.00	258,950.00	260,950.00	260,950.00
Sales Contracts Receivable			2,035.00	49,000.00	98,000.00
Other Revenue Accounts Receivable		63,867.70	24,944.53	477,631.45	450,339.44
Other Accounts Receivable	26,558.60	12,450.66	59,730.99	287,852.10	
Interfunds Receivable	7,110.49	2,146.42	114,122.90	83,896.25	579,041.52
	<u>397,253.83</u>	<u>411,883.92</u>	<u>521,935.63</u>	<u>6,049,466.73</u>	<u>4,565,657.41</u>
Deferred Charges:					
Emergency Appropriation					300,000.00
Overexpenditure of Appropriations					3,464.90
Special Emergency Authorization (N.J.S. 40A:4-53)				160,000.00	320,000.00
				<u>160,000.00</u>	<u>623,464.90</u>
	<u>8,498,012.50</u>	<u>7,193,966.79</u>	<u>8,007,888.23</u>	<u>10,525,454.37</u>	<u>10,223,826.61</u>
<u>Federal and State Grant Fund</u>					
Cash - Checking	372,042.54	117,062.81			
Grants Receivable	258,629.64	495,581.24	403,656.35	627,185.32	621,504.26
	<u>630,672.18</u>	<u>612,644.05</u>	<u>403,656.35</u>	<u>627,185.32</u>	<u>621,504.26</u>
	<u>\$ 9,128,684.68</u>	<u>\$ 7,806,610.84</u>	<u>\$ 8,411,544.58</u>	<u>\$ 11,152,639.69</u>	<u>\$ 10,845,330.87</u>

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - CURRENT FUND - REGULATORY BASIS

Sheet #2

	Unaudited	Audited			
	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Regular Fund</u>					
Appropriation Reserves	\$ 1,338,235.62	\$1,574,897.88	\$ 1,294,167.41	\$ 1,123,750.33	\$ 972,996.84
Reserve for Revaluation				39,170.22	45,462.72
Accounts Payable	15,075.97	221,577.00	204,211.42	159,709.78	128,898.17
Due to State of New Jersey:					
Construction Training Fees	76,163.00	15,611.00	21,458.00	12,421.00	11,784.00
Marriage License Fees		500.00	450.00	375.00	900.00
Burial Permit Fees		15.00	10.00	30.00	10.00
Tax Overpayments	795,057.03	23,074.43	223,753.70	479,304.19	32,072.60
∇ Interfunds Payable	2,480,182.53	1,322,024.38	1,288,868.74	164,527.37	346,893.75
County Taxes Payable	353,001.60	162,107.92	85,423.11	96,569.95	35,680.80
∓ Local School District Taxes Payable					0.50
Due to Special Improvement District	8,644.06	2,715.37	19,688.40	34,168.45	16,866.15
Special Emergency Note				160,000.00	320,000.00
Prepaid Taxes	39,133.75	935,789.64	1,932,146.60	1,010,108.66	746,980.23
Prepaid Revenue	898,869.12	39,133.75	73,421.31	42,771.66	46,964.57
	<u>6,004,362.68</u>	<u>4,297,446.37</u>	<u>5,143,598.69</u>	<u>3,322,906.61</u>	<u>2,705,510.33</u>
Reserve for Receivables and Other Assets	397,253.83	411,883.92	521,935.63	6,049,466.73	4,565,657.41
Fund Balance	<u>2,096,395.99</u>	<u>2,484,636.50</u>	<u>2,342,353.91</u>	<u>1,153,081.03</u>	<u>2,952,658.87</u>
	<u>8,498,012.50</u>	<u>7,193,966.79</u>	<u>8,007,888.23</u>	<u>10,525,454.37</u>	<u>10,223,826.61</u>
<u>Federal and State Grant Fund</u>					
Interfunds Payable			101,308.52	60,636.62	111,626.32
Unappropriated Federal and State Grants		40,780.46	69,821.37	57,626.66	115,908.95
Appropriated Reserves for Federal and State Grants	630,672.18	571,863.59	232,526.46	508,922.04	393,968.99
	<u>630,672.18</u>	<u>612,644.05</u>	<u>403,656.35</u>	<u>627,185.32</u>	<u>621,504.26</u>
	<u>\$ 9,128,684.68</u>	<u>\$ 7,806,610.84</u>	<u>\$ 8,411,544.58</u>	<u>\$ 11,152,639.69</u>	<u>\$ 10,845,330.87</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

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

	Unaudited	Audited			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income</u>					
Fund Balance Utilized	\$ 945,000.00	\$ 1,375,000.00	\$ 410,000.00	\$ 2,383,464.90	\$ 2,600,000.00
Miscellaneous Revenue Anticipated	8,735,104.43	10,713,468.20	10,699,744.36	10,637,702.70	8,560,286.87
Receipts from Delinquent Taxes		9,869.98	4,847,086.68	1,523,450.40	1,419,527.80
Receipts from Current Taxes	177,550,371.54	171,774,596.94	164,936,317.98	157,715,307.09	156,977,134.70
Nonbudget Revenue	247,236.59	116,316.26	427,330.51	534,146.62	382,582.23
Other Credits to Income	1,822,624.39	1,448,821.55	1,450,288.75	1,253,264.60	1,578,739.17
	<u>189,300,336.95</u>	<u>185,438,072.93</u>	<u>182,770,768.28</u>	<u>174,047,336.31</u>	<u>171,518,270.77</u>
<u>Expenditures</u>					
Budget and Emergency Appropriations:					
Operations:					
Salaries and Wages	16,839,462.34	16,419,531.00	16,257,598.00	15,824,996.00	15,916,244.15
Other Expenses	14,690,965.67	15,811,597.74	16,432,976.98	14,833,384.54	13,272,568.74
Capital Improvements	280,000.00	210,000.00	250,000.00	300,000.00	240,000.00
Debt Service	6,543,517.31	7,157,862.12	6,885,512.58	6,253,106.97	5,766,822.59
Deferred Charges			160,000.00	463,464.90	160,000.00
Statutory Expenditures	3,696,074.93	3,509,785.05	3,803,872.61	3,770,413.28	3,916,567.21
	<u>42,050,020.25</u>	<u>43,108,775.91</u>	<u>43,789,960.17</u>	<u>41,445,365.69</u>	<u>39,272,202.69</u>
Interfund Charges			30,226.65		302,909.16
Reserve for Other Accounts Receivable	14,107.94		14,551.70	287,852.10	
Senior Citizen Deductions Disallowed by Tax Collector	8,000.00	6,000.00	11,250.00	8,289.04	2,750.00
Grants Receivable Cancelled		13,726.51	11,489.12	31.94	2,886.77
Prior Year Paid Taxes Cancelled	2,251,953.96	1,036,109.83	2,464,001.91	315,864.59	203,085.47
Municipal Open Space Tax	361,369.13	360,338.37	362,200.70	365,733.17	372,790.55
Local School District Tax	104,029,438.00	100,856,708.00	98,818,890.00	96,389,153.00	95,135,065.00
County Taxes	39,659,580.83	38,164,093.87	35,290,604.14	34,313,632.35	34,088,905.35
Special Improvement District Taxes	364,143.28	374,682.85	364,256.01	337,527.37	331,252.61
Refund of Prior Year Revenue	4,964.07	355.00	14,065.00		7,304.11
	<u>188,743,577.46</u>	<u>183,920,790.34</u>	<u>181,171,495.40</u>	<u>173,463,449.25</u>	<u>169,719,151.71</u>
Excess in Revenue	556,759.49	1,517,282.59	1,599,272.88	583,887.06	1,799,119.06
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Year					
					303,464.90
Statutory Excess to Fund Balance	556,759.49	1,517,282.59	1,599,272.88	583,887.06	2,102,583.96
<u>Fund Balance</u>					
Balance January 1	2,484,636.50	2,342,353.91	1,153,081.03	2,952,658.87	3,450,074.91
	<u>3,041,395.99</u>	<u>3,859,636.50</u>	<u>2,752,353.91</u>	<u>3,536,545.93</u>	<u>5,552,658.87</u>
Decreased by:					
Utilized as Anticipated Revenue	945,000.00	1,375,000.00	410,000.00	2,383,464.90	2,600,000.00
Balance December 31	<u>\$ 2,096,395.99</u>	<u>\$ 2,484,636.50</u>	<u>\$ 2,342,353.91</u>	<u>\$ 1,153,081.03</u>	<u>\$ 2,952,658.87</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF MISCELLANEOUS REVENUE - CURRENT FUND - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
	2015	2014	2013	2012	2011
<u>Miscellaneous Revenue</u>					
Licenses:					
Alcoholic Beverages	\$ 40,800.00	\$ 41,450.00	\$ 40,800.00	\$ 40,800.00	\$ 41,400.00
Other	35,291.89	33,608.54	40,040.38	38,926.52	41,246.51
Fees and Permits	1,663,521.47	1,743,452.34	1,534,867.14	1,147,563.25	1,066,155.52
Fines and Costs:					
Municipal Court	250,858.11	333,537.91	421,302.91	379,651.78	424,305.24
Interest and Costs on Taxes	247,468.28	253,919.94	885,362.51	712,770.11	538,154.89
Interest on Investments and Deposits	154,017.00	257,365.60	325,391.46	461,491.34	483,084.76
Uniform Fire Safety Act: Local Fees	104,915.00	107,190.00	110,305.00	107,230.00	97,095.00
Municipal Occupancy Tax	209,843.00	208,612.78	206,307.61	190,963.31	185,143.91
Consolidated Municipal Property Tax Relief Aid	28,036.00	28,036.00	42,814.00	101,166.00	202,365.00
Energy Receipts Tax	2,927,614.00	2,927,614.00	2,912,836.46	2,854,484.00	2,753,285.00
Watershed Moratorium Offset Aid	10,810.00	10,810.00	10,810.00	10,810.00	10,810.00
Uniform Construction Code Fees	1,441,783.00	1,342,957.00	1,024,630.00	945,068.00	823,770.00
Interlocal Municipal Service Agreement:					
Township of Millburn - Health Services	87,885.00	77,987.20	74,091.79	73,802.50	50,930.03
Livingston Board of Education - Goose Control	15,000.00	15,000.00	15,000.00		15,000.00
Livingston Board of Education - Fleet Maintenance	5,190.99	23,388.86	31,801.04		
Special Items:					
State and Federal Revenue Off-Set with Appropriations:					
Municipal Alliance on Alcoholism and Drug Abuse	77,000.00	115,500.00	77,000.00	77,000.00	77,000.00
Clean Communities Program Grant	100,124.00	92,178.44	52,068.34	89,031.38	
Safe and Secure Communities Program	60,000.00	60,000.00	60,000.00	60,000.00	51,633.00
Recreation Individual Disabilities Young Adult Program	14,975.00	10,000.00		3,000.00	7,427.26
Body Armor Grant	6,141.01	22,716.29		3,185.63	6,379.32
Body Armor Grant - Unappropriated			6,542.04		
Adaptive Recreation Grant		18,144.00	18,144.00	18,144.00	18,144.00
Recycling Tonnage Grant			49,564.62	61,441.54	
Click It or Ticket					4,000.00
COPS in Shops	2,400.00		1,520.00		
Smart Growth Planning Program				3,500.00	
Bulletproof Vests		11,677.32		98.58	
Sustainable Jersey Small Grant					1,000.00
2010 State Health Services Grant - Influenza A - H1N1 Virus					10,000.00
FEMA Firefighters Assistance Program				188,640.00	5,000.00
Green Communities Grant		3,000.00			
Drive Sober or Get Pulled Over		5,000.00			
Homeland Security - Emergency Management		5,000.00			
Hazard Mitigation Grant - Energy Allocation Initiative		222,000.00			
Federal Emergency Management Agency	5,000.00				
Other Special Items:					
Water Utility Operating Surplus of Prior Year		495,000.00	500,000.00	500,000.00	
Uniform Fire Safety Act					45,483.41
Sewer Utility Operating Surplus of Prior Year		225,000.00	200,000.00	350,000.00	
Assessment Trust Surplus					
Proceeds from Sale of Township Property	60,304.85	50,000.00	49,000.00	49,000.00	49,000.00
General Capital Fund Balance	185,000.00	775,000.00	500,000.00	450,000.00	350,000.00
Livingston Board of Education - Reimbursement	36,403.59	116,857.96	118,634.16	16,600.04	16,600.04
Sale of Solar Renewable Energy Credits	32,811.25	35,044.00			
Cable Franchise Fee	156,420.18	163,000.26	168,728.55	182,896.59	192,754.54
Verizon Franchise Fee	283,810.88	262,349.03	240,793.03	216,013.23	193,778.73
Payment in Lieu of Taxes	61,657.12	53,067.72	50,540.68	334,591.64	336,279.68
Off-Duty Police Officer Administrative Fee	83,988.75	136,020.12	124,697.50	162,800.00	100,495.00
Sale of Recyclables	90,599.00	156,188.09	181,189.98	217,305.82	244,570.87

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF MISCELLANEOUS REVENUE - CURRENT FUND - REGULATORY BASIS

Sheet #2

	Unaudited	Audited			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Miscellaneous Revenue</u>					
Other Special Items:					
Reserve for Debt Service	\$			\$ 2,071.00	\$
Livingston Community Partners	172,276.06	175,078.80	183,556.44	121,530.44	117,995.16
Affordable Housing Trust Reserve				166,126.00	
Water Utility Debt Service Reimbursement	34,052.00	29,814.00	29,345.00		
Sewer Utility Debt Service Reimbursement	26,150.00	22,895.00	22,535.00		
Swimming Pool Utility Debt Service Reimbursement	22,957.00	22,957.00	22,957.00		
Due from FEMA:					
Pre-Halloween Storm Cleanup Reimbursement			366,567.72	300,000.00	
Fees and Permits - Additional Revenue from New Fees:					
Shuttle Bus Advertising		25,050.00			
	<u>\$ 8,735,104.43</u>	<u>\$ 10,713,468.20</u>	<u>\$ 10,699,744.36</u>	<u>\$ 10,637,702.70</u>	<u>\$ 8,560,286.87</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF BUDGET APPROPRIATIONS - CURRENT FUND - REGULATORY BASIS

	Unaudited	Audited			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Budget Appropriations</u>					
General Government	\$ 2,175,960.00	\$ 2,031,139.00	\$ 2,020,499.45	\$ 1,814,162.36	\$ 1,963,570.83
Engineering, Public Works and Land Use	3,709,475.00	3,712,740.87	3,769,068.64	3,611,218.55	3,772,141.07
Public Safety	11,205,168.00	10,699,630.00	10,654,023.00	10,437,271.00	10,573,120.38
Health and Human Services	596,563.00	608,423.82	597,929.73	604,588.00	544,397.75
Senior, Youth and Leisure Services	663,630.00	714,361.00	643,606.00	459,491.00	475,388.11
Committees	42,200.00	31,950.00	29,950.00	27,950.00	30,375.00
Risk Management and Insurance	3,815,555.00	3,802,709.00	3,571,956.16	3,440,152.54	3,246,431.00
Solid Waste Collection and Disposal	2,317,000.00	2,411,000.00	2,320,200.00	2,299,000.00	2,300,300.00
Uniform Construction Code - Appropriations					
Offset by Dedicated Revenues					
(N.J.A.C. 5:23-4.17)	908,420.00	917,515.00	820,100.00	837,670.00	769,212.13
Unclassified and Contingent	1,279,200.00	1,461,500.00	1,502,800.00	1,512,880.00	1,515,000.00
Statutory Expenditures - Social Security					
and Pensions	3,696,074.93	3,509,785.05	3,803,872.61	3,770,413.28	3,916,567.21
Maintenance of Free Public Library	3,512,982.00	3,442,194.00	3,419,958.00	3,382,430.96	3,275,418.14
Other Operations	798,200.00	1,670,700.00	2,927,200.00	1,618,756.00	433,124.90
Interlocal Municipal Services Agreements	216,185.00	128,175.00	129,195.00	89,519.00	85,500.00
Public and Private Programs	289,890.01	599,091.05	284,089.00	523,291.13	204,833.58
Capital Improvements	280,000.00	210,000.00	250,000.00	300,000.00	240,000.00
Debt Service	6,543,517.31	7,157,862.12	6,885,512.58	6,253,106.97	5,766,822.59
Deferred Charges			160,000.00	463,464.90	160,000.00
	<u>\$ 42,050,020.25</u>	<u>\$ 43,108,775.91</u>	<u>\$ 43,789,960.17</u>	<u>\$ 41,445,365.69</u>	<u>\$ 39,272,202.69</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - TRUST FUND - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>ASSETS</u>					
<u>Animal Control Trust Fund</u>					
Cash - Checking	\$ 17,787.89	\$ 20,787.19	\$ 26,256.07	\$ 25,632.23	\$ 22,363.88
Due from State of New Jersey	1,156.20				1.20
Interfunds Receivable		540.00	450.00	10.00	10.00
	<u>18,944.09</u>	<u>21,327.19</u>	<u>26,706.07</u>	<u>25,642.23</u>	<u>22,375.08</u>
<u>General Trust Fund</u>					
Cash - Checking	14,946,002.10	10,949,247.00	9,789,587.21	7,745,386.22	7,501,036.72
Change Fund	150.00	150.00	150.00	150.00	100.00
Community Development Block Grant Funds Receivable			48,980.00	110,980.00	132,870.58
Accounts Receivable			92.93	6.80	4,341.80
Due from Municipal Court	125.00	125.00	106.00	710.00	231.50
Interfunds Receivable	74,971.17	909,939.64	991,409.43	265.00	24,584.50
	<u>15,021,248.27</u>	<u>11,859,461.64</u>	<u>10,830,325.57</u>	<u>7,857,498.02</u>	<u>7,663,165.10</u>
<u>State Unemployment Insurance Trust Fund</u>					
Cash - Checking	27,182.99	31,658.29	44,990.64	23,668.62	49,702.88
Interfunds Receivable	42,909.64	42,909.64		3,989.89	
Due from Plan Administrator	415.68	415.68	415.68		
	<u>70,508.31</u>	<u>74,983.61</u>	<u>45,406.32</u>	<u>27,658.51</u>	<u>49,702.88</u>
	<u>\$ 15,110,700.67</u>	<u>\$ 11,955,772.44</u>	<u>\$ 10,902,437.96</u>	<u>\$ 7,910,798.76</u>	<u>\$ 7,735,243.06</u>

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - TRUST FUND - REGULATORY BASIS

Sheet #2

	<u>Unaudited</u>		<u>Audited</u>		
	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	\$	\$ 50.40	\$ 11.40	\$ 9.60	\$
Prepaid Licenses	100.00	100.00	100.00	200.00	100.00
Interfunds Payable	299.00	30.00		167.00	165.75
Reserve for Animal Control Trust Fund Expenditures	18,545.09	21,146.79	26,594.67	25,265.63	22,109.33
	<u>18,944.09</u>	<u>21,327.19</u>	<u>26,706.07</u>	<u>25,642.23</u>	<u>22,375.08</u>
<u>General Trust Fund</u>					
Premiums on Tax Sale	2,917,200.00	2,122,900.00	2,761,500.00	486,900.00	356,300.00
Special Deposits	8,356,700.66	6,681,599.10	5,551,880.59	5,319,543.56	5,497,999.88
Security Deposits	84,551.96	75,682.00	75,682.00	65,682.00	38,332.00
Municipal Open Space Trust Fund	3,012,238.35	2,630,200.28	2,251,774.60	1,869,375.60	1,483,510.64
Interfunds Payable	66,639.88	43,349.76	21,705.28	5,016.86	87,398.59
Reserves for:					
Community Development Block Grant Expenditures	192,265.00		50,573.76	110,980.00	143,815.58
Self-Insurance Trust Fund Expenditures	391,652.42	305,730.50	117,209.34		55,808.41
	<u>15,021,248.27</u>	<u>11,859,461.64</u>	<u>10,830,325.57</u>	<u>7,857,498.02</u>	<u>7,663,165.10</u>
<u>State Unemployment Insurance Trust Fund</u>					
Interfunds Payable	40,002.48	42,148.90	40,002.48		8,248.00
Reserve for State Unemployment Trust Fund Expenditures	30,505.83	32,834.71	5,403.84	27,658.51	41,454.88
	<u>70,508.31</u>	<u>74,983.61</u>	<u>45,406.32</u>	<u>27,658.51</u>	<u>49,702.88</u>
	<u>\$15,110,700.67</u>	<u>\$ 11,955,772.44</u>	<u>\$ 10,902,437.96</u>	<u>\$ 7,910,798.76</u>	<u>\$ 7,735,243.06</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - GENERAL CAPITAL FUND - REGULATORY BASIS

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
<u>ASSETS AND DEFERRED CHARGES</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
Cash - Checking	\$ 5,290,072.17	\$ 3,626,862.54	\$ 4,877,153.31	\$ 9,794,617.46	\$ 5,363,175.63
Note Receivable				160,000.00	320,000.00
Grants Receivable	402,381.42	481,381.42	433,980.00	315,000.00	117,137.29
Interfunds Receivable	353,999.97	404,381.99	357,372.80	164,868.26	583,514.25
Deferred Charges to Future Taxation:					
Funded	77,982,332.56	69,914,565.01	69,953,505.50	67,094,740.95	22,973,874.88
Unfunded	14,201,311.71	23,463,864.52	23,874,719.49	28,335,479.66	68,622,792.76
	<u>\$ 98,230,097.83</u>	<u>\$ 97,891,055.48</u>	<u>\$ 99,496,731.10</u>	<u>\$ 105,864,706.33</u>	<u>\$ 97,980,494.81</u>
<b>▷</b> <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Serial Bonds	\$ 65,748,000.00	\$ 57,108,000.00	\$ 55,110,000.00	\$ 50,550,000.00	\$ 8,429,000.00
Refunding Bonds	11,978,808.38	12,525,448.20	14,536,971.94	16,212,963.06	14,188,021.67
Lake and Stream Restoration Loan Payable	122,190.80	131,116.77	139,866.86	148,444.53	156,853.19
Downtown Business Improvement Loan Payable	133,333.38	150,000.04	166,666.70	183,333.36	200,000.02
Bond Anticipation Notes	10,805,000.00	17,329,000.00	17,914,000.00	22,204,000.00	57,274,000.00
Tax Appeal Refunding Notes	304,000.00	608,000.00	1,382,000.00	2,156,000.00	3,290,000.00
Improvement Authorizations:					
Funded	864,853.00	1,041,711.07	954,595.95	165,980.00	189,322.32
Unfunded	7,514,295.80	8,542,286.24	8,270,995.22	13,012,133.81	13,008,283.94
Accounts Payable					201,101.78
Capital Improvement Fund	204,852.45	124,852.45	135,852.45	48,152.45	138,102.45
Interfunds Payable		1,304.94			
Reserve for:					
Debt Service	3,932.42	3,932.42	107.39		2,071.00
Future Improvements			2,640.00	1,500.00	
Grants Receivable	9,265.00	9,265.00	11,480.00	10,000.00	
Fund Balance	541,566.60	316,138.35	871,554.59	1,172,199.12	903,738.44
	<u>\$ 98,230,097.83</u>	<u>\$ 97,891,055.48</u>	<u>\$ 99,496,731.10</u>	<u>\$ 105,864,706.33</u>	<u>\$ 97,980,494.81</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 3,126,006.25</u>	<u>\$ 5,546,524.52</u>	<u>\$ 4,603,004.52</u>	<u>\$ 3,975,804.52</u>	<u>\$ 8,238,606.14</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - WATER UTILITY - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
<u>ASSETS AND DEFERRED CHARGES</u>	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>Operating Fund</u>					
Cash - Checking	\$ 1,474,769.88	\$ 688,098.55	\$ 2,192,034.65	\$ 2,053,977.41	\$ 1,877,152.89
Interfunds Receivable	118,675.74	211,078.84		0.27	
	1,593,445.62	899,177.39	2,192,034.65	2,053,977.68	1,877,152.89
Assets with Full Reserves:					
Consumer Accounts Receivable	552,204.63	422,735.64	394,619.26	502,354.62	404,643.98
Inventory - Materials and Supplies	70,620.00	97,185.00	86,472.00	90,371.00	81,326.00
	622,824.63	519,920.64	481,091.26	592,725.62	485,969.98
	2,216,270.25	1,419,098.03	2,673,125.91	2,646,703.30	2,363,122.87
<u>Capital Fund</u>					
Cash - Checking	2,112,656.34	3,353,402.06	5,167,731.15	2,753,976.42	669,537.40
Interfunds	2,000,000.00				
Fixed Capital	15,240,897.38	14,274,047.81	14,274,047.81	14,274,047.81	14,274,047.81
Fixed Capital Authorized and Uncompleted	17,111,865.45	14,726,534.27	10,346,534.27	5,166,534.27	3,366,534.27
	36,465,419.17	32,353,984.14	29,788,313.23	22,194,558.50	18,310,119.48
	\$ 38,681,689.42	\$ 33,773,082.17	\$ 32,461,439.14	\$ 24,841,261.80	\$ 20,673,242.35

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TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - WATER UTILITY - REGULATORY BASIS

Sheet #2

	Unaudited	Audited			
	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Operating Fund</u>					
Appropriation Reserves	\$ 37,090.01	\$ 56,983.78	\$ 769,053.54	\$ 420,116.67	\$ 484,352.18
Accounts Payable			13,483.00	1,192.35	0.86
Accrued Interest on Notes	69,305.14	30,983.34	19,891.67	8,177.78	45,507.99
Accrued Interest on Bonds	78,636.25	81,592.50	84,273.75	63,181.25	
Accrued Interest on Loans	53.77	159.71	263.56	365.37	465.17
Water Rent Overpayments	446.00	649.52	13,675.75	28,994.55	33,725.92
Interfunds Payable	14,270.14	101,287.12	6,846.85	11,744.12	13,360.21
	<u>199,801.31</u>	<u>271,655.97</u>	<u>907,488.12</u>	<u>533,772.09</u>	<u>577,412.33</u>
Reserve for Receivables and Inventory	622,824.63	519,920.64	481,091.26	592,725.62	485,969.98
Fund Balance	<u>1,393,644.31</u>	<u>627,521.42</u>	<u>1,284,546.53</u>	<u>1,520,205.59</u>	<u>1,299,740.56</u>
	<u>2,216,270.25</u>	<u>1,419,098.03</u>	<u>2,673,125.91</u>	<u>2,646,703.30</u>	<u>2,363,122.87</u>
<u>Capital Fund</u>					
Serial Bonds	6,055,000.00	6,290,000.00	6,505,000.00	4,595,000.00	
Water Supply Contaminated Wellfield Loan Payable	22,506.73	66,853.88	110,327.22	152,943.96	194,720.98
Bond Anticipation Notes	8,960,000.00	5,500,000.00	3,300,000.00	1,600,000.00	3,850,000.00
Improvement Authorizations:					
Funded	329,199.08	898,342.68	239,514.34	609,799.98	1,170.33
Unfunded	7,172,746.91	6,162,226.13	6,753,816.20	2,444,738.56	2,046,850.37
Capital Improvement Fund	424.50	424.50	18,424.50	18,424.50	18,424.50
Interfunds Payable	112,537.42	100,884.00		0.27	
Reserve for Debt Service			12,500.00	457,500.00	
Amortization Fund	13,010,942.65	12,181,785.93	12,065,113.59	11,961,103.85	11,918,749.10
Deferred Amortization Fund	530,009.74	1,111,942.27	760,141.27	231,534.27	221,534.27
Fund Balance	<u>272,052.14</u>	<u>41,524.75</u>	<u>23,476.11</u>	<u>123,513.11</u>	<u>58,669.93</u>
	<u>36,465,419.17</u>	<u>32,353,984.14</u>	<u>29,788,313.23</u>	<u>22,194,558.50</u>	<u>18,310,119.48</u>
	<u>\$ 38,681,689.42</u>	<u>\$ 33,773,082.17</u>	<u>\$ 32,461,439.14</u>	<u>\$ 24,841,261.80</u>	<u>\$ 20,673,242.35</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 3,794,000.00</u>	<u>\$ 3,850,000.00</u>	<u>\$ 1,880,000.00</u>	<u>\$ 900,000.00</u>	<u>\$ 1,455,577.73</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

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

	Unaudited	Audited			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 347,000.00	\$ 499,100.00	\$ 135,608.00	\$ 134,000.00	\$
Water Rents	5,786,793.90	4,580,709.52	4,755,710.89	4,813,926.61	4,866,643.10
Miscellaneous Revenue Anticipated	55,521.61	36,563.02	28,681.72	27,373.80	28,825.77
Water Utility Capital Surplus	40,000.00	23,400.00	123,500.00		
Reserve for Debt Service		12,500.00	457,500.00		
Nonbudget Revenue	89,358.30	54,709.57	72,582.77	98,901.71	57,791.71
Other Credits to Income	28,981.18	240,110.37	155,395.85	415,861.24	316,270.04
	<u>6,347,654.99</u>	<u>5,447,092.48</u>	<u>5,728,979.23</u>	<u>5,490,063.36</u>	<u>5,269,530.62</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating:					
Salaries and Wages	909,485.00	1,022,743.09	1,018,708.00	1,031,655.00	1,019,661.00
Other Expenses	3,548,864.00	3,352,964.00	3,410,555.00	3,348,019.00	3,562,388.00
Capital Improvements	171,000.00	192,000.00			
Debt Service	543,632.10	482,623.50	836,567.29	191,798.33	165,365.77
Statutory Expenditures	61,551.00	59,687.00	63,200.00	64,126.00	64,951.00
	<u>5,234,532.10</u>	<u>5,110,017.59</u>	<u>5,329,030.29</u>	<u>4,635,598.33</u>	<u>4,812,365.77</u>
Excess in Revenue	1,113,122.89	337,074.89	399,948.94	854,465.03	457,164.85
<u>Fund Balance</u>					
Balance January 1	627,521.42	1,284,546.53	1,520,205.59	1,299,740.56	842,575.71
	<u>1,740,644.31</u>	<u>1,621,621.42</u>	<u>1,920,154.53</u>	<u>2,154,205.59</u>	<u>1,299,740.56</u>
Decreased by:					
Utilized as Anticipated Revenue:					
Water Operating Fund Budget	347,000.00	499,100.00	135,608.00	134,000.00	
Current Fund Budget		495,000.00	500,000.00	500,000.00	
	<u>347,000.00</u>	<u>994,100.00</u>	<u>635,608.00</u>	<u>634,000.00</u>	
Balance December 31	<u>\$ 1,393,644.31</u>	<u>\$ 627,521.42</u>	<u>\$ 1,284,546.53</u>	<u>\$ 1,520,205.59</u>	<u>\$ 1,299,740.56</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - SEWER UTILITY - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2015</u>	Balance <u>Dec. 31, 2014</u>	Balance <u>Dec. 31, 2013</u>	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
<u>Operating Fund</u>					
Cash - Checking	\$ 1,397,003.12	\$ 244,301.06	\$ 747,203.89	\$ 648,675.75	\$ 975,607.52
Interfunds Receivable	225.94	61,652.17	707.56		
Deferred Charges:					
Deficit in Operations		50,844.55			
	<u>1,397,229.06</u>	<u>356,797.78</u>	<u>747,911.45</u>	<u>648,675.75</u>	<u>975,607.52</u>
Assets with Full Reserves:					
Sewer Rents Receivable	370,370.29	306,349.00	269,418.17	351,708.51	310,002.81
Inventory - Materials and Supplies				591.60	662.92
	<u>370,370.29</u>	<u>306,349.00</u>	<u>269,418.17</u>	<u>352,300.11</u>	<u>310,665.73</u>
	<u>1,767,599.35</u>	<u>663,146.78</u>	<u>1,017,329.62</u>	<u>1,000,975.86</u>	<u>1,286,273.25</u>
<u>Capital Fund</u>					
Cash - Checking	1,146,922.89	1,160,252.41	837,443.48	711,903.07	560,007.07
Interfunds Receivable	156,337.33	1,304.94			
Fixed Capital	139,324.05	24,324.05	24,324.05	24,324.05	24,324.05
Fixed Capital Authorized and Uncompleted	6,223,000.00	4,438,000.00	3,458,000.00	2,653,000.00	2,403,000.00
	<u>7,665,584.27</u>	<u>5,623,881.40</u>	<u>4,319,767.53</u>	<u>3,389,227.12</u>	<u>2,987,331.12</u>
	<u>\$9,433,183.62</u>	<u>\$ 6,287,028.18</u>	<u>\$ 5,337,097.15</u>	<u>\$ 4,390,202.98</u>	<u>\$4,273,604.37</u>

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TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - SEWER UTILITY - REGULATORY BASIS

Sheet #2

	Unaudited	Audited			
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance	Balance	Balance	Balance	Balance
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
<u>Operating Fund</u>					
Appropriation Reserves	\$ 81,617.31	\$ 58,801.35	\$ 181,784.61	\$ 73,917.03	\$ 148,671.62
Accounts Payable			11,739.08	1,768.23	
Sewer Rent Overpayments			328.87	73.26	0.27
Accrued Interest on Bonds	30,596.04	32,280.09	33,346.04	29,397.50	
Accrued Interest on Notes	19,403.13	8,058.33	4,219.44	2,146.67	25,397.57
Interfunds Payable	133,805.15	3,932.05	4,767.45	5,592.27	4,413.25
	265,421.63	103,071.82	236,185.49	112,894.96	178,482.71
Reserve for Receivables and Inventory	370,370.29	306,349.00	269,418.17	352,300.11	310,665.73
Fund Balance	1,131,807.43	253,725.96	511,725.96	535,780.79	797,124.81
	1,767,599.35	663,146.78	1,017,329.62	1,000,975.86	1,286,273.25
<u>Capital Fund</u>					
Serial Bonds	2,333,000.00	2,448,000.00	2,553,000.00	2,138,000.00	
Bond Anticipation Notes	2,535,000.00	1,300,000.00	700,000.00	420,000.00	2,190,000.00
Improvement Authorizations:					
Funded	71,109.56	368,362.12	458,145.45	436,677.76	
Unfunded	2,139,176.55	1,226,168.00	462,755.04	275,659.32	707,291.30
Amortization Fund	139,324.05	24,324.05	24,324.05	24,324.05	24,324.05
Deferred Amortization Fund	296,000.00	205,000.00	100,000.00	25,000.00	25,000.00
Reserve for Sewer Study	6,770.40	42,287.00			
Reserve for Future Improvements	116,677.33				
Fund Balance	28,526.38	9,740.23	21,542.99	69,565.99	40,715.77
	7,665,584.27	5,623,881.40	4,319,767.53	3,389,227.12	2,987,331.12
	\$ 9,433,183.62	\$ 6,287,028.18	\$ 5,337,097.15	\$ 4,390,202.98	\$ 4,273,604.37
Bonds and Notes Authorized but Not Issued	\$ 1,059,000.00	\$ 485,000.00	\$ 105,000.00	\$ 70,000.00	\$ 188,000.00

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

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

	Unaudited	Audited			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income</u>					
Fund Balance Utilized	\$ 175,000.00	\$ 33,000.00	\$ 77,307.00	\$ 15,325.00	\$
Sewer Rents	3,162,613.92	2,730,201.52	3,028,933.71	2,832,789.74	2,901,593.62
Connection Fees	779,872.00	12,500.00	7,500.00	12,500.00	27,500.00
Sewer Utility Capital Surplus	9,700.00	21,500.00	53,000.00		
Nonbudget Revenue	16,230.58	28,332.19	21,834.99	27,803.05	67,502.19
Other Credits to Income	29,569.16	104,105.24	4,543.49	40,614.39	32,738.48
	<u>4,172,985.66</u>	<u>2,929,638.95</u>	<u>3,193,119.19</u>	<u>2,929,032.18</u>	<u>3,029,334.29</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operations:					
Salaries and Wages	1,158,489.00	1,202,958.00	1,196,155.00	1,166,689.00	1,173,182.00
Other Expenses	1,542,981.00	1,525,147.00	1,524,252.00	1,525,636.00	1,466,815.00
Capital Improvements	91,000.00				
Debt Service	205,304.64	186,183.50	152,160.02	66,726.20	53,879.52
Statutory Expenditures	71,285.00	66,195.00	67,300.00	66,000.00	67,003.00
Deferred Charges	50,844.55				
	<u>3,119,904.19</u>	<u>2,980,483.50</u>	<u>2,939,867.02</u>	<u>2,825,051.20</u>	<u>2,760,879.52</u>
Excess (Deficit) in Revenue	1,053,081.47	<u>\$ (50,844.55)</u>	253,252.17	103,980.98	268,454.77
<u>Fund Balance</u>					
Balance January 1	253,725.96	\$ 511,725.96	535,780.79	797,124.81	528,670.04
	<u>1,306,807.43</u>	<u>511,725.96</u>	<u>789,032.96</u>	<u>901,105.79</u>	<u>797,124.81</u>
Decreased by:					
Utilized as Anticipated Revenue:					
Sewer Operating Fund Budget	175,000.00	33,000.00	77,307.00	15,325.00	
Current Fund Budget		225,000.00	200,000.00	350,000.00	
	<u>175,000.00</u>	<u>258,000.00</u>	<u>277,307.00</u>	<u>365,325.00</u>	
Balance December 31	<u>\$ 1,131,807.43</u>	<u>\$ 253,725.96</u>	<u>\$ 511,725.96</u>	<u>\$ 535,780.79</u>	<u>\$ 797,124.81</u>

See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE BALANCE SHEETS - SWIMMING POOL UTILITY - REGULATORY BASIS

	Unaudited	Audited			
	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<b><u>ASSETS AND DEFERRED CHARGES</u></b>					
<b><u>Operating Fund</u></b>					
Cash - Checking	\$ 29,390.13	\$ 4,403.48	\$ 8,754.55	\$ 24,737.92	\$ 56,330.23
Change Funds	600.00	200.00	200.00	200.00	100.00
Interfunds Receivable	37,819.19	7,432.69	6,490.92	477.00	
Deferred Charges:					
Deficit in Operations		12,953.42			
	<u>67,809.32</u>	<u>24,989.59</u>	<u>15,445.47</u>	<u>25,414.92</u>	<u>56,430.23</u>
<b><u>Capital Fund</u></b>					
Cash - Checking	758.91	223.23	29,943.99	29,374.55	28,429.01
Interfunds Receivable	22,904.00	23,804.00			
Fixed Capital	2,530,869.06	2,530,869.06	2,530,869.06	2,530,869.06	2,530,869.06
Fixed Capital Authorized and Uncompleted	210,000.00	210,000.00	210,000.00	210,000.00	210,000.00
	<u>2,764,531.97</u>	<u>2,764,896.29</u>	<u>2,770,813.05</u>	<u>2,770,243.61</u>	<u>2,769,298.07</u>
	<u>\$ 2,832,341.29</u>	<u>\$ 2,789,885.88</u>	<u>\$ 2,786,258.52</u>	<u>\$ 2,795,658.53</u>	<u>\$ 2,825,728.30</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>					
<b><u>Operating Fund</u></b>					
Appropriation Reserves	\$ 4,097.41	\$	\$	\$ 5,575.75	\$ 1,345.66
Encumbrances Payable	1,701.95		10,578.05		
Accrued Interest on Notes	925.33	1,185.58	1,433.33	2,078.13	2,252.44
Security Deposit			500.00		
Interfunds Payable	22,904.00	23,804.00	1,200.08	265.00	27,826.68
Fund Balance	38,180.63	0.01	1,734.01	17,496.04	25,005.45
	<u>67,809.32</u>	<u>24,989.59</u>	<u>15,445.47</u>	<u>25,414.92</u>	<u>56,430.23</u>
<b><u>Capital Fund</u></b>					
Bond Anticipation Notes	96,000.00	123,000.00	150,000.00	175,000.00	196,000.00
Improvement Authorizations:					
Unfunded	20,359.08	20,359.08	20,359.08	20,779.64	21,162.35
Capital Improvement Fund	2,698.39	2,698.39	2,698.39	2,698.39	2,698.39
Amortization Fund	2,530,869.06	2,530,869.06	2,530,869.06	2,530,869.06	2,530,869.06
Deferred Amortization Fund	114,000.00	87,000.00	60,000.00	35,000.00	14,000.00
Interfunds Payable			5,896.00		
Fund Balance	605.44	969.76	990.52	5,896.52	4,568.27
	<u>2,764,531.97</u>	<u>2,764,896.29</u>	<u>2,770,813.05</u>	<u>2,770,243.61</u>	<u>2,769,298.07</u>
	<u>\$ 2,832,341.29</u>	<u>\$ 2,789,885.88</u>	<u>\$ 2,786,258.52</u>	<u>\$ 2,795,658.53</u>	<u>\$ 2,825,728.30</u>

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See accompanying notes to financial statements.

TOWNSHIP OF LIVINGSTON  
COUNTY OF ESSEX, NEW JERSEY

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

	Unaudited	Audited			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income</u>					
Fund Balance Utilized	\$	\$ 1,734.00	\$ 17,496.04	\$ 25,005.45	\$ 35,000.00
Membership and Guest Fees	401,760.20	439,188.00	445,978.85	440,818.80	446,774.20
Refectory Fees	33,545.25	7,201.10	12,001.00	8,650.00	8,600.00
Nonbudget Revenue		1,364.96	3,823.50	4,104.77	5,811.18
Swimming Pool Utility Capital Surplus	900.00	990.00	5,896.00		
Other Credits to Income	48,760.92	1,243.37	4,210.74	1,194.93	3,870.59
	<u>484,966.37</u>	<u>451,721.43</u>	<u>489,406.13</u>	<u>479,773.95</u>	<u>500,055.97</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operations:					
Salaries and Wages	258,897.00	268,908.30	281,303.52	260,303.00	297,317.20
Other Expenses	137,876.00	156,584.47	167,751.98	166,197.00	156,779.92
Debt Service	27,966.33	28,248.08	26,536.62	23,258.91	16,492.37
Statutory Expenditures	9,093.00	10,934.00	12,080.00	12,519.00	13,110.91
Deferred Charges	12,953.42				
	<u>446,785.75</u>	<u>464,674.85</u>	<u>487,672.12</u>	<u>462,277.91</u>	<u>483,700.40</u>
Prior Year Revenue Refund					35.00
	<u>446,785.75</u>	<u>464,674.85</u>	<u>487,672.12</u>	<u>462,277.91</u>	<u>483,735.40</u>
Excess (Deficit) in Revenue	38,180.62	<u>\$ (12,953.42)</u>	1,734.01	17,496.04	16,320.57
<u>Fund Balance</u>					
Balance January 1	0.01	\$ 1,734.01	17,496.04	25,005.45	43,684.88
	<u>38,180.63</u>	<u>1,734.01</u>	<u>19,230.05</u>	<u>42,501.49</u>	<u>60,005.45</u>
Decreased by:					
Utilized as Anticipated Revenue:					
Swimming Pool Operating Fund Budget		1,734.00	17,496.04	25,005.45	35,000.00
		<u>1,734.00</u>	<u>17,496.04</u>	<u>25,005.45</u>	<u>35,000.00</u>
Balance December 31	<u>\$ 38,180.63</u>	<u>\$ 0.01</u>	<u>\$ 1,734.01</u>	<u>\$ 17,496.04</u>	<u>\$ 25,005.45</u>

See accompanying notes to financial statements.

***NOTES TO FINANCIAL STATEMENTS***

**TOWNSHIP OF LIVINGSTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of Livingston is organized as a Council-Manager municipality under the provisions of N.J.S. 40:69A-81 et seq. The Township is “governed by an elected Council and by an appointed Municipal Manager, and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of four years beginning on the first day of January next following their election and that the Mayor shall be elected by the members of the Council”.

Each member of the Council carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Township of Livingston include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S. 40A:5-5. The financial statements, however, do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

**B. Description of Funds**

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

The accounting policies of the Township of Livingston conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a “Modified Accrual Basis of Accounting” which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Livingston accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

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

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

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

B. **Description of Funds (Continued)**

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

**Utilities Funds** - Water, Sewer and Swimming Pool Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

**Public Assistance Trust Fund** - Receipts and disbursements of funds that provide assistance to certain residents of the Township of Livingston pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

**Payroll Fund** - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly therefrom. A Payroll Fund does not exist under GAAP.

**Capital Fixed Assets Account** - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

C. **Basis of Accounting**

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

**Property Taxes and Other Revenue**

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

**Grant Revenue**

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

**Expenditures**

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

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

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

**C. Basis of Accounting (Continued)**

**Expenditures (Continued)**

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

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

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

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

**Encumbrances**

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

**Appropriation Reserves**

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

**Compensated Absences**

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

**Property Acquired for Taxes**

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

**Self-Insurance Contributions**

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

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

C. **Basis of Accounting (Continued)**

**Interfunds Receivable**

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

**Inventories of Supplies**

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

An annual inventory of materials and supplies for the Water Utility is required, by regulation, to be prepared by Township personnel for inclusion on the Water Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

**Capital Fixed Assets**

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Township of Livingston has developed a fixed asset accounting and reporting system.

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

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

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

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

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

Utilities:

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

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

**C. Basis of Accounting (Continued)**

**Capital Fixed Assets (Continued)**

Utilities: (Continued)

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

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

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

**D. Basic Financial Statements**

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

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Cash and Cash Equivalents**

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

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

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

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

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

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

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

### **A. Cash and Cash Equivalents (Continued)**

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

### **B. Investments**

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

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

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

As of December 31, 2014, the Township had funds on deposit in checking accounts. The amount on deposit of the Township's Cash and Cash Equivalents as of December 31, 2014 was \$33,230,664.93. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

## **3. TAXES AND TAX TITLE LIENS RECEIVABLE**

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

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

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

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

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

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

**Comparative Schedule of Tax Rates**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$2.383</u>	<u>\$2.293</u>	<u>\$2.204</u>	<u>\$2.139</u>	<u>\$2.059</u>
Apportionment of Tax Rate:					
Municipal	\$0.407	\$0.398	\$0.374	\$0.364	\$0.390
Municipal Open Space	0.005	0.005	0.005	0.005	0.005
County	0.514	0.472	0.454	0.442	0.412
County Open Space	0.016	0.015	0.015	0.016	0.016
School	1.406	1.368	1.321	1.277	1.236
Library	0.035	0.035	0.035	0.035	

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2014	\$7,175,921,517.00
2013	7,225,830,405.00
2012	7,294,618,974.00
2011	7,448,915,474.00
2010	7,530,150,474.00

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

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2014	\$172,109,064.31	\$171,774,596.94	99.80 %
2013	166,454,722.76	164,936,317.98	99.08
2012	161,561,883.20	157,715,307.09	97.61
2011	159,830,354.91	156,977,134.70	98.21
2010	155,524,569.18	153,013,337.94	98.38

**Delinquent Taxes and Tax Liens**

<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>
2014	\$ 59,462.05	\$ 13,207.09	\$ 72,669.14	0.04 %
2013	58,282.22	3,869.99	62,152.21	0.03
2012	49,934.43	4,840,202.50	4,890,136.93	3.02
2011	37,382.64	3,139,943.81	3,177,326.45	1.98
2010	24,134.17	2,331,399.00	2,355,533.17	1.51

**4. SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS**

A Special Improvement District was established by ordinance of the Township of Livingston, adopted on September 8, 1998, in accordance with the provisions of N.J.S.A. 40:56-65 et seq. for the purposes of improvements for the safety and attractiveness of Township District businesses.

Commercial properties within the geographic boundaries of the District subject to assessment are designated as either Tier I or Tier II properties and are assessed at rates based on property location. Tier I properties are those commercial properties within the District that are in the core business areas along Livingston Avenue, Mt. Pleasant Avenue and Northfield Road. Tier II properties are all other properties in the District.

Assessments for the year ending December 31, 2014 were \$374,682.85.

**5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2014	\$ 260,750.00
2013	258,950.00
2012	260,950.00
2011	260,950.00
2010	260,950.00

**6. WATER CONSUMER ACCOUNTS RECEIVABLE**

The Township of Livingston maintains a utility fund for the billing and collection of water rents. The Township is divided into six sections for the purposes of billings which are done on a quarterly basis.

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

<u>Year</u>	<u>Billing</u>	<u>Collections*</u>
2014	\$4,608,825.90	\$4,580,709.52
2013	4,647,975.53	4,755,710.89
2012	4,911,637.25	4,813,926.61
2011	4,750,499.95	4,866,643.10
2010	5,650,308.55	5,351,547.77

\*Includes amounts received for prior years' receivables.

**7. SEWER RENTS RECEIVABLE**

The Township of Livingston established a utility fund in the year 2007 for the billing and collection of sewer rents. The Township is divided into six sections for the purposes of billings which are done on a quarterly basis.

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

<u>Year</u>	<u>Billing</u>	<u>Collections*</u>
2014	\$2,767,132.35	\$2,730,201.52
2013	2,946,643.37	3,028,933.71
2012	2,874,495.44	2,832,789.74
2011	2,857,906.04	2,901,593.62
2010	3,277,741.46	3,123,990.22

\*Includes amounts received for prior years' receivables.

**8. SWIMMING POOL UTILITY**

Comparison of Swimming Pool Membership and Guest Fees collected for the past five years are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 439,188.00
2013	445,978.85
2012	440,818.80
2011	446,774.20
2010	468,891.00

**9. FUND BALANCES APPROPRIATED**

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2014	\$2,484,636.50	\$ 945,000.00
	2013	2,342,353.91	1,375,000.00
	2012	1,153,081.03	410,000.00
	2011	2,952,658.87	2,383,464.90
	2010	3,450,074.91	2,600,000.00
Water Utility Operating Fund:	2014	627,521.42	347,000.00
	2013	1,284,546.53	499,100.00
	2012	1,520,205.59	135,608.00
	2011	1,299,740.56	134,000.00
	2010	842,575.71	-
Sewer Utility Operating Fund:	2014	253,725.96	175,000.00
	2013	511,725.96	33,000.00
	2012	535,780.79	77,307.00
	2011	797,124.81	15,325.00
	2010	528,670.04	-
Swimming Pool Utility Operating Fund:	2014	0.01	-
	2013	1,734.01	1,734.00
	2012	17,496.04	17,496.04
	2011	25,005.45	25,005.45
	2010	43,684.88	35,000.00

**10. PENSION PLANS**

**Description of Systems**

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

**Public Employees' Retirement System:**

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

## 10. PENSION PLANS (Continued)

### Significant Legislation

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

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

- . New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- . The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- . Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- . The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

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

Police and Firemen's Retirement System:

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

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

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

### Significant Legislation

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

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

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

**10. PENSION PLANS (Continued)**

**Significant Legislation (Continued)**

Consolidated Police and Firemen's Pension Fund:

The Consolidated Police and Firemen's Retirement System (CPFPP) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

**Contributions Required and Made**

Contributions made by employees for PERS and PFRS are currently 6.92% and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

Year	PERS		PFRS		CPFPP
	Township	Employees	Township	Employees	Township
2014	\$1,345,853.00	\$641,144.53	\$1,901,022.00	\$751,109.68	\$15,443.40
2013	1,375,758.00	621,547.73	1,994,361.00	768,400.50	15,529.04
2012	1,395,214.00	616,518.39	1,955,522.00	785,618.20	5,434.28

**11. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

**Description of System**

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

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

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

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

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

- . All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- . A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- . Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- . Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.

**11. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

**Description of System (Continued)**

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

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

**Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past three years are as follows:

<u>Year</u>	<u>Township</u>	<u>Employees</u>
2014	\$6,320.36	\$11,452.45
2013	6,023.54	11,048.21
2012	4,080.56	7,481.77

**12. POST-RETIREMENT BENEFITS**

**Plan Description**

The Township of Livingston contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in the year 1964. Local employers must adopt a resolution to participate in the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to the State of New Jersey Division of Pensions and Benefits, P.O. Box 205, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf).

Full-time non-union employees of the Township hired on or before December 31, 2009, who retire under the Public Employees' Retirement System that have completed certain eligibility requirements are eligible to continue participation with the SHBP for medical benefits coverage. Those retired employees that opt to continue under the SHBP are responsible for the monthly premiums and will be reimbursed by the Township under a premium reimbursement program. This program will reimburse the retiree 60%, 70% or 80% of the insurance premium contingent upon years of service with the New Jersey PERS and consecutive years of full-time service with the Township. The percentage of insurance reimbursement remains the same during the entire retirement period and does not increase with age. Retiree benefits under this program will cover the employee and any eligible spouse or dependents.

Non-union employees hired on or after January 1, 2010 are not eligible for the Premium Reimbursement Program.

## **12. POST-RETIREMENT BENEFITS (Continued)**

### **Plan Description (Continued)**

As of December 31, 2014, there were ten (10) retirees in the premium reimbursement program.

In the year 2005, however under the early retirement incentive program, the Township offered certain employees post-employment health benefits, the cost of which would be paid directly by the Township. Four employees accepted the early retirement program and the Township is responsible for their health benefits coverage.

### **Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums for the three employees as of December 31, 2014 under the early retirement incentive plan in the SHBP are billed to the Township of Livingston on a monthly basis.

The Township of Livingston contributions to SHBP for the years ended December 31, 2014, 2013 and 2012 were \$30,152.07, \$34,517.76 and \$34,105.08, respectively, which equaled the required contributions for each year.

The Township of Livingston also paid retirees in the Premium Reimbursement Program \$116,108.25 for the year ended December 31, 2014.

## **13. MUNICIPAL DEBT**

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

**13. MUNICIPAL DEBT (Continued)**

**Summary of Municipal Debt (Excluding Current and Operating Debt)**

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 87,570,448.20	\$ 88,942,971.94	\$ 91,122,963.06
Loans Payable	281,116.81	306,533.56	331,777.89
Water Utility:			
Bonds and Notes	11,790,000.00	9,805,000.00	6,195,000.00
Loans Payable	66,853.88	110,327.22	152,943.96
Sewer Utility:			
Bonds and Notes	3,748,000.00	3,253,000.00	2,558,000.00
Swimming Pool Utility:			
Notes	123,000.00	150,000.00	175,000.00
	<u>103,579,418.89</u>	<u>102,567,832.72</u>	<u>100,535,684.91</u>
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	5,546,524.52	4,603,004.52	3,975,804.52
Water Utility:			
Bonds and Notes	3,850,000.00	1,880,000.00	900,000.00
Sewer Utility:			
Bonds and Notes	485,000.00	105,000.00	70,000.00
	<u>9,881,524.52</u>	<u>6,588,004.52</u>	<u>4,945,804.52</u>
 Total Debt	 <u>113,460,943.41</u>	 <u>109,155,837.24</u>	 <u>105,481,489.43</u>
 Less: Cash on Hand:			
General	19,660.00	24,285.03	324.86
Reserve for Debt Service	3,932.42	107.39	
Grants Receivable	9,265.00	11,480.00	
	<u>32,857.42</u>	<u>35,872.42</u>	<u>324.86</u>
 Net Bonds and Notes Issued and Authorized but Not Issued	 <u>\$113,428,085.99</u>	 <u>\$109,119,964.82</u>	 <u>\$105,481,164.57</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.121%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$109,766,849.00	\$109,766,849.00	\$
Water Utility	15,706,853.88	15,706,853.88	
Sewer Utility	4,233,000.00	1,134,004.20	3,098,995.80
Swimming Pool Utility	123,000.00		123,000.00
General	93,398,089.53	12,558,305.62	80,839,783.91
	<u>\$223,227,792.41</u>	<u>\$139,166,012.70</u>	<u>\$84,061,779.71</u>

Net debt, \$84,061,779.71, divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$7,497,933,793.00 equals 1.121%.

**13. MUNICIPAL DEBT (Continued)**

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

3 1/2% of Equalized Valuation Basis		\$ 262,427,682.76
Net Debt		<u>84,061,779.71</u>
Remaining Borrowing Power		<u><u>\$ 178,365,903.05</u></u>

**School Debt Deductions**

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

**Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S.A. 40A:2-45**

Fund Balance, Cash Receipts from Fees, Rents or Other Charges for Year		\$ 5,206,982.11
Deductions:		
Operating and Maintenance Costs	\$ 4,435,394.09	
Debt Service per Water Utility Operating Fund	<u>482,623.50</u>	
		<u>4,918,017.59</u>
Excess in Revenue		<u><u>\$ 288,964.52</u></u>

There being an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

**Calculation of "Self-Liquidating Purposes" Sewer Utility per N.J.S.A. 40A:2-45**

Fund Balance, Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,825,533.71
Deductions:		
Operating and Maintenance Costs	\$ 2,794,300.00	
Debt Service per Sewer Utility Operating Fund	<u>186,183.50</u>	
		<u>2,980,483.50</u>
Deficit in Revenue		<u><u>\$ (154,949.79)</u></u>
Total Debt Service		<u><u>\$ 186,183.50</u></u>
Deficit Smaller of Deficit in Revenue or Total Debt Service		<u><u>\$ (154,949.79)</u></u>

There being a deficit in Sewer Utility Revenue, the utility debt is not "self-liquidating" for Debt Statement purposes.

Since there is a deficit, the Sewer Utility Debt is not deductible to the extent of 20 times the deficit amount.

**13. MUNICIPAL DEBT (Continued)**

**Calculation of "Self-Liquidating Purposes" Swimming Pool Utility per N.J.S.A. 40A:2-45**

Fund Balance, Cash Receipts from Fees, Rents or Other Charges for Year		\$ 450,478.06
Deductions:		
Operating and Maintenance Costs	\$ 436,426.77	
Debt Service per Swimming Pool Utility Operating Fund	<u>28,248.08</u>	
		<u>464,674.85</u>
Deficit in Revenue		<u>\$ (14,196.79)</u>
Total Debt Service		<u>\$ 28,248.08</u>
Deficit Smaller of Deficit in Revenue or Total Debt Service		<u>\$ (14,196.79)</u>

There being a deficit in Swimming Pool Utility Revenue, the utility debt is not "self-liquidating" for Debt Statement purposes.

Since there is a deficit, the Swimming Pool Utility Debt is not deductible to the extent of 20 times the deficit amount.

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

### 13. MUNICIPAL DEBT (Continued)

As of December 31, 2014, the Township's long-term debt is as follows:

#### General Obligation Bonds

\$4,485,000, 2005 Bonds due in annual installments of \$285,000 to \$300,000 through July 2020, interest at 3.625% to 3.75%	\$ 1,785,000.00
\$4,835,000, 2005 Refunding Bonds due in annual installments of \$170,000 to \$470,000 through August 2020, interest at 4.00% to 4.75%	2,450,000.00
\$5,675,000, 2007 Refunding Bonds due in annual installments of \$240,000 to \$370,000 through August 2031, interest at 4.00% to 5.00%	4,910,000.00
\$2,750,146.22, 2007 Refunding Bonds due in annual installments of \$139,573.45 to \$316,639.82 through July 2017, interest at 4.41%	600,448.20
\$3,095,000, 2010 Refunding Bonds due in annual installments of \$585,000 to \$605,000 through August 2016, interest at 3.00% to 4.00%	1,190,000.00
\$46,935,000, 2012 Bonds due in annual installments of \$850,000 to \$1,700,000 through January 2042, interest at 3.00% to 3.50%	45,235,000.00
\$3,775,000, 2012 Refunding Bonds due in annual installments of \$325,000 to \$400,000 through July 2023, interest at 3.00% to	3,375,000.00
\$6,500,000, 2013 Bonds due in annual installments of \$250,000 to \$500,000 through January 2028, interest at 2.00% to 2.75%	6,250,000.00
\$3,838,000, 2014 Bonds due in annual installments of \$170,000 to \$298,000 through January 2029, interest at 2.00% to 4.00%	<u>3,838,000.00</u>
	<u>\$ 69,633,448.20</u>

#### Water Utility Bonds

\$4,595,000, 2012 Bonds due in annual installments of \$175,000 to \$260,000 through January 2031, interest at 3.00%	\$ 4,310,000.00
\$2,040,000, 2013 Bonds due in annual installments of \$60,000 to \$120,000 through January 2033, interest at 2.00% to 3.00%	<u>1,980,000.00</u>
	<u>\$ 6,290,000.00</u>

#### Sewer Utility Bonds

\$2,138,000, 2012 Bonds due in annual installments of \$85,000 to \$150,000 through January 2029, interest at 3.00%	\$ 1,988,000.00
\$490,000, 2013 Bonds due in annual installments of \$30,000 to \$40,000 through January 2028, interest at 2.00% to 2.75%	<u>460,000.00</u>
	<u>\$ 2,448,000.00</u>

**13. MUNICIPAL DEBT (Continued)**

A schedule of annual debt service for principal and interest for bonded debt is as follows:

Calendar Year	Total	General		Water Utility		Sewer Utility	
		Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 6,628,243.09	\$ 3,736,639.82	\$ 2,298,478.27	\$ 235,000.00	\$ 174,795.00	\$ 115,000.00	\$ 68,330.00
2016	7,003,505.63	3,989,234.93	2,356,870.70	295,000.00	167,445.00	130,000.00	64,955.00
2017	7,180,008.39	4,269,573.45	2,220,459.94	340,000.00	158,620.00	130,000.00	61,355.00
2018	7,261,479.76	4,485,000.00	2,089,654.76	340,000.00	149,220.00	140,000.00	57,605.00
2019	7,247,029.76	4,600,000.00	1,953,804.76	340,000.00	139,820.00	160,000.00	53,405.00
2020	6,916,454.76	4,410,000.00	1,817,279.76	340,000.00	130,420.00	170,000.00	48,755.00
2021	6,397,748.51	4,005,000.00	1,693,048.51	360,000.00	120,820.00	175,000.00	43,880.00
2022	6,288,992.26	3,995,000.00	1,584,504.76	380,000.00	110,670.00	180,000.00	38,817.50
2023	6,098,714.76	3,930,000.00	1,474,902.26	380,000.00	100,170.00	180,000.00	33,642.50
2024	5,636,324.76	3,600,000.00	1,358,187.26	380,000.00	89,670.00	180,000.00	28,467.50
2025	5,522,632.26	3,600,000.00	1,250,282.26	380,000.00	79,170.00	190,000.00	23,180.00
2026	5,414,567.38	3,610,000.00	1,148,317.38	380,000.00	68,520.00	190,000.00	17,730.00
2027	5,288,359.25	3,605,000.00	1,043,489.25	380,000.00	57,660.00	190,000.00	12,210.00
2028	5,258,340.50	3,700,000.00	935,050.50	380,000.00	46,650.00	190,000.00	6,640.00
2029	4,584,978.00	3,213,000.00	826,508.00	380,000.00	35,550.00	128,000.00	1,920.00
2030	4,043,945.00	2,910,000.00	729,645.00	380,000.00	24,300.00		
2031	3,113,855.00	2,070,000.00	650,955.00	380,000.00	12,900.00		
2032	2,407,875.00	1,700,000.00	582,475.00	120,000.00	5,400.00		
2033	2,349,025.00	1,700,000.00	527,225.00	120,000.00	1,800.00		
2034	2,170,912.50	1,700,000.00	470,912.50				
2035	2,112,475.00	1,700,000.00	412,475.00				
2036	2,052,975.00	1,700,000.00	352,975.00				
2037	1,993,475.00	1,700,000.00	293,475.00				
2038	1,933,975.00	1,700,000.00	233,975.00				
2039	1,874,475.00	1,700,000.00	174,475.00				
2040	1,814,975.00	1,700,000.00	114,975.00				
2041	1,642,487.50	1,585,000.00	57,487.50				
2042	864,875.00	850,000.00	14,875.00				
	<u>\$121,102,704.07</u>	<u>\$81,463,448.20</u>	<u>\$28,666,763.37</u>	<u>\$6,290,000.00</u>	<u>\$1,673,600.00</u>	<u>\$2,448,000.00</u>	<u>\$560,892.50</u>

The above Schedule of Annual Debt Service has been adjusted for a 2015 Bond issue and 2015 Refunding Bond issue as described in Note 21.

The interest reflected above is on the cash basis for all funds.

**13. MUNICIPAL DEBT (Continued)**

**Water Supply Contaminated Wellfield Loans**

Loan agreements in the amount of \$3,000,000.00 were entered into by the Township of Livingston with the New Jersey Department of Environmental Protection in 1992 for the purpose of Design and Construction of Four Air Stripping Towers at an interest rate of 2.0%. The Spill Compensation Fund paid the New Jersey Department of Environmental Protection \$1,850,835.40 in 1995 and \$214,274.16 in 1996 which reduced the loan balance to \$934,882.60. In 2002 the Water Supply Contaminated Wellfield Loan Receivable was cancelled in the sum of \$515,662.97.

The following is a revised Schedule of Annual Principal and Interest Payments for the Water Supply Contaminated Wellfield Loan:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$45,463.60	\$44,347.15	\$1,116.45
2016	<u>22,731.80</u>	<u>22,506.73</u>	<u>225.07</u>
	<u>\$68,195.40</u>	<u>\$66,853.88</u>	<u>\$1,341.52</u>

**Lake and Stream Restoration Loan Payable**

A loan agreement was entered into by the Township of Livingston with the New Jersey Department of Environmental Protection for the purpose of improvements to Littell's Pond at an interest rate of 2.0%.

The following is a Schedule of Annual Principal and Interest Payments for the Lake and Stream Restoration Loan Payable as of December 31, 2014:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 11,503.90	\$ 8,925.97	\$ 2,577.93
2016	11,503.90	9,105.38	2,398.52
2017	11,503.88	9,288.39	2,215.49
2018	11,503.88	9,475.08	2,028.80
2019	11,503.89	9,665.54	1,838.35
2020	11,503.88	9,859.81	1,644.07
2021	11,503.90	10,058.00	1,445.90
2022	11,503.89	10,260.16	1,243.73
2023	11,503.88	10,466.39	1,037.49
2024	11,503.88	10,676.77	827.11
2025	11,503.89	10,891.37	612.52
2026	11,503.89	11,110.30	393.59
2027	<u>11,503.90</u>	<u>11,333.61</u>	<u>170.29</u>
	<u>\$149,550.56</u>	<u>\$131,116.77</u>	<u>\$18,433.79</u>

**Downtown Business Improvement Loan Payable**

Loan agreements in the amount of \$250,000.00, at no interest, were entered into by the Township of Livingston with the New Jersey Department of Community Affairs for the purpose of streetscape improvements.

**13. MUNICIPAL DEBT (Continued)**

**Downtown Business Improvement Loan Payable (Continued)**

The following is a Schedule of Annual Principal Payments for the Downtown Business Improvement Loan:

<u>Year</u>	<u>Principal</u>
2015	\$ 16,666.66
2016	16,666.66
2017	16,666.66
2018	16,666.66
2019	16,666.66
2020	16,666.66
2021	16,666.66
2022	16,666.66
2023	16,666.76
	<u>\$150,000.04</u>

**Tax Appeal Refunding Note**

Outstanding Tax Appeal Refunding Note is summarized as follows:

<u>Note</u>	<u>Interest Rate</u>	<u>Amount</u>
January 2011 Issue	1.00 %	<u>\$ 608,000.00</u>

The following is a schedule of principal payments for the Tax Appeal Refunding Note:

<u>Year</u>	<u>January 2011 Issue</u>
2015	\$ 304,000.00
2016	304,000.00
	<u>\$ 608,000.00</u>

**Bond Anticipation Notes**

Outstanding Bond Anticipation Notes are summarized as follows:

<u>Notes</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital	1.00 %	\$ 17,329,000.00
Water Capital	1.00	5,500,000.00
Sewer Capital	1.00	1,300,000.00
Swimming Pool Utility	1.00	123,000.00

**13. MUNICIPAL DEBT (Continued)**

**Bond Anticipation Notes (Continued)**

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

<u>Original Note Issued</u>	<u>Legal Installments Due</u>	<u>Funding Required as of May 1</u>
2008	2011 - 2018	2019
2009	2012 - 2019	2020
2012	2015 - 2022	2023
2013	2016 - 2023	2024
2014	2017 - 2024	2025

**Bonds and Notes Authorized but Not Issued**

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

	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
General Capital Fund:		
General Improvements	\$5,546,524.52	\$4,603,004.52
Water Capital Fund:		
General Improvements	3,850,000.00	1,880,000.00
Sewer Capital Fund:		
General Improvements	485,000.00	105,000.00

**14. INTERFUNDS RECEIVABLE AND PAYABLE**

As of December 31, 2014, interfunds receivable and payable that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 2,146.42	\$1,322,024.38
Animal Control Trust Fund	540.00	30.00
General Trust Fund	909,939.64	43,349.76
State Unemployment Insurance Trust Fund	42,909.64	42,148.90
General Capital Fund	404,381.99	1,304.94
Water Utility Operating Fund	211,078.84	101,287.12
Water Utility Capital Fund		100,884.00
Sewer Utility Operating Fund	61,652.17	3,932.05
Sewer Utility Capital Fund	1,304.94	35,516.60
Swimming Pool Operating Fund	7,432.69	23,804.00
Swimming Pool Capital Fund	23,804.00	
Public Assistance Trust Fund Account #2	1,525.00	
Payroll Fund	50,476.06	42,909.64
	<u>\$1,717,191.39</u>	<u>\$1,717,191.39</u>

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheets of the Sewer Utility Fund and the Swimming Pool Utility Fund:

	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>
Sewer Operating Fund:		
Deficit in Operations	\$ 50,844.55	\$ 50,844.55
Swimming Pool Operating Fund:		
Deficit in Operations	12,953.42	12,953.42

**16. DEFERRED COMPENSATION PLAN**

The Township of Livingston offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township of Livingston authorized such modifications to their plan by resolution of the Township Council adopted August 10, 1998.

The Administrator for the Township of Livingston's Deferred Compensation Plan is the Great-West Life Assurance Company and the ICMA Retirement Corporation.

**17. DEFERRED SCHOOL TAX**

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows:

	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>	<u>Increase</u>
*Balance of Tax	\$50,428,354.50	\$49,409,445.50	\$1,018,909.00
Amount Deferred	<u>50,428,354.50</u>	<u>49,409,445.50</u>	<u>1,018,909.00</u>
Total Payable (Cash Liability)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*Required for school operations for the six month period following December 31<sup>st</sup>.

**18. RISK MANAGEMENT**

The Township of Livingston is a member of the Garden State Municipal Joint Insurance Fund which provides coverage for general liability, property insurance, automobile coverage and workers' compensation.

## **19. CONTINGENT LIABILITIES**

### **a. Compensated Absences**

The Township of Livingston has a Terminal Leave Policy whereby eligible employees hired on or prior to December 31, 2009, except police officers, upon retirement, will receive one-half of accumulated sick time not to exceed fifty-five days.

Employees, except police officers, hired on or after January 1, 2010 are not eligible for Terminal Leave on retirement.

For police officers, the Township has a collective bargaining agreement whereby eligible employees, upon retirement, separation due to disability, or death, will receive seventy percent of accumulated sick time with a limit of one hundred five days. Superior officers will receive seventy-five percent of accumulated sick time with a limit of 1,440 hours.

It is estimated that the sum of \$5,031,824.00 computed internally at the 2014 salary rates would be payable to 120 officials and employees of the Township of Livingston as of December 31, 2014 for accumulated sick days and unused holidays. This amount was not verified by audit.

Provisions for the above are not reflected on the Financial Statements of the Township.

### **b. Tax Appeals**

As of April 30, 2015, there were 238 appeals pending before the New Jersey Tax Court with assessed valuations of \$644,096,216.00. Potential liability was undeterminable.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest based upon the amount of taxes refunded from the date of refund (R.S. 54:3-27.2).

### **c. Federal and State Awards**

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2014 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

### **d. Arbitrage Rebate Calculation**

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

### **e. Payments in Lieu of Taxes (PILOT)**

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

**19. CONTINGENT LIABILITIES (Continued)**

**f. Litigation**

There is no significant litigation or any contingent liabilities, unasserted claims or assessments or statutory violations which would affect the financial position or results of operations of the Township.

General liability claims pending against the Township are handled by insurance carriers.

**20. SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

**21. SUBSEQUENT EVENTS**

The Township of Livingston has evaluated subsequent events that occurred after the balance sheet date, but before June 5, 2015 and it was determined that the following items required disclosure:

On January 13, 2015, the Township of Livingston issued Serial Bonds in the sum of \$11,845,000.00 at variable interest rates.

The following principal amount was issued:

2015 General Bonds	<u>\$ 11,845,000.00</u>
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On May 20, 2015, the Township of Livingston issued Refunding Bonds in the sum of \$3,450,000.00 at 3.00% interest rate.

The following principal amount was issued:

2015 General Refunding Bonds	<u>\$ 3,450,000.00</u>
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**APPENDIX B**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## **CONTINUING DISCLOSURE UNDERTAKING**

This Continuing Disclosure Undertaking (the “Undertaking”) dated as of March 1, 2016 by the Township of Livingston, in the County of Essex, New Jersey, a public body corporate and politic of the State of New Jersey (the “Issuer”) is executed and delivered in connection with the issuance of the Issuer’s \$11,500,000 aggregate principal amount of Bond Anticipation Notes, Series 2016, consisting of \$5,155,000 General Improvement Notes, \$4,510,000 Water Utility Notes and \$1,835,000 Sewer Utility Notes (collectively, the “Notes”). Capitalized terms used in this Undertaking shall have the respective meanings specified above or in Article IV hereof.

### **ARTICLE I**

#### **THE UNDERTAKING**

Section 1.1. Purpose. This Undertaking shall constitute a written undertaking for the benefit of the holders of the Notes, and is being executed and delivered solely to assist the successful bidder in complying with subsection (b)(5) of the Rule.

Section 1.2. Notice Event Notices. If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten business days following the occurrence of any Notice Event, a Notice Event Notice to the MSRB.

Section 1.3. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.4. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Notice Event Notice, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Notice Event Notice in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Notice Event Notice.

### **ARTICLE II**

#### **OPERATING RULES**

Section 2.1. Notice Event Notices. Each Notice Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Notes.

Section 2.2. Transmission of Notices. (a) Unless otherwise required by law and, in the Issuer’s sole determination, subject to technical and economic feasibility, the Issuer shall employ

such methods of notice transmission as shall be requested or recommended by the herein-designated recipients of the Issuer's notices.

### **ARTICLE III**

#### **TERMINATION, AMENDMENT AND ENFORCEMENT**

Section 3.1. Termination. (a) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Notes.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) receives an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or any of the provisions hereof, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Undertaking may be amended, in writing, without the consent of the holders of the Notes (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Notes or (ii) the holders of the Notes consent to the amendment to this Undertaking and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Undertaking may be amended and any provision of this Undertaking may be waived, in writing, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Undertaking shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Undertaking.

(b) Except as provided in this subsection (b), the provisions of this Undertaking shall create no rights in any person or entity. The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide notices, by any holder of outstanding Notes, or (ii) in the case of challenges to the adequacy of the notices so provided, by the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Notes for purposes of this subsection (b).

(c) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default with respect to the Notes.

(d) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

## **ARTICLE IV**

### **DEFINITIONS**

Section 4.1. Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(1) "Counsel" means Gibbons P.C. or other nationally recognized bond counsel or counsel expert in federal securities laws.

(2) "Notice Event" means any of the following events with respect to the Notes, whether relating to the Issuer or otherwise:

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

- (vii) modifications to rights of Noteholders; if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(3) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. MSRB filings to be made at <http://emma.msrb.org/>.

(4) “Notice Event Notice” means notice of a Notice Event.

(5) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule.

(6) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(7) “SEC” means the United States Securities and Exchange Commission.

(8) “State” means the State of New Jersey.

**IN WITNESS WHEREOF**, the Issuer has caused this Undertaking to be executed by its Chief Financial Officer as of the date first above written.

**TOWNSHIP OF LIVINGSTON, NEW JERSEY**

By: \_\_\_\_\_

Name: William S. Nadolny

Title: Chief Financial Officer

**APPENDIX C**

**PROPOSED FORM OF BOND COUNSEL OPINION**

March\_\_, 2016

Mayor and Township Council  
Township of Livingston  
357 South Livingston Avenue  
Livingston, New Jersey 07039

Dear Mayor and Township Council:

We have examined certified copies of the proceedings of the Township Council of the Township of Livingston, in the County of Essex, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale of \$11,500,000 aggregate principal amount of the Township's Bond Anticipation Notes, Series 2016, consisting of \$5,155,000 General Improvement Notes, \$4,510,000 Water Utility Notes and \$1,835,000 Sewer Utility Notes (collectively, the "Notes"). The Notes are issued in registered form, are dated March 24, 2016, bear interest at the rate of \_\_\_\_\_ and \_\_\_\_\_ Hundredths Percent (\_\_\_\_%) per annum and are payable at maturity on March 23, 2017.

The Notes are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), and the bond ordinances of the Township, in all respects duly adopted by the Mayor and Council of the Township (the "Bond Ordinances"). The Notes are temporary obligations issued in anticipation of the issuance of bonds.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, and other applicable provisions of law, and that the Notes have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

2. The Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Under existing law, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

4. Under existing law, interest on the Notes and net gains from the sale of the Notes are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Notes in order for interest on the Notes to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Township has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Notes, as to various tax requirements. In addition, the Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Notes to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Notes to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Township with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Notes from gross income for Federal income tax purposes and with respect to interest on the Notes not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Notes.

Our opinion concerning the enforceability of the Notes is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights

under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Township with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

Gibbons P.C.