

**BOROUGH OF WOODSTOWN
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2016**

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PART I

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Woodstown
P.O. Box 286
Woodstown, New Jersey 08098

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodstown, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Woodstown as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Woodstown's basic financial statements. The supplementary information listed in the table of contents, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to

the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2017, on our consideration of the Borough of Woodstown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Woodstown's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

May 5, 2017

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 2,772,431.82	\$ 2,607,288.86
Cash - Payroll	A-4	385.76	385.76
Cash - Collector	A-5	71,084.60	22,092.03
Change Fund		25.00	25.00
		<u>2,843,927.18</u>	<u>2,629,791.65</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	245,573.56	269,538.67
Tax Title Liens Receivable	A-8	12,558.89	9,559.32
Property Acquired for Taxes - Assessed Valuation	A-9	107,000.00	107,000.00
Revenue Accounts Receivable	A-11	3,188.98	4,039.96
Due from Public Defender	B	200.00	200.00
		<u>368,521.43</u>	<u>390,337.95</u>
Deferred Charges:			
Special Emergency	A-6	15,000.00	28,000.00
Overexpenditure of Appropriation			3,094.00
Deficit in Operations			1,262.39
		<u>15,000.00</u>	<u>32,356.39</u>
		<u>3,227,448.61</u>	<u>3,052,485.99</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	119,611.68	287,236.76
Due from Current Fund	A	9,510.03	11,241.21
		<u>129,121.71</u>	<u>298,477.97</u>
		<u>\$ 3,356,570.32</u>	<u>\$ 3,350,963.96</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 54,238.94	\$ 17,711.99
Encumbrances Payable	A-13	54,212.75	49,990.22
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-14	5,451.95	6,201.95
Prepaid Taxes	A-5	144,229.15	114,644.55
Tax Overpayments		28,821.84	
Due Outside Lien Holders		27,524.79	12,233.38
Regional School District Tax Payable	A-15	2,151,192.75	1,886,812.21
Due County - PILOT Revenue		5,069.22	2,267.12
Due Election Workers		798.79	698.79
Due Federal and State Grant Fund	A	9,510.03	11,241.21
Due Payroll Agency			4,444.82
Due Tax Sale Premium Trust Fund	B	61,900.00	101,800.00
Due General Capital Fund			17,507.18
Reserve for Unappropriated Revenue:			
Sale of Assets			35,000.00
Debt Service	A-4	27,500.00	
JIF	A-4	1,500.00	
Memorial Lake Dock Donations		1,463.50	1,463.50
Reserve for Police Forfeitures		66.00	26.00
Reserve for Veterans Walk Appropriated		3,893.26	3,883.26
Reserve for Revaluation		9,989.91	11,008.15
Reserve for Updating Borough Code			2,390.80
Reserve for Local Grants - Appropriated	A-17	326.30	326.30
Due State of New Jersey:			
Construction DCA Fees		844.00	504.00
Marriage License Fees/Domestic Partnerships		100.00	50.00
		<u>2,588,633.18</u>	<u>2,280,205.43</u>
Reserve for Receivables		368,521.43	390,337.95
Fund Balance	A-1	270,294.00	381,942.61
		<u>3,227,448.61</u>	<u>3,052,485.99</u>
Federal and State Grant Fund:			
Reserve for Grants - Appropriated	A-18	62,951.50	103,037.22
Reserve for Grants - Unappropriated	A-16	1,141.59	1,973.55
Encumbrances Payable	A-13	48,446.34	176,328.42
Due Water Utility Operating Fund	D	16,582.28	17,138.78
		<u>129,121.71</u>	<u>298,477.97</u>
		<u>\$ 3,356,570.32</u>	<u>\$ 3,350,963.96</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	A-2	\$ 196,274.70	
Miscellaneous Revenue Anticipated	A-2	1,166,661.15	\$ 1,561,785.94
Receipts from Delinquent Taxes	A-2	270,403.97	213,766.17
Receipts from Current Taxes	A-2	9,181,851.31	8,608,334.80
Non-Budget Revenue	A-2	73,199.57	176,457.97
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	6,734.11	34,499.74
Encumbrances Payable - Canceled	A-13	4,400.00	6,769.16
Interfund Loan Returned			19,493.02
Grant Reserves Canceled	A-18	114.96	2,025.00
Total Income		10,899,639.77	10,623,131.80
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,165,168.00	1,159,297.00
Other Expenses	A-3	747,263.00	689,860.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	295,068.60	400,214.67
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	259,925.80	263,540.00
Other Expenses	A-3	440,876.34	535,508.67
Capital Improvements	A-3	80,000.00	85,000.00
Debt Service	A-3	108,480.46	105,339.48
Deferred Charges	A-3	28,620.00	24,436.00
County Taxes	A-7	2,927,438.41	2,688,860.27
County Open Space Tax	A-7	56,087.56	55,043.79
Due County for Added Taxes	A-7	2,302.24	21,218.14
Regional District School Tax	A-15	4,611,960.00	4,270,954.00
Municipal Open Space	A-7	28,798.00	43,333.50
Grants Receivables Canceled	A-10	114.96	
Prior Year Deductions Disallowed	A-14	882.64	1,250.00
Prior Year Tax Appeals		62,027.67	
Total Expenditures		10,815,013.68	10,343,855.52

The accompanying notes to the financial statements are an integral part of this statement.

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

	Ref.	<u>Year 2016</u>	<u>Year 2015</u>
Statutory Excess to Fund Balance		84,626.09	279,276.28
Fund Balance			
Balance January 1	A	<u>381,942.61</u>	<u>102,666.33</u>
		466,568.70	381,942.61
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>196,274.70</u>	
Balance December 31	A	<u>\$ 270,294.00</u>	<u>\$ 381,942.61</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Amended by NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 196,274.70		\$ 196,274.70	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	5,300.00		5,300.00	
Fees and Permits	A-11	17,000.00		35,635.36	\$ 18,635.36
Fines and Costs:					
Municipal Court	A-11	40,000.00		34,200.45	(5,799.55)
Interest and Costs on Taxes	A-11	56,000.00		62,095.46	6,095.46
Interest on Investments	A-11	4,500.00		4,771.87	271.87
Utility Operating Surplus	A-11	67,000.00		67,000.00	
Lease Payments - Cell Tower	A-11	80,000.00		67,262.29	(12,737.71)
Consolidated Municipal Property Tax					
Relief Act (NJSA 52:27D-118.34)	A-11	31,976.00		31,976.00	
Energy Receipts Tax	A-11	217,086.00		217,086.00	
Uniform Construction Code	A-11	50,000.00		44,267.00	(5,733.00)
Shared Service Agreement:					
Joint Court	A-11	113,358.00		111,346.88	(2,011.12)
Sewerage Authority	A-11	405,600.00		386,125.81	(19,474.19)
Oldmans Township Construction Code	A-11	45,000.00		34,891.68	(10,108.32)
Cable TV Franchise Fee	A-11	14,901.21		14,901.21	
Reserve for Sale of Assets -					
Unappropriated	A	35,000.00		35,000.00	
Recycling Tonnage Grant	A-10	3,984.18		3,984.18	
Police Body Armor	A-10	1,173.55		1,173.55	
Clean Communities Grant	A-10		\$ 8,843.41	8,843.41	
Click It or Ticket	A-10	800.00		800.00	
Total Miscellaneous Revenues		1,188,678.94	8,843.41	1,166,661.15	(30,861.20)
Receipts from Delinquent Taxes	A-2	245,000.00		270,403.97	25,403.97
Subtotal General Revenues		1,629,953.64	8,843.41	1,633,339.82	(5,457.23)
Amount to be Raised by Taxation	A-2	1,847,450.00		1,856,516.41	9,066.41
Budget Totals		3,477,403.64	8,843.41	3,489,856.23	3,609.18
Non-Budget Revenue	A-2			73,199.57	
		\$ 3,477,403.64	\$ 8,843.41	\$ 3,563,055.80	
Ref.	A-3		A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	<u>\$ 9,181,851.31</u>
Allocated to:		
School, County Taxes, and Open Space	A-7	<u>7,626,586.21</u>
Balance for Support of Municipal Budget Appropriation		1,555,265.10
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>301,251.31</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>\$ 1,856,516.41</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7:A-2	<u><u>\$ 270,403.97</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Off-Duty Police Administrative Fee	A-11	\$ 10,000.00
DMV Inspection Fines	A-11	1,650.00
Payments in Lieu of Taxes	A-11	53,239.83
Uniform Fire Safety Act	A-11	1,824.23
Senior Citizen/Homestead Administration Fee	A-11	884.95
Street Sweeper Rentals	A-11	2,500.00
Purchase of Trash and Recycle Containers	A-11	476.10
JIF Funds	A-11	1,525.00
Miscellaneous Revenue	A-11	798.47
Property Maintenance	A-11	300.99
	A-2	<u><u>\$ 73,199.57</u></u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Mayor and Council						
Salaries & Wages	\$ 30,500.00	\$ 30,350.00	\$ 30,336.00		\$ 14.00	
Other Expenses	2,500.00	2,525.00	2,364.29		160.71	
Borough Clerk						
Salaries & Wages	31,000.00	30,500.00	30,325.19		174.81	
Other Expenses	9,000.00	12,800.00	10,331.39		2,468.61	
Financial Administration						
Salaries & Wages	23,500.00	22,000.00	21,986.69		13.31	
Other Expenses	13,000.00	14,650.00	14,515.62		134.38	
Grant Consultant						
Other Expenses	500.00	500.00	309.20		190.80	
Audit Services						
Other Expenses	14,500.00	15,500.00	15,450.00		50.00	
Collection of Taxes						
Salaries & Wages	28,000.00	27,475.00	27,462.00		13.00	
Other Expenses	5,500.00	6,400.00	5,999.94	\$ 339.98	60.08	
Assessment of Taxes						
Salaries & Wages	15,550.00	15,550.00	15,534.00		16.00	
Other Expenses	4,000.00	4,000.00	3,155.56		844.44	
Legal Services and Costs						
Other Expenses	14,000.00	20,550.00	18,621.52		1,928.48	
Engineering Services and Costs						
Other Expenses	1,000.00	50.00			50.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	5,000.00	6,200.00	6,151.01		48.99	
Other Expenses	3,000.00	6,650.00	5,493.45		1,156.55	
Affordable Housing						
Other Expenses	1,000.00	50.00			50.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
CODE ENFORCEMENT & ADMINISTRATION						
Inspection of Housing						
Salaries and Wages	22,000.00	16,200.00	15,753.90		446.10	
Other Expenses	1,400.00	2,400.00	917.86	977.00	505.14	
INSURANCE						
Liability Insurance	21,000.00	20,400.00	20,024.96		375.04	
Workmen's Compensation	38,000.00	35,800.00	35,701.95		98.05	
Group Insurance Plan for Employees	280,483.00	280,483.00	260,350.90		5,132.10	\$ 15,000.00
Health Benefit Waiver	1,200.00	1,200.00	1,065.00		135.00	
Insurance Safety Program - Other Expenses	3,025.00	3,025.00	3,014.98		10.02	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries & Wages	841,000.00	841,000.00	831,798.65		9,201.35	
Other Expenses	30,000.00	30,000.00	18,561.94	4,587.97	1,850.09	5,000.00
Police Radio & Communications						
Other Expenses	32,500.00	32,500.00	32,000.00		500.00	
Office of Emergency Management						
Salaries & Wages	4,900.00	4,900.00	4,845.92		54.08	
Other Expenses	1,000.00	1,000.00	933.18		66.82	
First Aid Organization - Contribution	100.00	100.00			100.00	
Fire						
Other Expenses	30,000.00	30,000.00	30,000.00			
Uniform Fire Safety Act (P.L. 1983, c383)						
Salaries & Wages	8,450.00	3,950.00	3,872.00		78.00	
Other Expenses	700.00	700.00	525.00		175.00	
Prosecutor						
Other Expenses	2,680.00	2,680.00	2,679.60		0.40	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS FUNCTION						
Road Repairs & Maintenance						
Salaries & Wages	89,000.00	84,200.00	82,805.28		1,394.72	
Other Expenses	10,000.00	11,600.00	11,116.35		483.65	
Snow Removal						
Salaries & Wages	8,000.00	7,500.00	7,500.00			
Other Expenses	7,000.00	7,500.00	4,140.05	3,359.95		
Shade Tree						
Other Expenses	50.00	50.00			50.00	
Resource Recovery						
Salaries & Wages	14,500.00	14,500.00	14,211.80		288.20	
Other Expenses	10,500.00	10,500.00	3,239.75		3,260.25	4,000.00
Public Buildings & Grounds						
Other Expenses	10,000.00	10,000.00	9,594.97		405.03	
Equipment Repair & Maintenance						
Other Expenses	15,000.00	15,000.00	10,502.07	821.87	676.06	3,000.00
HEALTH & HUMAN SERVICES						
Registrar of Vital Statistics						
Other Expenses	300.00	300.00	255.40		44.60	
Environmental Commission						
Other Expenses	1,200.00	1,200.00	255.00	167.25	777.75	
Animal Control						
Salaries & Wages	50.00	50.00			50.00	
Other Expenses	50.00	50.00			50.00	
PARK & RECREATION FUNCTIONS						
Maintenance of Parks & Playgrounds						
Other Expenses	23,000.00	23,000.00	21,880.02		1,119.98	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	1,000.00	1,000.00	700.00		300.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	17,000.00	17,000.00	12,924.15		2,075.85	2,000.00
Street Lighting	46,000.00	47,800.00	43,342.81	4,207.20	249.99	
Telephone	10,000.00	10,000.00	9,643.11		356.89	
Gas (Natural or Propane)	14,000.00	9,200.00	9,193.01		6.99	
Gasoline	16,000.00	10,900.00	9,772.74	1,123.26	4.00	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Landfill Tipping Fees	50,000.00	57,500.00	50,812.18	4,026.79	2,661.03	
Sanitary Landfill						
Other Expenses	7,000.00	7,000.00	4,465.75	2,104.00	430.25	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	20,933.00	20,933.00	20,291.19		641.81	
Other Expenses	7,700.00	7,700.00	6,636.88		1,063.12	
Public Defender						
Salaries & Wages	660.00	660.00	440.00		220.00	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code						
Construction Officials						
Salaries & Wages	38,000.00	39,200.00	39,153.41		46.59	
Other Expenses	5,000.00	5,000.00	4,610.47		389.53	
Total Operations within "CAPS"	1,941,931.00	1,941,431.00	1,847,568.09	21,715.27	43,147.64	29,000.00
Detail:						
Salaries and Wages	1,181,043.00	1,165,168.00	1,152,467.04		12,700.96	
Other Expenses	760,888.00	776,263.00	695,101.05	21,715.27	30,446.68	29,000.00
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
STATUTORY EXPENDITURES						
Deferred Charges:						
Deficit in Operations	1,262.39	1,262.39	1,262.39			
Deficit in Public Defender Trust	154.21	154.21	154.21			
Overexpenditure of Appropriation	3,094.00	3,094.00	3,094.00			

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Contribution to:						
Public Employees' Retirement System	34,000.00	34,000.00	33,658.00		342.00	
Social Security System (OASI)	86,000.00	86,500.00	86,035.46		464.54	
Police & Firemen's Retirement System	168,458.00	168,458.00	168,458.00			
State Disability Insurance	1,000.00	1,000.00	728.16		271.84	
Defined Contribution Retirement Program	600.00	600.00	254.36		345.64	
Total Deferred Charges & Statutory Expenditures within "CAPS"	294,568.60	295,068.60	293,644.58		1,424.02	
Total General Appropriations for Municipal Purposes within "CAPS"	2,236,499.60	2,236,499.60	2,141,212.67	21,715.27	44,571.66	29,000.00
OPERATIONS EXCLUDED FROM "CAPS"						
PUBLIC SAFETY FUNCTIONS						
Length of Service Award Program (PL 1977, c.388)	18,000.00	18,000.00		18,000.00		
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Recycling Tax	3,000.00	3,000.00	2,650.56	211.98	137.46	
INSURANCE						
Group Insurance Plan for Employees	4,517.00	4,517.00	4,517.00			
EDUCATION FUNCTIONS						
Aid to Library (NJSA 40:54-35)						
Other Expenses	5,000.00	5,000.00	5,000.00			
Total Other Operations Excluded from "CAPS"	30,517.00	30,517.00	12,167.56	18,211.98	137.46	
SHARED SERVICE AGREEMENTS						
Woodstown Sewerage Authority:						
Salaries and Wages	279,399.80	279,399.80	258,823.55		1,102.25	19,474.00
Other Expenses	126,200.20	126,200.20	125,998.71		201.49	
Logan Township - Solid Waste	122,000.00	122,000.00	111,375.00	10,125.00	500.00	
Oldmans Township - Construction Code	45,000.00	45,000.00	29,994.58		4,005.42	11,000.00
Mid Salem County Joint Court						
Court	101,517.00	101,517.00	97,592.44	984.50	2,940.06	
Prosecutor	9,501.00	9,501.00	9,500.40		0.60	
Public Defender	2,340.00	2,340.00	1,560.00		780.00	
Total Shared Service Agreements	685,958.00	685,958.00	634,844.68	11,109.50	9,529.82	30,474.00

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Click it or Ticket	800.00	800.00	800.00		
Clean Communities		8,843.41	8,843.41		
NJ Recycling Tonnage Grant	3,984.18	3,984.18	3,984.18		
Police Body Armor	1,173.55	1,173.55	1,173.55		
Total Public and Private Programs Offset by Revenues	5,957.73	14,801.14	14,801.14		
Total Operations Excluded from "CAPS"	722,432.73	731,276.14	661,813.38	29,321.48	9,667.28
Detail:					
Salaries and Wages	279,399.80	279,399.80	258,823.55		1,102.25
Other Expenses	443,032.93	451,876.34	402,989.83	29,321.48	8,565.03
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Purchase Emergency Equipment	30,000.00	30,000.00	26,824.00	3,176.00	
Capital Improvements Excluded from "CAPS"	80,000.00	80,000.00	76,824.00	3,176.00	
DEBT SERVICE					
Payment of Bond Anticipation Notes	102,000.00	102,000.00	102,000.00		
Interest on Notes	6,600.00	6,600.00	6,480.46		119.54
Total Debt Service	108,600.00	108,600.00	108,480.46		119.54

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
Special Emergency Authorization	13,000.00	13,000.00	13,000.00		
Transfer to Board of Education for Use of Local Schools	15,620.00	15,620.00	15,620.00		
Total Deferred Charges Excluded from "CAPS"	28,620.00	28,620.00	28,620.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	939,652.73	948,496.14	875,737.84	32,497.48 9,667.28	30,593.54
Subtotal General Appropriations	3,176,152.33	3,184,995.74	3,016,950.51	54,212.75	59,593.54
Reserve for uncollected taxes	301,251.31	301,251.31	301,251.31	54,238.94	
Total General Appropriations	<u>\$ 3,477,403.64</u>	<u>\$ 3,486,247.05</u>	<u>\$ 3,318,201.82</u>	<u>\$ 54,212.75</u> <u>\$ 54,238.94</u>	<u>\$59,593.54</u>
Ref.	A-2			A-13 A	
Budget	Ref. A-3	\$ 3,477,403.64			
Budget Amendments per NJSA 40A:4-87	A-2	8,843.41			
		<u>\$ 3,486,247.05</u>			
Reserve for Uncollected Taxes	Ref. A-2		\$ 301,251.31		
Deferred Charges:					
Special Emergency Authorization	A-6		13,000.00		
Grant Expenditure Without Appropriation	A		3,094.00		
Deficit in Operations	A		1,262.39		
Reserve for Federal & State Grants - Appropriated	A-18		14,801.14		
Disbursed	A-4		2,984,792.98		
			<u>\$ 3,318,201.82</u>		

The accompanying notes to the financial statements are an integral part of this statement.

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Animal Control Trust Fund Cash - Treasurer	B-1	\$ 7,946.67	\$ 8,660.30
Developer's Escrow Trust Fund Cash - Treasurer	B-1	6,383.07	7,603.00
Landfill Closure Cash - Certificate of Deposit	B-1	89,109.59	88,842.59
LOSAP (unaudited) Investment		476,725.93	422,600.64
Municipal Open Space Cash - Treasurer	B-1	27,766.42	343,738.52
Outside Employment of Off-Duty Municipal Police Officers Cash - Treasurer	B-1	4,407.74	9,362.98
Parking Offense Adjudication Act Cash - Treasurer	B-1	1,933.05	1,861.05
Payroll Agency Trust Fund Cash - Treasurer	B-1	41,691.24	26,470.94
Due from Current Fund			4,444.82
Due from Water Operating Fund			3,304.00
		41,691.24	34,219.76
Performance Bond Escrow Trust Fund Cash - Treasurer	B-1	4,208.58	4,208.58
Public Defender Trust Fund Cash - Treasurer	B-1	229.78	45.79
Deficit in Public Defender			154.21
		229.78	200.00
Tax Sale Premium Due from Current Fund	A	61,900.00	101,800.00

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS (CONTINUED)	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	1.00	1.00
Affordable Housing			
Cash - Treasurer	B-1	8,644.67	5,818.88
Small Cities Revolving Loan Fund			
Cash - Treasurer	B-1	179,055.89	150,843.01
Loans Receivable		800.00	800.00
		<u>179,855.89</u>	<u>151,643.01</u>
Storm Recovery Trust Fund			
Cash - Treasurer	B-1	2,061.67	357.72
Unemployment Compensation Fund			
Cash - Treasurer	B-1	89,129.35	80,919.25
Due from Payroll Agency Fund	B	2,825.54	8,087.34
		<u>91,954.89</u>	<u>89,006.59</u>
		<u>\$ 1,004,820.19</u>	<u>\$ 1,269,924.62</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due State of New Jersey			\$ 4.80
Reserve for Dog Fund Expenditures	B-2	\$ 7,946.67	8,655.50
		<u>7,946.67</u>	<u>8,660.30</u>
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		6,383.07	7,603.00
Landfill Closure			
Reserve for Landfill Closure		89,109.59	88,842.59
LOSAP (unaudited)			
Reserve for LOSAP Benefits		476,725.93	422,600.64
Municipal Open Space			
Due General Capital Fund	C	17,650.72	315,256.40
Reserve for Municipal Open Space		10,115.70	28,482.12
		<u>27,766.42</u>	<u>343,738.52</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Outside Employment of Off-Duty Municipal Police Officers Reserve for Off-Duty Police Fees		4,407.74	9,362.98
Parking Offense Adjudication Act Reserve for POAA Fees		1,933.05	1,861.05
Payroll Agency Trust Fund Due Unemployment Trust Fund	B	2,825.54	8,087.34
Reserve for Payroll Taxes Payable		38,865.70	26,132.42
		41,691.24	34,219.76
Performance Bond Escrow Trust Fund Reserve for Performance Bond Escrow Fees		4,208.58	4,208.58
		4,208.58	4,208.58
Public Defender Trust Fund Due Current Fund	A	200.00	200.00
Reserve for Public Defender Trust		29.78	
		229.78	200.00
Uniform Fire Safety Penalty Monies Reserve for Uniform Fire Safety		1.00	1.00
Affordable Housing Reserve for Affordable Housing		8,644.67	5,818.88
Small Cities Revolving Loan Fund Reserve for Loans Receivable		800.00	800.00
Due General Capital Fund	C	7,624.00	7,624.00
Reserve for Small Cities		171,431.89	143,219.01
		179,855.89	151,643.01
Storm Recovery Trust Fund Reserve for Storm Recovery		2,061.67	357.72

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)	Ref.	<u>Balance Dec. 31, 2016</u>	<u>Balance Dec. 31, 2015</u>
Tax Sale Premium Reserve for Tax Sale Premiums	B-3	<u>61,900.00</u>	<u>101,800.00</u>
Unemployment Compensation Fund Reserve for Unemployment Claims		<u>91,954.89</u>	<u>89,006.59</u>
		<u>\$ 1,004,820.19</u>	<u>\$ 1,269,924.62</u>

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance	Balance
		Dec. 31, 2016	Dec. 31, 2015
ASSETS			
Cash - Treasurer	C-2	\$ 107,841.47	\$ 307,322.95
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,367,580.44	1,424,580.44
Grants Receivable	C-6	166,298.75	13,298.75
Due from Reliance Fire Company		1,932.78	1,932.78
Due from Pilesgrove Township		67,860.28	67,860.28
Due from Current Fund			17,507.18
Due from Water Capital Fund	D	8,937.54	
Due from Small Cities Revolving Loan Trust	B	7,624.00	7,624.00
Due from Open Space Trust Fund	B	17,650.72	315,256.40
		<u>\$ 1,745,725.98</u>	<u>\$ 2,155,382.78</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Bond Anticipation Notes Payable	C-8	\$ 813,000.00	\$ 945,000.00
Improvement Authorizations:			
Funded	C-7	189,551.94	49,275.46
Unfunded	C-7	100,489.55	160,613.95
Encumbrances Payable		440,258.22	850,517.24
Reserves for:			
Improvement to Municipal Building		1,227.27	2,719.60
Purchase of Emergency Equipment		32,112.81	17,437.00
Reconstruction of Municipal Roads		10,000.00	10,000.00
Purchase of Furniture & Fixtures		1,906.08	1,906.08
Preliminary Costs - Landfill		14,541.20	14,541.20
Preliminary Costs - Memorial Lake Dam		6,876.81	6,558.40
Preliminary Costs - Safe Routes to Schools		4,360.25	10,000.00
Preliminary Costs - Stormwater Improvements		12,515.00	
Capital Improvement Fund	C-5	81,973.12	49,900.12
Fund Balance	C-1	36,913.73	36,913.73
		<u>\$ 1,745,725.98</u>	<u>\$ 2,155,382.78</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2015	C	\$ 36,913.73
Balance December 31, 2016	C	<u>\$ 36,913.73</u>

The accompanying notes to the financial statements are an integral part of this statement.

WATER UTILITY FUND

EXHIBIT D

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Cash - Treasurer	D-5	\$ 252,833.91	\$ 167,962.59
Cash - Change Fund		40.00	40.00
Due from Federal and State Grant Fund	A	16,582.28	17,138.78
		<u>269,456.19</u>	<u>185,141.37</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	74,468.16	77,020.39
Deferred Charges:			
Overexpenditure of Appropriation			3,299.00
Overexpenditure of Appropriation Reserves	D-10	893.70	
		<u>893.70</u>	<u>3,299.00</u>
Total Operating Fund		<u>344,818.05</u>	<u>265,460.76</u>
Capital Fund			
Cash - Treasurer	D-5	161,389.30	32,881.64
Fixed Capital	D-8	5,626,950.82	5,625,458.48
Fixed Capital Authorized and Uncompleted	D-9	498,000.00	
Due from Sewerage Authority	D-15	285,000.00	
Due from Water Operating Fund			50,000.00
Total Capital Fund		<u>6,571,340.12</u>	<u>5,708,340.12</u>
Escrow Fund			
Cash - Treasurer	D-5	1,453.40	1,879.90
		<u>\$ 6,917,611.57</u>	<u>\$ 5,975,680.78</u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT D
(Continued)

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-10	\$ 7,167.31	\$ 14,978.77
Encumbrances Payable	D-11	20,471.47	22,904.35
Accrued Interest on Bonds and Notes	D-13	25,929.28	26,834.50
Due Payroll Agency Trust Fund			3,304.00
Water Rent Overpayments		3,843.11	2,700.74
Due Water Capital Fund			50,000.00
		<u>57,411.17</u>	<u>120,722.36</u>
Reserve for Receivables		74,468.16	77,020.39
Fund Balance	D-1	212,938.72	67,718.01
		<u>344,818.05</u>	<u>265,460.76</u>
Total Operating Fund			
Capital Fund			
Loan Payable	D-16	1,370,882.54	1,415,898.59
Bond Anticipation Notes Payable	D-17	225,000.00	299,000.00
Improvement Authorizations:			
Funded	D-15	294,700.00	
Unfunded	D-15	170,000.00	
Encumbrances Payable	D-11	24,362.46	
Capital Improvement Fund	D-12	112,734.32	77,226.66
Reserve for Amortization		4,031,068.28	3,910,559.89
Deferred Reserve for Amortization	D-14	328,000.00	
Due General Capital Fund	C	8,937.54	
Fund Balance	D-2	5,654.98	5,654.98
		<u>6,571,340.12</u>	<u>5,708,340.12</u>
Total Capital Fund			
Escrow Fund			
Reserve for Escrow Fees		1,453.40	1,879.90
		<u>\$ 6,917,611.57</u>	<u>\$ 5,975,680.78</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	D-3	\$ 31,300.00	\$ 63,800.00
Rents	D-3	953,452.69	788,864.92
Miscellaneous	D-3	19,806.81	32,946.98
Small Cities			400,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	13,635.29	3,760.69
Encumbrances Payable - Canceled			46.00
Total Income		<u>1,018,194.79</u>	<u>1,289,418.59</u>
Expenditures			
Operating	D-4	471,200.00	456,200.00
Capital Improvements	D-4	80,000.00	460,000.00
Debt Service	D-4	184,275.08	206,281.89
Deferred Charges and Statutory Expenditures	D-4	106,199.00	119,400.00
Total Expenditures		<u>841,674.08</u>	<u>1,241,881.89</u>
Statutory Excess to Surplus		176,520.71	47,536.70
Fund Balance			
Balance January 1	D	67,718.01	83,981.31
		244,238.72	131,518.01
Decreased by:			
Utilization as Anticipated Revenue	D-1	31,300.00	63,800.00
Balance December 31	D	<u>\$ 212,938.72</u>	<u>\$ 67,718.01</u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT D-2

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2015	Ref. D	\$ 5,654.98
Balance December 31, 2016	D	<u>\$ 5,654.98</u>

EXHIBIT D-3

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 31,300.00	\$ 31,300.00	
Rents	D-3	783,299.00	953,452.69	\$ 170,153.69
Miscellaneous	D-3	30,000.00	19,806.81	(10,193.19)
		<u>\$ 844,599.00</u>	<u>\$ 1,004,559.50</u>	<u>\$ 159,960.50</u>
	Ref. D-4			

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

Collected	D-7	\$ 950,751.95
Overpayments Applied	D-7	2,700.74
		<u>\$ 953,452.69</u>

Miscellaneous:

Interest on Delinquent Rents		\$ 18,909.31
Miscellaneous/Searches/Application Fees		346.56
Interest on Investments		550.94
	D-3:D-5	<u>\$ 19,806.81</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 215,000.00	\$ 205,000.00	\$ 203,572.51		\$ 1,427.49	
Other Expenses	256,200.00	266,200.00	243,690.73	\$ 18,979.13	3,530.14	
Capital Improvements:						
Capital Improvement Fund	70,000.00	70,000.00	70,000.00			
Capital Outlay	10,000.00	10,000.00	8,507.66	1,492.34		
Debt Service:						
Payment of Bond Principal	45,100.00	45,100.00	45,016.05			\$ 83.95
Payment of Bond Anticipation Notes	74,000.00	74,000.00	74,000.00			
Interest on Bonds	63,400.00	63,400.00	62,419.90			980.10
Interest on Notes	4,700.00	4,700.00	2,839.13			1,860.87
Deferred Charges:						
Overexpenditure of Appropriation	3,299.00	3,299.00	3,299.00			
Statutory Expenditures:						
Public Employees' Retirement	19,000.00	19,000.00	18,882.00		118.00	
Social Security System (OASI)	16,500.00	16,500.00	14,621.91		1,878.09	
Unemployment Compensation	100.00	100.00			100.00	
Disability Insurance	300.00	300.00	186.41		113.59	
Surplus General Budget	67,000.00	67,000.00	67,000.00			
	<u>\$ 844,599.00</u>	<u>\$ 844,599.00</u>	<u>\$ 814,035.30</u>	<u>\$ 20,471.47</u>	<u>\$ 7,167.31</u>	<u>\$ 2,924.92</u>
Ref.	D-3			D-11	D	
	Ref.					
Interest on Bonds and Notes	D-13		\$ 65,259.03			
Deferred Charges:						
Overexpenditure of Appropriation			3,299.00			
Disbursed	D-5		745,477.27			
			<u>\$ 814,035.30</u>			

The accompanying notes to the financial statements are an integral part of this statement.

PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEET - PUBLIC ASSISTANCE FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
ASSETS			
Cash - Treasurer	E-1	\$ 3,460.01	\$ 3,460.01
LIABILITIES AND RESERVES			
Reserve for Public Assistance		\$ 3,460.01	\$ 3,460.01

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
General Fixed Assets:		
Buildings	\$ 2,529,676.00	\$ 2,529,676.00
Land and Improvements	1,319,221.48	1,038,390.00
Machinery and Equipment	1,652,204.91	1,652,204.91
Vehicles	716,090.80	466,172.24
	<u>\$ 6,217,193.19</u>	<u>\$ 5,686,443.15</u>
Investment in General Fixed Assets	<u>\$ 6,217,193.19</u>	<u>\$ 5,686,443.15</u>

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Woodstown was created in 1882 and is located in Salem County, New Jersey.

The Borough has an elected Mayor and six elected members of council.

Except as noted below, the financial statements of the Borough of Woodstown included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Woodstown, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. The Borough has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Borough of Woodstown conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Woodstown accounts for its transactions through the following separate funds, which differ from the funds required by GAAP.

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

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

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Water Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally-owned Water Utility.

Payroll Account - Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

General Fixed Assets - To account for fixed assets used in governmental operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in Governmental Funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey will follow.

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital, utility bonds, and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis and utility capital is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America foreclosed property would be recorded at historical cost and no reserve would be provided.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America inventory would be recorded as an asset on the balance sheet.

General Fixed Assets - In accordance with NJAC 5:30-5.6 accounting for governmental fixed assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.00.

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

No depreciation has been provided for in the financial statements.

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

Property and equipment purchased by the Water & Sewer Utility Fund is recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized.

The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Long-Term Debt - General Long-Term Debt is accounted for in the General Capital and Sewer Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest - It is the policy of the Borough to capitalize interest in the Water Capital Fund on projects during the construction phase.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the Borough's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73." This statement, which is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on Borough's financial reporting is not anticipated to be significant.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the Borough's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 budgets included a reserve for uncollected taxes in the amount of \$301,251.31 and \$255,631.85. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The Borough amended the budget during the year by the insertion of a Special Item of Revenue in the amount of \$8,843.41 for federal and state grants as detailed on Exhibit A-2.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2016 and 2015, the carrying amount of the Borough's deposits was \$3,833,513.99 and \$3,872,072.35, respectively. As of December 31, 2016 and 2015, \$0 of the municipality's bank balance of \$3,863,769.16 and \$3,948,715.65, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2016 and 2015, the Borough had no investments other than (LOSAP).

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

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or Bonds or other obligations of the Borough school district, Bonds or other obligations, having a

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 4: INVESTMENTS (CONTINUED)

Credit Risk (Continued) - maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments - As more fully described in Note 21, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Borough. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the account on December 31, 2016 and 2015, amounted to \$476,725.93 and \$422,600.64, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is listed below.

Description	Amount
American Funds Growth Fund	\$ 34,242.95
Fixed	80,060.49
LVIP Baron Growth Opportunities Fund	34,143.58
LVIP SSGA S & P 500 Index Fund	89,969.20
LVIP T. Rowe Price Structured Mid-Cap Growth Fund	43,084.89
All Other Funds	195,224.82
	\$ 476,725.93

NOTE 5: ACCUMULATED ABSENCE BENEFITS

The Borough permits the police employees to carry over vacation days from year to year. The Borough has entered into a duly negotiated and approved labor agreement with the FOP Lodge #6 and individual employment agreements with public works in regards to accumulated absence benefits.

The value of these earned and unused employee benefits, has not been accrued by either charges to operations or to budgets of the prior years. The Borough's liability at December 31, 2016 and 2015, for accrued unused vacation benefits is \$11,559.84 and \$12,364.80, respectively.

The realization of this liability may be affected by conditions that could preclude an employee from receiving full payment of the accrual. The Borough has not established a reserve to offset this liability.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 6: TAXES COLLECTED IN ADVANCE

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

	Balance	
	Dec 31, 2016	Dec 31, 2015
Prepaid Taxes - Cash Liability	\$ 144,229.15	\$ 114,644.55

NOTE 7: FUND BALANCES APPROPRIATED

	Year	Balance	Utilized in
		December 31	Budget of Succeeding Year
Current Fund	2016	\$ 270,294.00	\$ 127,328.63
	2015	381,942.61	196,274.70
	2014	102,666.33	None
	2013	268,117.34	165,451.01
	2012	236,836.57	132,651.98
Water Operating Fund	2016	212,938.72	None
	2015	67,718.01	31,300.00
	2014	83,981.31	63,800.00
	2013	26,903.18	None
	2012	110,685.29	89,400.00

NOTE 8: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2016:

	Balance	Additions	Deletions	Balance
	Dec. 31, 2015			Dec. 31, 2016
Land and Improvements	\$ 1,038,390.00	\$ 280,831.48		\$ 1,319,221.48
Buildings	2,529,676.00			2,529,676.00
Machinery and Equipment	1,652,204.91			1,652,204.91
Vehicles	466,172.24	270,433.00	\$ 20,514.44	716,090.80
	\$ 5,686,443.15	\$ 551,264.48	\$ 20,514.44	\$ 6,217,193.19

NOTE 9: ECONOMIC DEPENDENCY

The Borough of Woodstown is not economically dependent on any one business or industry within the Borough.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2016:

	Due From	Due To
Current Fund		
Tax Sale Premium Fund		\$ 61,900.00
Public Defender Trust Fund	\$ 200.00	
Federal and State Grant Fund		9,510.03
Payroll Agency		
Unemployment Trust Fund		2,825.54
Federal and State Grant Fund		
Current Fund	9,510.03	
Water Operating Fund		16,582.28
Unemployment Trust Fund		
Payroll Agency	2,825.54	
General Capital Fund		
Small Cities Revolving Loan Trust	7,624.00	
Water Capital Fund	8,937.54	
Municipal Open Space Trust	17,650.72	
Municipal Open Space Trust		
General Capital Fund		17,650.72
Public Defender Trust		
Current Fund		200.00
Tax Sale Premium		
Current Fund	61,900.00	
Small Cities Revolving Loan Trust		
General Capital Fund		7,624.00
Water Operating Fund		
Federal and State Grant Fund	16,582.28	
Water Capital Fund		
General Capital Fund		8,937.54
	\$ 125,230.11	\$ 125,230.11

The amount due from Federal and State Grant Fund to Current Fund and Water Operating is due to the fact that there is not a separate bank account for the Grant Fund. The amount due General Capital Fund is due to the fact that down payments were provided by Small Cities Revolving Loan Fund and Municipal Open Space. The amounts due Tax Sale Premium account are due to a separate bank account is not maintained for premiums.

NOTE 11: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In Woodstown's case, at December 31, 2016 and 2015, \$2,305,980.00 and \$2,135,477.00, respectively, would be the maximum amount permitted to be deferred under these regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 11: SCHOOL TAXES (CONTINUED)

deferrals amounts to \$400,000.00. There was no change in the amount of school taxes deferred during 2016 or 2015.

Regional School District Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Regional School District Tax	
	12/31/2016	12/31/2015
Balance of Tax	\$ 2,551,192.75	\$ 2,286,812.21
Deferred	400,000.00	400,000.00
	\$ 2,151,192.75	\$ 1,886,812.21

NOTE 12: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2016, consisted of the following:

	Year		
	2016	2015	2014
Bonds, Notes, and Loans Issued	\$ 2,408,882.54	\$ 2,659,898.59	\$ 2,684,805.88
Bonds and Notes Authorized But Not Issued	724,580.44	479,580.44	407,496.47
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	\$ 3,133,462.98	\$ 3,139,479.03	\$ 3,092,302.35

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 12: LONG-TERM DEBT (CONTINUED)

	Balance Dec. 31, 2015	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2016	Due Within One Year
ISSUED					
General:					
Bond Anticipation Notes	\$ 945,000.00		\$ 132,000.00	\$ 813,000.00	\$ 129,500.00
Water:					
Loan Payable	1,415,898.59		45,016.05	1,370,882.54	47,150.00
Bond Anticipation Notes	299,000.00		74,000.00	225,000.00	70,000.00
Net Debt Issued	<u>2,659,898.59</u>		<u>251,016.05</u>	<u>2,408,882.54</u>	<u>246,650.00</u>
AUTHORIZED BUT NOT ISSUED					
General:					
Bond Anticipation Notes	479,580.44	\$ 75,000.00		554,580.44	
Water:					
Bond Anticipation Notes		170,000.00		170,000.00	
Authorized But Not Issued	<u>479,580.44</u>	<u>245,000.00</u>		<u>724,580.44</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 3,139,479.03</u>	<u>\$ 245,000.00</u>	<u>\$ 251,016.05</u>	<u>\$ 3,133,462.98</u>	<u>\$ 246,650.00</u>

\$2,000,000.00 U.S. Department of Agriculture – Rural Development loan dated August 3, 1995, payable in semi-annual installments through August 2035. Interest is paid at a rate of 4.5% per annum. The balance remaining at December 31, 2016, was \$1,370,882.54.

**Schedule of Annual Debt Service for Principal and Interest for Bonded
Debt Issued and Outstanding**

Year Ended December	Principal	Interest	Total
USDA Loan			
Water Operating Fund			
2017	\$ 47,064.56	\$ 61,215.44	\$ 108,280.00
2018	49,206.29	59,073.71	108,280.00
2019	51,445.49	56,834.51	108,280.00
2020	53,786.58	54,493.42	108,280.00
2021	56,234.20	52,045.80	108,280.00
2022-2026	321,966.10	219,433.90	541,400.00
2027-2031	402,201.16	139,198.84	541,400.00
2032-2035	388,978.16	64,667.85	453,646.01
	<u>\$ 1,370,882.54</u>	<u>\$ 706,963.47</u>	<u>\$ 2,077,846.01</u>

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 12: LONG-TERM DEBT – (CONTINUED)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .502%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 8,118,679.62	\$ 8,118,679.62	
Water Debt	1,765,882.54	1,765,882.54	
General Debt	1,367,580.45		\$1,367,580.45
	<u>\$ 11,252,142.61</u>	<u>\$ 9,884,562.16</u>	<u>\$1,367,580.45</u>

Net Debt \$1,367,580.45/Equalized Valuation Basis per NJSA 40A:2-2 as amended
\$272,293,134.00 = .502%.

Borrowing Power Under NJSA 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,530,259.69
Net Debt	1,367,580.45
Remaining Borrowing Power	<u>\$ 8,162,679.24</u>

Calculation of “Self-Liquidating Purpose” Water Utility Per NJSA 40:2-45

Cash Receipts from Fees, Rents, or Other Charges	\$ 1,004,559.50
Deductions:	
Operating and Maintenance Costs	\$ 507,100.00
Debt Service Per Water & Sewer Account	<u>184,275.08</u>
	691,375.08
Excess in Revenue	<u>\$ 313,184.42</u>

NOTE 13: NOTES PAYABLE

The Borough has outstanding at December 31, 2016, a General Capital and Utility Capital bond anticipation note in the amount of \$813,000.00 and \$225,000.00, payable to Pennsville National Bank. This note will mature on November 28, 2017, at an interest rate per annum of 1.02%.

NOTE 14: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by the Public Employees' Retirement System (PERS), or Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 14: PENSION FUNDS (CONTINUED)

Description of Plans (Continued) - supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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 generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944, under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and state fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey.

Defined Contribution Retirement Program (DCRP) - The Borough established the Defined Contribution Retirement Program by ordinance on July 8, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to DCRP for the years ending December 31, 2016, 2015, and 2014, were \$254.36, \$271.22, and \$382.80, respectively, equal to the required contributions for each year.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% to 7.20% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provide for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2016 are 12.46% and 25.67%, respectively, of covered payroll, as reported on June 30, 2014. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's net contributions to PERS for the years ending December 31, 2016, 2015, and 2014, were \$82,094.00, \$92,943.00, and \$74,974.00, respectively, equal to the required contributions for each year. A portion of the pension costs are charged to the shared service agreements for Municipal Court and Woodstown Sewerage Authority. The Borough's net contributions to PFRS for the years ending December 31, 2016, 2015, and 2014, were \$168,458.00, \$154,831.00, and \$132,727.00, respectively, equal to the required contributions for each year.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 14: PENSION FUNDS (CONTINUED)

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- 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.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- 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).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 14: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued) - is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Pension Funds and Systems when excess assets are available.

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

Public Employee's Retirement System - At December 31, 2016, the Borough's net pension liability was \$3,102,181 for its proportionate share. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 and 2015, the Borough's proportion was .0104742792% and 0.0095487918%, respectively.

For the year ended December 31, 2016, the Borough's pension expense would be \$277,419 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 46,857	
Changes of Assumptions	583,496	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	158,354	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	57,781	
	\$ 846,488	None

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles. If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended	Amount
June 30,	
2018	\$ 189,002
2019	189,002
2020	220,451
2021	174,623
2022	73,410
	\$ 846,488

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2015	June 30, 2016
Collective Deferred Outflows of Resources	\$ 2,946,265,815	\$ 7,815,204,785
Collective Deferred Inflows of Resources	360,920,604	
Collective Net Pension Liability	22,447,996,119	29,617,131,759
Borough's Proportion	0.0095487918%	0.0104742792%

Contributions - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions - The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the table provides for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

Police and Firemen's Retirement System

At December 31, 2016, the Borough's net pension liability was \$3,973,968 for its proportionate share. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 and 2015, the Borough's proportion was 0.0208033307% and 0.0207243434%, respectively.

For the year ended December 31, 2016, the Borough's pension expense would be \$318,884 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 393,927	
Differences Between Expected and Actual Experience	6,573	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	358,158	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	76,619	
	<u>\$ 835,277</u>	<u>None</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles: If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended	Amount
2018	\$ 219,423
2019	219,422
2020	284,112
2021	128,798
2022	(16,478)
	<u>\$ 835,277</u>

Additional information – Collective balances at June 30, 2016 and 2015, are as follows:

	June 30, 2015	June 30, 2016
Collective Deferred Outflows of Resources	\$ 3,075,206,294	\$ 3,984,339,036
Collective Deferred Inflows of Resources	433,559,708	125,220,083
Collective Net Pension Liability	<u>18,117,234,618</u>	<u>20,706,699,056</u>
 Borough's Proportion	 0.0207243434%	 0.0208033307%

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Contributions (Continued)

The collective total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2016 and June 30, 2015, special funding situation net pension liability amounts of \$333,715 and \$302,725 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual state contribution through the valuation date.

NOTE 16: POST-EMPLOYMENT BENEFITS

Plan Description - The Borough of Woodstown contributes to the Southern New Jersey Regional Employee Benefits Fund (SNJREBF) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 16: POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued) - and Benefits. SNJREBF was established in 1992 under NJSA 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. SNJREBF provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The Fund was extended to employees, retirees, and dependents of participating local public employers in 2009. Local employers must adopt a resolution to participate in the Fund. In 2011 the Borough of Woodstown authorized participation in the Fund's post-retirement benefit program through resolution 2011-21 effective April 1, 2011. The Borough's policies provide for health insurance and prescription coverage to eligible retirees and their spouses that participate in the Fund's post-retirement benefit program with the local unit.

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.

For calendar year 2016, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$468,552.00 for premiums of employees and retirees.

Annual OPEB Cost and Net OPEB Obligation - The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

Annual Required Contributions 2015	\$ 187,929.00
Increase	<u>7,329.00</u>
Annual Required Contributions 2016	<u>\$ 195,258.00</u>

The Borough's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2015, based upon a 4.5% discount rate. The next actuarial valuation is expected to be performed for the year ended December 31, 2018. GASB 45 permits the calculation of ARC in the intervening years to be based on the annual rate of inflation. In determining the ARC for the year ended 2016, the Borough utilized the U.S. Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 3.9% or \$195,258.00.

Funded Status and Funding Progress - As of December 31, 2016, the Borough is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 16: POST-EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress (Continued) - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The Borough's unfunded AAL is calculated to be \$2,474,616.00, as of December 31, 2015.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2015, actuarial valuation utilized projected unit credit funding method and assumptions based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the December 31, 2015, report from Cirkiel Actuarial Consulting LLC, for a period of 30 years.

NOTE 17: DEFERRED COMPENSATION

Employees of the Borough may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all Borough employees. Under the plan, employees may elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan (Pebasco of Columbus, Ohio). Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Borough has an obligation of due care in selecting the third party Administrator. In the opinion of the Borough's legal counsel, the Borough has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 18: LABOR CONTRACTS

As of December 31, 2016, the Borough's police officers are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

	Category	Expiration	Covers
FOP Lodge #6	Police	12/31/2018	All Uniformed Police

NOTE 19: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough of Woodstown is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund, in the event there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage during the year 2016.

New Jersey Unemployment Compensation Insurance

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

Year	Interest Earnings	Employee Contributions	Employer Contribution	Balance Dec. 31
2016	\$ 122.76	\$ 2,825.54	None	\$ 91,954.89
2015	121.27	2,744.42	None	89,006.59
2014	120.99	2,738.21	None	86,140.90

NOTE 20: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds:

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

**NOTE 20: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS
(CONTINUED)**

	Balance Dec. 31, 2016	2017 Budget Appropriation	Budgets of Succeeding Years
Current Fund:			
Special Emergency	\$ 15,000.00	\$ 5,000.00	\$ 10,000.00
Water Operating Fund:			
Overexpenditure of Appropriation Reserves	893.70	893.70	
	<u>\$ 15,893.70</u>	<u>\$ 5,893.70</u>	<u>\$ 10,000.00</u>

NOTE 21: LENGTH OF SERVICE AWARD PROGRAM

During the year 2003 the voters of the Borough of Woodstown approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by the voters of the Borough of Woodstown by referendum at the general election in November of 2003. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The balance is subject to the general creditors of the Borough. Contributions by the Borough for qualified participants were \$13,600.00 and \$12,400.00 for 2016 and 2015, respectively for members that qualified in 2015 and 2014. This payment is made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Lincoln Financial Advisors.

NOTE 22: TAX ABATEMENT PROGRAM

The Borough enters into long-term property tax abatement agreements (in excess of 5 year term) under the provisions of New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation.

NJSA 40A: 12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas. The statutes were utilized by the Borough to attract redevelopers.

For the year ended December 31, 2016, the Borough abated property taxes totaling \$3,324.96. The following agreement was in effect as of December 31, 2016, under the provisions of the aforementioned statutes.

A 43.78% property tax abatement to construct and operate an apartment complex consisting of up to 16 units for rent to low and moderate income families.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 23: JOINT VENTURE

On December 13, 1994, Woodstown entered into a joint venture agreement with Mannington Borough to establish the Mid-Salem County Municipal Court effective January 1, 1995.

The Borough of Elmer, Township of Quinton, and Oldmans Township entered into the joint municipal court effective December 30, 1997, March 1, 2003, and April 1, 2011, respectively. Total expenditures for compensation and expenses for each year shall be shared between the municipalities. The percentage of total costs is evaluated annually and the percentage is established by resolution at the beginning of the year. Expenditures are billed on a quarterly basis based on actual costs.

On February 28, 2006, Woodstown entered into a joint venture agreement with Woodstown Sewerage Authority to provide personnel for the Sewerage Authority effective April 1, 2006. Total expenditures for compensation, fringe benefits, insurance, and computer services are billed each bill night, based on the actual costs.

On November 26, 2013, Woodstown entered into a joint venture agreement with the Township of Logan to participate in the Solid Waste Collection system. Woodstown is billed monthly on a per unit cost, but not less than 1,300 units, at a rate of 7.50 per unit per month. There will be a rate increase of 2% effective February 29, 2017 and 2018.

On June 23, 2015, Woodstown entered into a joint venture agreement with the Township of Oldmans to provide Construction Code Services. Total expenditures for compensation, fringe Benefits plus a 25% administrative charge to the code official's hourly rate are billed on a monthly basis.

NOTE 24: SANITARY LANDFILL CLOSURE

The landfill has been closed since the mid 1980's. The Borough currently does not have a landfill closure plan. Certain actions were proposed to be implemented by the Borough in order to formally close the landfill site. A capital resolution was prepared in 1998 to fund Landfill Closure Costs of \$26,450.00. There have been no appropriations made since then. The balance in the Landfill Closure Trust Fund at December 31, 2016 and 2015, were \$89,109.59 and \$88,842.59, respectively as required by NJSA 13:1E-109.

NOTE 25: OPERATING LEASES

The Borough signed a commitment on July 20, 2015, to lease a postage machine with a term of 36 months. The monthly lease payments are \$26.00 per month. The annual lease payments for 2016 were \$546.00. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 312.00
2018	156.00
	<u>\$ 468.00</u>

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 and 2015**

NOTE 26: COMMITMENTS AND CONTINGENCIES

The Borough participates in federal and state assistance grant programs. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of the grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

On March 15, 2017, the Borough resolved a threatened litigation which was the result of an alleged overpayment received for cell tower lease revenue. The settlement resulted in a payment of \$75,481.65 by the Borough which amounted to half of the alleged overpayment for the years 2010-2016.

It is the Borough of Woodstown Counsel's opinion that there is no pending litigation against the Borough. There is a pending real property tax appeal that would not materially have an adverse effect on Borough if the result is a reduction in assessed valuation.

NOTE 27: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and May 5, 2017, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS
Last Four Fiscal Years

	Year Ended			
	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0104742792%	0.0095487918%	0.0112742147%	0.0099503693%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,102,181	\$ 2,143,512	\$ 2,110,841	\$ 1,901,713
Borough's Covered-Employee Payroll	660,472	707,605	636,888	681,742
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	469.69%	302.92%	331.43%	278.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.13%	47.92%	52.08%	48.72%
Measurement Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PERS
Last Four Fiscal Years

	Year Ended			
	12/31/16	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 93,052	\$ 82,094	\$ 92,943	\$ 74,974
Contributions in Relation to the Contractually Required Contribution	93,052	82,094	92,943	74,974
Contribution Deficiency (Excess)	None	None	None	None
Borough's Covered-Employee Payroll	\$ 660,472	\$ 707,605	\$ 636,888	\$ 681,742
Contributions as a Percentage of Covered-Employee Payroll	14.09%	11.60%	14.59%	11.00%
Measurement Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Four Fiscal Years

	Year Ended			
	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0208033307%	0.0207243434%	0.0201584736%	0.0181923038%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,973,968	\$ 3,451,953	\$ 2,535,749	\$ 2,418,503
Borough's Covered-Employee Payroll	683,532	663,306	652,934	584,372
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	581.39%	520.42%	388.36%	413.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.30%	62.41%	58.70%
Measurement Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PFRS
Last Four Fiscal Years

	Year Ended			
	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 169,618	\$ 168,458	\$ 154,831	\$ 132,727
Contributions in Relation to the Contractually Required Contribution	169,618	168,458	154,831	132,727
Contribution Deficiency (Excess)	None	None	None	None
Borough's Covered-Employee Payroll	\$ 683,532	\$ 663,306	\$ 652,934	\$ 584,372
Contributions as a Percentage of Covered-Employee Payroll	24.81%	25.40%	23.71%	22.71%
Measurement Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Four Fiscal Years
Special Funding Situation

	Year Ended			
	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0208033307%	0.0207243434%	0.0201584736%	0.0181923038%
Borough's Proportionate Share of the Net Pension Liability (Asset)	333,715	\$ 302,725	\$ 273,058	\$ 225,434
Borough's Covered-Employee Payroll	683,532	663,306	652,934	584,372
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	48.82%	45.64%	41.82%	38.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.30%	62.41%	58.70%
Measurement Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Borough.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001.

Schedule of Borough Contributions - PFRS
Last Four Fiscal Years
Special Funding Situation

	Year Ended			
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Contractually Required Contribution	\$ 12,787	\$ 15,758	\$ 11,338	\$ 8,876
Contributions in Relation to the Contractually Required Contribution	12,787	15,758	11,338	8,876
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
Borough's Covered-Employee Payroll	\$ 683,532	\$ 663,306	\$ 652,934	\$ 584,372
Contributions as a Percentage of Covered-Employee Payroll	1.87%	2.38%	1.74%	1.52%
Measurement Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013

SUPPLEMENTARY INFORMATION

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

Honorable Mayor and Members
of the Borough Council
Borough of Woodstown
P.O. Box 286
Woodstown, New Jersey 08098

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Woodstown, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough of Woodstown's basic financial statements, and have issued our report thereon dated May 5, 2017, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the Length of Service Award Program (LOSAP), financial statements as part of our audit of the Borough of Woodstown's financial statements.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2016-001 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Woodstown, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests no disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services.

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

May 5, 2017

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll Account
Balance December 31, 2015	A	<u>\$ 2,607,288.86</u>	<u>\$ 385.76</u>
Increased by Receipts:			
Tax Collector	A-5	9,348,000.00	
Grants Receivable	A-10	180,337.71	
Revenue Accounts Receivable	A-11	1,072,834.08	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	36,117.36	
Homestead Rebate	A-7	109,310.49	
Reserve for Grants - Unappropriated	A-16	1,141.59	
Reserve for Police Forfeitures		40.00	
Reserve for Veteran's Walk		70.00	
Reserve for Debt Service - Unappropriated	A	27,500.00	
Reserve for JIF - Unappropriated	A	1,500.00	
Elections Payable		3,300.00	
Net Payroll			1,076,357.19
Due from Public Defender Trust		200.00	
Due from Water Operating Fund	D-5	104,280.12	
Due State of New Jersey - Marriage Licenses		625.00	
Due State of New Jersey - DCA Fees		2,941.00	
Total Receipts		<u>10,888,197.35</u>	<u>1,076,357.19</u>
		<u>13,495,486.21</u>	<u>1,076,742.95</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	2,984,792.98	
Appropriation Reserves	A-12	14,067.24	
Encumbrances Payable	A-13	208,288.48	
Reserve for Grants - Appropriated	A-18	16,866.36	
Due State of New Jersey - Marriage Licenses		575.00	
Due State of New Jersey - DCA Fees		2,601.00	
Elections Payable		3,200.00	
County Taxes Payable	A-7	2,927,438.41	
County Open Space Tax	A-7	56,087.56	
Due County Added & Omitted Taxes	A-7	2,302.24	
Open Space Taxes	A-7	28,798.00	
Due Payroll Agency Trust Fund		4,444.82	
Reserve for Revaluation		1,018.24	
Reserve for Updating Borough Code		2,390.80	
Reserve for Veteran's Walk		60.00	
Due General Capital Fund	C-2	17,507.18	
Due from Public Defender Trust		200.00	
Due Water Operating Fund	D-5	104,836.62	
Net Payroll			1,076,357.19
Local District School Tax	A-15	4,347,579.46	
		<u>10,723,054.39</u>	<u>1,076,357.19</u>
Balance December 31, 2016	A	<u>\$ 2,772,431.82</u>	<u>\$ 385.76</u>

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2015	Ref. A		\$ 22,092.03
Increased by Receipts:			
Taxes Receivable	A-7	\$ 9,150,000.69	
Prepaid Taxes	A	144,229.15	
Tax Overpayments		7,343.72	
Due County - PILOT Revenue		2,802.10	
Due Outside Lien Holder		227,259.85	
Tax Sale Premiums	B-3	6,400.00	
Revenue Accounts Receivable	A-11	117,225.50	
			<u>9,655,261.01</u>
			9,677,353.04
Decreased by Disbursements:			
Paid to Treasurer	A-4	9,348,000.00	
Tax Sale Premiums	B-3	46,300.00	
Due Outside Lien Holder		211,968.44	
			<u>9,606,268.44</u>
Balance December 31, 2016	A		<u><u>\$ 71,084.60</u></u>

SCHEDULE OF DEFERRED CHARGES
 NJSA 40A:4-55 SPECIAL EMERGENCY - REVALUATION PROGRAM

Date Authorized	Purpose	Net Amount Authorized	1/5 of Amount Authorized	Balance Dec. 31, 2015	Reduced	Balance Dec. 31, 2016
8/23/2011	Update Republish Code	\$ 20,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	
9/27/2011	Revaluation Program	20,000.00	4,000.00	4,000.00	4,000.00	
11/10/2014	Revaluation Program	25,000.00	5,000.00	20,000.00	5,000.00	\$ 15,000.00
				<u>\$ 28,000.00</u>	<u>\$ 13,000.00</u>	<u>\$ 15,000.00</u>
			Ref.	A	A-3	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayment Applied	Transferred to Tax Title Liens	Canceled	Balance
	Dec. 31, 2015			2015	2016				Dec. 31, 2016
2013	\$ 2,042.87				\$ 2,042.87				
2014	6,530.99				6,530.99				
2015	260,964.81		\$ 882.64		261,830.11				\$ 17.34
	<u>269,538.67</u>		<u>882.64</u>		<u>270,403.97</u>				<u>17.34</u>
2016		\$ 9,479,222.22		\$ 114,644.55	9,026,657.21	\$ 40,549.55	\$ 2,999.57	\$ 48,815.12	245,556.22
	<u>\$ 269,538.67</u>	<u>\$ 9,479,222.22</u>	<u>\$ 882.64</u>	<u>\$ 114,644.55</u>	<u>\$ 9,297,061.18</u>	<u>\$ 40,549.55</u>	<u>\$ 2,999.57</u>	<u>\$ 48,815.12</u>	<u>\$ 245,573.56</u>
Ref.	A			A			A-8		A
				Ref.					
		Cash - Collector		A-5	\$ 9,150,000.69				
		Cash - Homestead Rebate		A-4	109,310.49				
		Due State of New Jersey		A-14	37,750.00				
					<u>\$ 9,297,061.18</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
Business Personalty Tax		\$ 35,818.30	
General Property Tax		9,436,102.07	
		<hr/>	
			\$ 9,471,920.37
Added Taxes (54:4-63.1 et. seq.)			7,301.85
			<hr/>
			<u>\$ 9,479,222.22</u>
	Ref.		
Tax Levied			
Regional District School Tax (Abstract)	A-15		\$ 4,611,960.00
County Taxes:			
County Tax (Abstract)		\$ 2,927,438.41	
Due County for Open Space Tax		56,087.56	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)		2,302.24	
		<hr/>	
Total County Taxes			2,985,828.21
Local Tax for Municipal Purposes	A-2	1,847,450.00	
Municipal Open Space		28,798.00	
Add: Additional Taxes Levied		5,186.01	
		<hr/>	
			1,881,434.01
			<hr/>
			<u>\$ 9,479,222.22</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2015	A	\$ 9,559.32
Increased by:		
Transfers from Taxes Receivable	A-7	\$ 2,999.57
Balance December 31, 2016	A	<u>\$ 12,558.89</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2015	A	\$ 107,000.00
Balance December 31, 2016	A	<u>\$ 107,000.00</u>

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2015	Budget Revenue Realized	Received	Transfer from Grants Unappropriated	Canceled	Balance Dec. 31, 2016
Federal Grants:						
Small Cities	\$ 133,577.00		\$ 62,673.50			\$ 70,903.50
Small Cities - Alloway Road	152,546.80		104,836.62			47,710.18
Click It or Ticket		\$ 800.00		\$ 800.00		
State Grants:						
Safe Roadways	900.00					900.00
Clean Communities	114.96	8,843.41	8,843.41		\$ 114.96	
NJ Environmental Commission	98.00					98.00
Recycling Tonnage Grant		3,984.18	3,984.18			
Police Body Armor		1,173.55		1,173.55		
	<u>\$ 287,236.76</u>	<u>\$ 14,801.14</u>	<u>\$ 180,337.71</u>	<u>\$ 1,973.55</u>	<u>\$ 114.96</u>	<u>\$ 119,611.68</u>
Ref.	A		A-4	A-16	A-1	A

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2015		Treasurer	Collector	Dec. 31, 2016
Miscellaneous Revenue Anticipated					
Licenses:					
Alcoholic Beverages		\$ 5,300.00	\$ 5,300.00		
Fees and Permits		35,635.36	34,324.96	\$ 1,310.40	
Fines and Costs:					
Municipal Court	\$ 4,039.96	33,349.47	34,200.45		\$ 3,188.98
Interest and Costs on Taxes		62,095.46		62,095.46	
Interest on Investments		4,771.87	4,493.05	278.82	
Utility Operating Surplus		67,000.00	67,000.00		
Lease Payments - Cell Tower		67,262.29	67,262.29		
Consolidated Municipal Property Tax Relief		31,976.00	31,976.00		
Energy Receipts Tax		217,086.00	217,086.00		
Uniform Construction Code Official		44,267.00	44,267.00		
Shared Service Agreement - Joint Court		111,346.88	111,346.88		
Shared Service Agreement - Sewerage Authority		386,125.81	386,125.81		
Oldmans Shared Service Construction Code		34,891.68	34,891.68		
Cable TV Franchise Fee		14,901.21	14,901.21		
Miscellaneous Revenue Not Anticipated					
Off-Duty Police Administrative Fee		10,000.00	10,000.00		
DMV Inspection Fines		1,650.00	1,650.00		
Payments in Lieu of Taxes		53,239.83		53,239.83	
Uniform Fire Safety Act		1,824.23	1,824.23		
Senior Citizen/Homestead Administration Fee		884.95	884.95		
Street Sweeper Rentals		2,500.00	2,500.00		
Purchase of Trash and Recycle Containers		476.10	476.10		
JIF Funds		1,525.00	1,525.00		
Miscellaneous Revenue		798.47	798.47		
Property Maintenance		300.99		300.99	
	<u>\$ 4,039.96</u>	<u>\$ 1,189,208.60</u>	<u>\$ 1,072,834.08</u>	<u>\$ 117,225.50</u>	<u>\$ 3,188.98</u>
Ref.	A		A-4	A-5	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Collection of Taxes	\$ 46.00	\$ 1.00		\$ 1.00
Assessment of Taxes	50.00			
Resource Recovery	300.98	0.98		0.98
Municipal Court	926.42	1.42		1.42
Public Defender	175.00	5.00		5.00
Other Expenses:				
Borough Clerk	491.22	91.22	\$ 69.23	21.99
Financial Administration	564.64	564.64	564.00	0.64
Audit Services	1,800.00	4,000.00	4,000.00	
Collection of Taxes	34.32	34.32	12.51	21.81
Legal Services and Costs	2,465.00	1,865.00	1,830.00	35.00
Planning Board	34.12	34.12	34.00	0.12
Group Insurance for Employees	1.52	5,556.52	5,555.00	1.52
Workmen's Compensation	65.63	0.63		0.63
Inspection of Housing	54.41	4.41		4.41
Police	597.62	2.09		2.09
Sanitary Landfill	2,003.38	2,003.38	2,002.50	0.88
Shade Tree	50.00			
Resource Recovery	4.30	4.30		4.30
Electricity	83.07	3.07		3.07
Street Lighting	7.93	4.85		4.85
Gasoline	11.80	4.77		4.77
Construction Code	1,003.85	3.85		3.85
Defined Contribution Retirement	328.78	3.78		3.78
Other Accounts - No Change	453.47	453.47		453.47
Operations Within "CAPS"	11,553.46	14,642.82	14,067.24	575.58
Operations Excluded from "CAPS"				
Other Accounts - No Change	6,158.53	6,158.53		6,158.53
Operations Excluded from "CAPS"	6,158.53	6,158.53		6,158.53
	<u>\$ 17,711.99</u>	<u>\$ 20,801.35</u>	<u>\$ 14,067.24</u>	<u>\$ 6,734.11</u>
Ref.	A		A-4	A-1

Encumbrances Canceled	A-13	\$ 3,089.36
Balance December 31, 2015	A-12	17,711.99
		<u>\$ 20,801.35</u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2015	A	\$ 49,990.22	\$ 176,328.42
Increased by:			
Charges to Current Year Appropriations	A-3	54,212.75	
Reserve for Grants Appropriated	A-18		48,297.50
		<u>104,202.97</u>	<u>224,625.92</u>
Decreased by:			
Payments	A-4	42,500.86	165,787.62
Transfer to Appropriation Reserve	A-12	3,089.36	
Reserve for Grants Appropriated	A-18		10,391.96
Canceled	A-1	4,400.00	
		<u>49,990.22</u>	<u>176,179.58</u>
Balance December 31, 2016	A	<u>\$ 54,212.75</u>	<u>\$ 48,446.34</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERANS DEDUCTIONS

	Ref.		
Balance December 31, 2015	A		\$ 6,201.95
Increased by:			
Receipts	A-4		36,117.36
			<u>42,319.31</u>
Decreased by:			
Current Year Deductions Per Tax Duplicate		\$ 37,750.00	
Current Year Deductions Allowed by Collector		1,250.00	
Deductions Disallowed by Collector		(1,250.00)	
		<u>37,750.00</u>	
Prior Year Deductions Disallowed by Collector	A-7 A-1	(882.64)	
			<u>36,867.36</u>
Balance December 31, 2016	A		<u>\$ 5,451.95</u>

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

	Ref.		
Balance December 31, 2015			
School Tax Payable	A	\$ 1,886,812.21	
School Tax Deferred		400,000.00	
		<u> </u>	\$ 2,286,812.21
Increased by:			
Levy School Year July 1, 2016 to June 30, 2017	A-7		4,611,960.00
			<u> </u>
			6,898,772.21
Decreased by:			
Payments	A-4		4,347,579.46
			<u> </u>
Balance December 31, 2015			
School Tax Payable	A	2,151,192.75	
School Tax Deferred		400,000.00	
		<u> </u>	\$ 2,551,192.75
			<u> </u>
Tax Liability for Local District School Tax:			
Tax Payable December 31, 2015	A-15		\$ (1,886,812.21)
Tax Payable December 31, 2016	A-15		2,151,192.75
Tax Paid	A-15		4,347,579.46
			<u> </u>
Amount Charged to Operations	A-1		\$ 4,611,960.00
			<u> </u>

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance <u>Dec. 31, 2015</u>	Received	Budgeted Revenue	Balance <u>Dec. 31, 2016</u>
Police Body Armor	\$ 1,173.55	\$ 1,141.59	\$ 1,173.55	\$ 1,141.59
Click It or Ticket	800.00		800.00	
	<u>\$ 1,973.55</u>	<u>\$ 1,141.59</u>	<u>\$ 1,973.55</u>	<u>\$ 1,141.59</u>
Ref.	A	A-4	A-10	A

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance <u>Dec. 31, 2015</u>	Balance <u>Dec. 31, 2016</u>
Comcast Technology Grant	\$ 326.30	\$ 326.30
Ref.	A	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grants	Balance Dec. 31, 2015	Transferred from Budget Appropriation	Paid or Charged	Canceled	Encumbrance Canceled	Encumbered	Balance Dec. 31, 2016
Federal Grants:							
Small Cities	\$ 57,171.00		\$ 3,452.50			\$ 48,297.50	\$ 5,421.00
Small Cities Rehabilitation	293.51						293.51
Small Cities - Alloway Road	20,587.10				\$ 10,391.96		30,979.06
Click It or Ticket		\$ 800.00					800.00
State Grants:							
Clean Communities - 2015	2,370.82		2,370.82				
Clean Communities - 2016		8,843.41	3,531.60	\$ 114.96			5,196.85
Drunk Driving Enforcement Fund	2,527.40		1,456.93				1,070.47
Recycling Enhancement Grant	3,547.00						3,547.00
Recycling Tonnage Grant - 2016		3,984.18					3,984.18
Recycling Tonnage Grant - 2015	4,475.80		183.13				4,292.67
Recycling Tonnage Grant - 2014	3,488.23		3,488.23				
Recycling Tonnage Grant - 2013	508.15		508.15				
Police Body Armor Grant - 2016		1,173.55					1,173.55
Police Body Armor Grant - 2015	1,174.81		334.40				840.41
Police Body Armor Grant - 2013	1,540.60		1,540.60				
Safe Roadways	900.00						900.00
NJ Environmental Commission	632.80						632.80
Municipal Stormwater Regulation Program	2,550.00						2,550.00
Domestic Violence	1,270.00						1,270.00
	<u>\$ 103,037.22</u>	<u>\$ 14,801.14</u>	<u>\$ 16,866.36</u>	<u>\$ 114.96</u>	<u>\$ 10,391.96</u>	<u>\$ 48,297.50</u>	<u>\$ 62,951.50</u>
Ref.	A	A-3	A-4	A-1	A-13	A-13	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust	Developer's Escrow Trust	Off-Duty Police Officers	Municipal Open Space	Municipal Public Defender	Parking Offense Adjudication	Payroll Agency Trust	Performance Bond Escrow	Landfill Closure	Storm Recovery	Unemployment Compensation Fund	Uniform Fire Safety Penalty Monies	Affordable Housing	Small Cities Revolving Loan
Balance December 31, 2015	B	\$ 8,660.30	\$ 7,603.00	\$ 9,362.98	\$ 343,738.52	\$ 45.79	\$ 1,861.05	\$ 26,470.94	\$ 4,208.58	\$ 88,842.59	\$ 357.72	\$ 80,919.25	\$ 1.00	\$ 5,818.88	\$ 150,843.01
Increased by Receipts:															
Interest Earned		16.40	11.93	18.99	275.95	1.25	2.84	50.01	6.29	267.00	0.57	122.76		10.96	244.17
Dog License Fees:															
Municipal Share	B-2	6,917.40													
State Share		516.60													
Escrow Deposits			18,780.25												
Off-Duty Police				15,505.17											
Open Space Tax					28,798.00										
Public Defender Fees						5,779.00									
POAA Fees							72.00								
Payroll Withholdings								681,158.68							
Employer Payroll Taxes								379,449.36							
Storm Recovery										\$ 1,703.38					
Affordable Housing														2,814.83	
Small Cities Revolving Loan Fund															30,128.71
Due from Water Operating Fund	D-5					154.21		3,304.00							
Due from Current Fund	A-4							4,444.82				8,087.34			
Total Receipts		7,450.40	18,792.18	15,524.16	29,073.95	5,934.46	74.84	1,068,406.87	6.29	267.00	1,703.95	8,210.10		2,825.79	30,372.88
Decreased by Disbursements:															
Expenditures Under RS 4:19-15.11	B-2	7,626.23													
NJ State Department of Health		521.40													
Escrow Charges			20,000.18												
Off-Duty Police				20,460.41											
Municipal Open Space					47,440.37										
Public Defender Fees						5,549.22									
Payroll Deductions and Withholdings								1,045,049.22							
Small Cities Revolving Loan Fund															2,160.00
Due Unemployment Trust Fund	B-1							8,087.34							
Due General Capital Fund					297,605.68										
Due Current Fund		16.40	11.93	18.99		201.25	2.84	50.01	6.29						
Total Disbursements		8,164.03	20,012.11	20,479.40	345,046.05	5,750.47	2.84	1,053,186.57	6.29						2,160.00
Balance December 31, 2016	B	\$ 7,946.67	\$ 6,383.07	\$ 4,407.74	\$ 27,766.42	\$ 229.78	\$ 1,933.05	\$ 41,691.24	\$ 4,208.58	\$ 89,109.59	\$ 2,061.67	\$ 89,129.35	\$ 1.00	\$ 8,644.67	\$ 179,055.89

EXHIBIT B-2

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2015	Ref. B	\$ 8,655.50
Increased by:		
Municipal Share of Dog License Fees	B-1	6,917.40
		<hr/> 6,917.40
		15,572.90
Decreased by:		
Expenditures Under RS 4:19-15.11: Cash	B-1	7,626.23
Balance December 31, 2016	B	<hr/> <hr/> \$ 7,946.67

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 7,578.40
2015	10,621.80
	<hr/> \$ 18,200.20

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2015	Ref. B	\$ 101,800.00
Increased by:		
Tax Collector Receipts	A-5	6,400.00
		<hr/> 108,200.00
Decreased by:		
Premiums Refunded	A-5	46,300.00
Balance December 31, 2016	B	<hr/> <hr/> \$ 61,900.00

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2015	Ref. C		\$ 307,322.95
Increased by:			
Interest Earned		\$ 265.17	
Due from Current Fund	A-4	17,507.18	
Budget Appropriation			
Capital Improvement Fund	C-5	50,000.00	
Emergency Equipment	C-3	24,464.00	
		<hr/>	
			92,236.35
			<hr/>
			399,559.30
Decreased by:			
Improvement Authorizations	C-7	4,251.38	
Encumbrances Payable		267,433.00	
Due Water Capital Fund	D-5	8,937.54	
Preliminary Costs - Safe Roads to Schools	C-3	2,789.75	
Purchase of Emergency Equipment	C-3	8,040.99	
Due from Current Fund		265.17	
		<hr/>	
			291,717.83
			<hr/>
Balance December 31, 2016	C		<u><u>\$ 107,841.47</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016	
	Balance Dec. 31, 2015	Budget Appropriation	Miscellaneous	Improvement Authorization	Miscellaneous	From		To
Fund Balance	\$ 36,913.73							\$ 36,913.73
Due Current Fund	(17,507.18)		\$ 17,772.35		\$ 265.17			
Due from Open Space Trust	(315,256.40)						\$ 297,605.68	(17,650.72)
Due Small Cities Revolving Loan Trust	(7,624.00)							(7,624.00)
Due from Water Capital Fund					8,937.54			(8,937.54)
Capital Improvement Fund	49,900.12	\$ 50,000.00				\$ 25,000.00	7,073.00	81,973.12
Encumbrances Payable	850,517.24				267,433.00	167,693.24	24,867.22	440,258.22
Grant Receivable - NJ DOT	(13,298.75)					153,000.00		(166,298.75)
Due from Reliance Fire Company	(1,932.78)							(1,932.78)
Due from Pilesgrove Township	(67,860.28)							(67,860.28)
Reserve for:								
Reconstruction of Municipal Roads	10,000.00							10,000.00
Furniture & Fixtures	1,906.08							1,906.08
Improvements to Municipal Building	2,719.60					1,492.33		1,227.27
Purchase of Emergency Equipment	17,437.00	24,464.00			8,040.99	1,747.20		32,112.81
Preliminary Costs - Landfill	14,541.20							14,541.20
Preliminary Costs - Memorial Lake Dam	6,558.40						318.41	6,876.81
Preliminary Costs - Safe Routes to Schools	10,000.00				2,789.75	2,850.00		4,360.25
Preliminary Costs - Stormwater Improvements						2,485.00	15,000.00	12,515.00
Improvement Authorizations:								
Ordinance								
Number								
540 Repairs to Memorial Lake Dam	(29,496.47)							(29,496.47)
2007-3 Purchase Unimproved Land	(23,000.00)							(23,000.00)
2011-7 Improvements to Borough Hall & Public Works Bldg.	6,480.20							6,480.20
2012-5 Capital Improvements Green Street	3,480.35					3,480.35		
2015-6 Reconstruct and Upgrade East Millbrooke	2.03					2.03		
2012-9 Improvements to Borough Hall	35,385.00							35,385.00
2013-9 Sidewalk Small Cities	2,834.36							2,834.36
2014-05 Improvements to the Firehouse	1,362.12					3,590.62	2,228.50	
2014-07 Reconstruct and Upgrade East Millbrooke	(27,083.97)							(27,083.97)
2014-11 Purchase Public Works Equipment	1,082.28					1,082.28		
2015-03 Capital Improvements to Borough Hall	149,016.55					132,680.00		16,336.55
2015-07 Purchase a Fire Truck	(390,847.00)							(390,847.00)
2015-08 Improvements to the Borough Hall Complex	1,093.52						200.00	1,293.52
2016-04 Maple Court Roadway Improvements				\$ 4,251.38		10,096.04	153,000.00	138,652.58
2016-16 Purchase of a Snow Plow						5,093.72	10,000.00	4,906.28
	\$ 307,322.95	\$ 74,464.00	\$ 17,772.35	\$ 4,251.38	\$ 287,466.45	\$ 510,292.81	\$ 510,292.81	\$ 107,841.47
Ref.	C	C-2	C-2	C-7	C-2			C

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2015	Authorized	Notes Paid by Budget Appropriation	Balance Dec. 31, 2016	Analysis of Balance Dec. 31, 2016		
						Financed By Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
540	Repairs to Memorial Lake Dam	\$ 29,496.47			\$ 29,496.47		\$ 29,496.47	
625	Purchase Pumper Tanker	60,000.00		\$ 20,000.00	40,000.00	\$ 40,000.00		
637	Purchase Unimproved Land	65,000.00		65,000.00				
2007-3	Purchase Unimproved Land	23,000.00			23,000.00		23,000.00	
2009-2	Purchase of Recycling Containers	31,000.00		7,000.00	24,000.00	24,000.00		
2009-12	Purchase of Street Sweepers	154,000.00		8,000.00	146,000.00	146,000.00		
2013-15	Purchase of Trash Containers	70,000.00		2,000.00	68,000.00	68,000.00		
2014-05	Improvements to the Firehouse	45,000.00			45,000.00	45,000.00		
2014-07	Reconstruct and Upgrade East Millbrooke	27,083.97			27,083.97		27,083.97	
2014-11	Purchase Public Works Equipment	250,000.00			250,000.00	250,000.00		
2015-03	Capital Improvements to Borough Hall	270,000.00		30,000.00	240,000.00	240,000.00		
2015-07	Purchase a Fire Truck	400,000.00			400,000.00		390,847.00	\$ 9,153.00
2016-04	Maple Court Roadway Improvements		\$ 75,000.00		75,000.00			75,000.00
		<u>\$ 1,424,580.44</u>	<u>\$ 75,000.00</u>	<u>\$ 132,000.00</u>	<u>\$ 1,367,580.44</u>	<u>\$ 813,000.00</u>	<u>\$ 470,427.44</u>	<u>\$ 84,153.00</u>
Ref.	C		C-7	C-8	C	C-8	C-3	
Improvement Authorizations - Unfunded						Ref.		
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:						C-7		\$ 100,489.55
Ordinance Number								
2015-03	Capital Improvements to Borough Hall					C-3		16,336.55
								<u>\$ 84,153.00</u>

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2015	C	\$ 49,900.12
Increased by:		
Budget Appropriation	C-2	50,000.00
Improvement Authorizations - Canceled	C-7	7,073.00
		<u>57,073.00</u>
		106,973.12
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	10,000.00
Preliminary Costs:		
Stormwater Improvements		15,000.00
		<u>25,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 81,973.12</u></u>

EXHIBIT C-6

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2015	Authorized	Balance Dec. 31, 2016
State Grants:			
New Jersey Transportation Trust			
Mill & West Millbrooke	\$ 13,298.75		\$ 13,298.75
Maple Avenue		\$ 153,000.00	153,000.00
	<u>\$ 13,298.75</u>	<u>\$ 153,000.00</u>	<u>\$ 166,298.75</u>
Ref.	C	C-7	C

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2015		Authorizations			Paid or Charged	Encumbered	Encumbrance		Balance Dec. 31, 2016		
				Funded	Unfunded	Capital Improvement Fund	NJ - DOT Grant	Future Taxation - Unfunded			Canceled	Canceled	Funded	Unfunded	
2011-7	Improvements to Borough Hall & Public Works Bldg.	05/24/11	\$ 26,000.00	\$ 6,480.20									\$ 6,480.20		
2012-5	Capital Improvements Green Street	06/12/12	680,000.00	3,480.35								\$ 3,480.35			
2012-6	Reconstruct and Upgrade East Millbrooke	06/26/12	151,000.00	2.03								2.03			
2012-9	Improvements to Borough Hall	09/25/12	50,000.00	35,385.00									35,385.00		
2013-9	Sidewalk Small Cities	08/27/13	20,000.00	2,834.36									2,834.36		
2014-05	Improvements to the Firehouse	03/11/14	56,000.00		\$ 1,362.12						\$ 2,228.50	3,590.62			
2014-11	Purchase Public Works Equipment	08/12/14	250,000.00		1,082.28					\$ 1,082.28					
2015-03	Capital Improvements to Borough Hall	04/14/15	300,000.00		149,016.55				\$ 132,659.35	20.65				\$ 16,336.55	
2015-07	Purchase a Fire Truck	10/13/15	425,000.00		9,153.00									9,153.00	
2015-08	Improvements to the Borough Hall Complex	11/10/15	45,000.00	1,093.52							200.00		1,293.52		
2016-04	Maple Court Roadway Improvements	03/08/16	228,000.00			\$ 153,000.00	\$ 75,000.00		4,251.38	10,096.04			138,652.58	75,000.00	
2016-16	Purchase of a Snow Plow	11/22/16	10,000.00			\$ 10,000.00				5,093.72			4,906.28		
			<u>\$ 49,275.46</u>	<u>\$ 160,613.95</u>	<u>\$ 10,000.00</u>	<u>\$ 153,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 136,910.73</u>	<u>\$ 16,292.69</u>	<u>\$ 2,428.50</u>	<u>\$ 7,073.00</u>	<u>\$ 189,551.94</u>	<u>\$ 100,489.55</u>		
Ref.			C	C	C-5	C-6	C-4	C-2				C-5	C	C	
			Due from Open Space Trust Fund						Ref.	\$ 132,659.35					
			Cash						C-2	4,251.38					
										<u>\$ 136,910.73</u>					

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance		Balance
		of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2015	Decreased	
637	Purchase Unimproved Land	12/08/06	11/27/15	11/25/16	0.97%	\$ 65,000.00	\$ 65,000.00	
625	Purchase Pumper Tanker	12/07/07	11/28/16	11/28/17	1.02%	60,000.00	20,000.00	\$ 40,000.00
2009-2	Purchase of Recycling Containers	12/4/09	11/28/16	11/28/17	1.02%	31,000.00	7,000.00	24,000.00
2009-12	Purchase of Street Sweepers	12/4/09	11/28/16	11/28/17	1.02%	154,000.00	8,000.00	146,000.00
2013-15	Purchase of Trash Containers	11/28/14	11/28/16	11/28/17	1.02%	70,000.00	2,000.00	68,000.00
2014-05	Improvements to the Firehouse	11/28/14	11/28/16	11/28/17	1.02%	45,000.00		45,000.00
2014-11	Purchase Public Works Equipment	11/27/15	11/28/16	11/28/17	1.02%	250,000.00		250,000.00
2015-03	Capital Improvements to Borough Hall	11/27/15	11/28/16	11/28/17	1.02%	270,000.00	30,000.00	240,000.00
						<u>\$ 945,000.00</u>	<u>\$ 132,000.00</u>	<u>\$ 813,000.00</u>
						Ref. C		C

Budget Appropriation:
 Current Fund
 Municipal Open Space

\$ 102,000.00
 30,000.00
\$ 132,000.00

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance		Authorized	Balance	
		Dec. 31, 2015			Dec. 31, 2016	
540	Repairs to Memorial Lake Dam	\$ 29,496.47			\$ 29,496.47	
637	Purchase Unimproved Land	23,000.00			23,000.00	
2014-07	Reconstruct and Upgrade East Millbrooke	27,083.97			27,083.97	
2015-07	Purchase a Fire Truck	400,000.00			400,000.00	
2016-4	Maple Court Roadway Improvements			\$ 75,000.00		75,000.00
		<u>\$ 479,580.44</u>		<u>\$ 75,000.00</u>		<u>\$ 554,580.44</u>
	Ref.			C-7		

WATER UTILITY FUND

SCHEDULE OF WATER UTILITY FUND CASH - TREASURER

	Ref.	<u>Operating</u>	<u>Capital</u>	<u>Escrow</u>
Balance December 31, 2015	D	\$ 167,962.59	\$ 32,881.64	\$ 1,879.90
Increased by:				
Consumer Accounts Receivable	D-7	950,751.95		
Miscellaneous Revenues	D-3	19,683.33	120.83	2.65
Utility Rent Overpayments		4,030.33		
Due Federal and State Grant Fund	A-4	104,836.62		
Due from General Capital Fund	C-2		8,937.54	
Due from Water Operating Fund	D-5		50,000.00	
Due from Water Capital Fund	D-5	120.83		
Due from Water Escrow Fund	D-5	2.65		
Budget Appropriation				
Capital Improvement Fund	D-12		70,000.00	
Capital Outlay	D-12		8,507.66	
		<u>1,079,425.71</u>	<u>137,566.03</u>	<u>2.65</u>
		<u>1,247,388.30</u>	<u>170,447.67</u>	<u>1,882.55</u>
Decreased by:				
Budget Appropriations	D-4	745,477.27		
Appropriation Reserves	D-10	2,237.18		
Encumbrances Payable	D-11	22,904.35		
Accrued Interest Paid	D-13	66,164.25		
Due Federal and State Grant Fund	A-4	104,280.12		
Due Payroll Agency	B-1	3,304.00		
Escrow Payments				426.50
Refund Overpayment		187.22		
Due from General Capital Fund			8,937.54	
Due from Water Capital Fund	D-5	50,000.00		
Due Water Operating Fund	D-5		120.83	2.65
		<u>994,554.39</u>	<u>9,058.37</u>	<u>429.15</u>
Balance December 31, 2016	D	\$ 252,833.91	\$ 161,389.30	\$ 1,453.40

ANALYSIS OF WATER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2015	Receipts		Disbursements	Transfers		Balance Dec. 31, 2016
		Budget Appropriation	Miscellaneous	Miscellaneous	From	To	
Fund Balance	\$ 5,654.98						\$ 5,654.98
Capital Improvement Fund	77,226.66	\$ 78,507.66			\$ 43,000.00		112,734.32
Encumbrances Payable						\$ 24,362.46	24,362.46
Due Utility Operating Fund	(50,000.00)		\$ 50,120.83	\$ 120.83			
Due from Woodstown Sewerage Authority					285,000.00		(285,000.00)
Due General Capital Fund						8,937.54	8,937.54
Improvement Authorizations:							
Ordinance							
Number							
2016-5 Water & Sewer Mains at Maple Court					33,300.00	328,000.00	294,700.00
	<u>\$ 32,881.64</u>	<u>\$ 78,507.66</u>	<u>\$ 50,120.83</u>	<u>\$ 120.83</u>	<u>\$ 361,300.00</u>	<u>\$ 361,300.00</u>	<u>\$ 161,389.30</u>
Ref.	D	D-12	D-5	D-5			D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2015	Ref. D	\$ 77,020.39
Increased by:		
Utility Rents Levied		950,900.46
		<u>1,027,920.85</u>
Decreased by:		
Collections	D-5	950,751.95
Overpayments Applied	D	2,700.74
		<u>953,452.69</u>
Balance December 31, 2016	D	<u><u>\$ 74,468.16</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	<u>Additions by Capital Outlay</u>	Balance Dec. 31, 2016
Springs and Wells	\$ 2,167,227.36		\$ 2,167,227.36
Pumping Station Structure	84,379.76		84,379.76
Power Supply Equipment	27,726.56		27,726.56
Storage Reservoirs & Tanks	120,764.00		120,764.00
Distribution Mains and Accessories	2,356,393.51		2,356,393.51
Service Pipes and Stops	65,042.45		65,042.45
Meters and Meter Boxes	481,080.25		481,080.25
General Equipment	23,769.05	\$ 1,492.34	25,261.39
Chlorinator	17,473.50		17,473.50
Computer/Software	10,356.00		10,356.00
Backhoe	72,291.23		72,291.23
Utility Truck	61,706.49		61,706.49
Fire Hydrants	28,175.78		28,175.78
Miscellaneous	109,072.54		109,072.54
	<u>\$ 5,625,458.48</u>	<u>\$ 1,492.34</u>	<u>\$ 5,626,950.82</u>
Ref.	D	D-4	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Authorized	Balance Dec. 31, 2016
		Date	Amount		
2016-5	Water & Sewer Mains at Maple Court	03/08/16	\$ 498,000.00	\$ 498,000.00	\$ 498,000.00
				Ref. D-15	D

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Balance After Transfers	Paid	Over - Expended	Balance Lapsed
Operating:					
Other Expenses	\$ 1,343.48	\$ 1,343.48	\$ 2,237.18	\$ 893.70	
Other Accounts - No Change	13,635.29	13,635.29			\$ 13,635.29
	<u>\$ 14,978.77</u>	<u>\$ 14,978.77</u>	<u>\$ 2,237.18</u>	<u>\$ 893.70</u>	<u>\$ 13,635.29</u>
Ref.	D		D-4	D	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2015	D	\$ 22,904.35	
Increased by:			
Charges to:			
Current Year Appropriations	D-4	20,471.47	
Improvement Authorizations	D-15		\$ 24,362.46
		<u>43,375.82</u>	<u>24,362.46</u>
Decreased by:			
Payments	D-5	22,904.35	
Balance December 31, 2016	D	<u>\$ 20,471.47</u>	<u>\$ 24,362.46</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	Ref. D	\$ 77,226.66
Increased by:		
Budget Appropriation		78,507.66
	D	<u>155,734.32</u>
Decreased by:		
Appropriation to Finance Improvement Authorization	D-15	43,000.00
Balance December 31, 2016		<u>\$ 112,734.32</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE

	Ref.	Bonds	Notes
Balance December 31, 2015	D	\$ 26,568.64	\$ 265.86
Increased by:			
Budget Appropriation for:			
Interest on Bonds and Notes	D-4	62,419.90	2,839.13
		<u>88,988.54</u>	<u>3,104.99</u>
Decreased by:			
Interest Paid	D-5	63,263.95	2,900.30
Balance December 31, 2016	D	<u>\$ 25,724.59</u>	<u>\$ 204.69</u>

Analysis of Accrued Interest December 31, 2016

	Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Days	Amount
Bonds	\$ 1,370,882.54	4.50%	8/3/2016	12/31/2016	150	\$ 25,724.59
Notes	225,000.00	1.02%	11/28/2016	12/31/2016	32	204.69
						<u>\$ 25,929.28</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Authorized	Balance Dec. 31, 2016
2016-5	Water & Sewer Mains at Maple Court	03/08/16	\$ 328,000.00	\$ 328,000.00
		Ref.	D-15	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Authorization	Paid or Charged	Encumbrance	Balance Dec. 31, 2016	
							Funded	Unfunded
2016-5	Water & Sewer Mains at Maple Court	03/08/16	\$ 498,000.00	\$ 498,000.00	\$ 8,937.54	\$ 24,362.46	\$ 294,700.00	\$ 170,000.00
				Ref.	C-4	D-11	D	D
				Ref.				
	Due from Woodstown Sewerage Authority			D	\$ 285,000.00			
	Capital Improvement Fund			D-12	43,000.00			
	Authorized But Not Issued			D-18	170,000.00			
					<u>\$ 498,000.00</u>			

SCHEDULE OF WATER CAPITAL FHA LOAN PAYABLE

Date of Issue	Purpose	Original Issue	Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
8/3/95	Replacement of Various Water Mains	\$ 2,000,000.00	4.50%	\$ 1,415,898.59	\$ 45,016.05	\$ 1,370,882.54
			Ref.	D		D

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
2010-5	Remote Water Meter Reading	12/3/2010	11/28/2016	11/28/2017	1.02%	\$ 174,000.00	\$ 50,000.00	\$ 124,000.00
631	Well #6	12/2/2011	11/28/2016	11/28/2017	1.02%	32,000.00	6,000.00	26,000.00
631	Well #6	11/30/2012	11/28/2016	11/28/2017	1.02%	82,000.00	7,000.00	75,000.00
631	Well #6	11/27/2015	11/28/2016	11/28/2017	1.02%	11,000.00	11,000.00	
						<u>\$ 299,000.00</u>	<u>\$ 74,000.00</u>	<u>\$ 225,000.00</u>
					Ref.	D		D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Authorized	Balance Dec. 31, 2016
2016-5	Water & Sewer Mains at Maple Court	\$ 170,000.00	\$ 170,000.00
	Ref.	D-15	

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

Balance December 31, 2015	Ref. E	\$ 3,460.01
Increased by:		
Interest Earned		5.21
		<hr/>
		3,465.22
Decreased by:		
Due Current Fund		5.21
		<hr/>
Balance December 31, 2016	E	<u><u>\$ 3,460.01</u></u>

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement for the following items:

Structural and Architectural Improvements to Municipal Building
Generator

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 5, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Borough Council of the Borough of Woodstown, County of Salem, State of New Jersey, that in accordance with Chapter 435 Laws of 1979, approved February 14, 1980, that interest at the rate of 8% per annum be charged on the first \$1,500.00 said interest to be calculated from the date that tax was payable until the date of actual payment, 18% interest will be charged on amounts due over \$1,500.00, and will continue at 18% until the account is brought up to date, as per NJSA 54:4-67. A 6% penalty will be charged on any Municipal delinquency in excess of \$10,000.00 if not paid by the end of the year. NJSA 54:4-4-67 (Collective to date interest to be taken before any tax payment); and

Collection of Interest on Delinquent Taxes and Assessments (Continued)

BE IT FURTHER RESOLVED that NJSA 40A:31-12 and 17 states that a municipality must charge interest on unpaid charges. The Borough of Woodstown has set that interest rate at 18 percent per annum for any unpaid water charges; and

BE IT FURTHER RESOLVED that a charge of \$20.00 will be made for all checks returned by the bank as un-payable Chapter 105 Laws of 1990; and

BE IT FINALLY RESOLVED that any tax balance that is overpaid or underpaid in the amount of \$5.00 or less may be cancelled (Chapter 79 RS 54:57-79).

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 9, 2016, and was complete except for bankruptcies from prior years not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2016	2
2015	2
2014	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges was made in accordance with the regulations of the Division of Local Government Services. Notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

PROPERTY TAX INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	3.2890	3.0600	2.9020
Apportionment of Tax Rate			
Municipal	0.6410	0.6150	0.5960
County	1.0170	0.9310	0.8880
County Open Space	0.0200	0.0200	0.0190
Regional School	1.6020	1.4790	1.3890
Municipal Open Space	0.0090	0.0150	0.0100
Assessed Valuation	287,987,833	288,898,808	291,719,375

Source: Abstract of Ratables

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2016	2015	2014
Tax Levy	\$ 9,479,222.22	\$ 8,908,485.92	\$ 8,472,227.19
Cash Collections	9,181,851.31	8,608,334.80	8,223,520.16
Percentage of Collections	96.86%	96.63%	97.06%

COMPARISON DELINQUENT TAXES AND TAX TITLE LIENS

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

	2016	2015	2014
Amount of Tax Title Liens	\$ 12,558.89	\$ 9,559.32	\$ 5,252.50
Delinquent Taxes	245,573.56	269,538.67	222,727.22
Total Delinquent	\$ 258,132.45	\$ 279,097.99	\$ 227,979.72
Percentage of Tax Levy	2.72%	3.13%	2.69%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	2016	2015	2014
Property Acquired for Taxes (Assessed Valuation)	<u>107,000</u>	<u>107,000</u>	<u>193,400</u>

ASSESSED VALUATION OF REAL PROPERTY AND BUSINESS PERSONAL PROPERTY BY CLASSIFICATION

	2016	2015	2014	2013
Vacant	2,239,200	2,513,500	2,505,700	3,618,700
Residential	234,699,300	236,296,300	238,666,400	240,784,300
Farm	149,500	149,500	149,600	149,500
Farm Qualified	46,900	46,900	46,900	46,900
Commercial	39,355,800	37,827,300	38,225,900	38,328,400
Apartment	10,408,100	10,890,300	10,990,300	10,990,300
	<u>286,898,800</u>	<u>287,723,800</u>	<u>290,584,800</u>	<u>293,918,100</u>
Telephone	1,089,033	1,175,008	1,134,675	1,191,449
Net Valuation Taxable	<u>287,987,833</u>	<u>288,898,808</u>	<u>291,719,475</u>	<u>295,109,549</u>
Assessed Value to True Value	104.88%	105.49%	106.93%	104.83%

Source: Abstract of Ratables

TOP TAXPAYERS

	Taxable Assessed Valuation	
	2016	2015
Hillcrest Gardens Apt.	4,600,000	4,600,000
Erdner's Busy Corner Warehouse, Inc.	3,669,600	3,669,600
Woodstown Development Group	3,085,400	1,068,400
Hillcrest II Limited Partnership	2,200,000	2,782,200
ARHC SCWDSNJ 01, LLC	2,062,300	2,062,300
The Bank	1,716,000	1,716,000
Taxpayer #1	1,464,000	1,464,000
Chestnut Run Golf Properties, Inc.		1,268,500
Bell Atlantic Property	1,089,033	1,175,008
JDKD Enterprises LP	1,093,900	1,093,900
Ekiz Brothers Investments, LLC	989,300	
	<u>21,969,533</u>	<u>20,899,908</u>

Source: Tax Assessor

WATER RENT INFORMATION

	2016	2015	2014	2013
Balance January 1	\$ 77,020.39	\$ 85,460.49	\$ 83,169.18	\$ 89,679.41
Levy	950,900.46	780,424.82	753,498.10	713,274.84
Cash Collections	953,452.69	788,864.92	751,206.79	719,785.07
Percentage of Collections	92.76%	91.11%	89.79%	89.64%

OTHER COMMENTS

Chief Financial Officer/Treasurer

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements with the following exception:

Many of the required journal entries to lapse appropriation reserve, cancel encumbrances, and adjust interfund receivables/payables were not posted to the general ledger.

There are interfund loans existing as of the end of the year.

There are two capital ordinances that are over five years old with deficit cash balances.

Municipal Court

A separate agreed-upon procedures report has been issued to the Governing Bodies of the Mid-Salem County Joint Municipal Court covering Woodstown, Mannington, Elmer, Oldmans, and Quinton.

Corrective Action Plan

A corrective action plan for the year 2015 was filed with the Division of Local Government Services. Corrective action was not implemented for one of the findings, which are repeated this year.

STATUS OF PRIOR RECOMMENDATIONS

- *2015-001 Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances and adjust interfund receivables/payables were not posted to the general ledger.
- Corrective action was not fully implemented.
- *2015-002 Finding: There are interfund loans existing as of the end of the year.
- Corrective action was taken, however additional interfunds were created during 2016.
- 2015-003 Finding: The Borough approved the purchase a fire truck from a vendor approved as a national cooperative contract, at a cost of \$415,391.00. No documentation of the costs savings determination was made.
- Corrective action was taken.
- 2015-004 Finding: Funds received for construction permits were not deposited within 48 hours in violation of NJSA40A:5-15.
- Corrective action was taken.

FINDINGS AND RECOMMENDATIONS

- *2016-001 Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances and adjust interfund receivables/payables were not posted to the general ledger.
- Recommendation: The Chief Financial Officer ensure that all required journal entries are made to the general ledger.
- *2016-002 Finding: There are interfund loans existing as of the end of the year.
- Recommendation: The Chief Financial Officer clear all interfunds before the end of the year.
- 2016-003 Finding: There are two capital ordinances that are over five years old with deficit cash balances.
- Recommendation: The capital ordinances that are over five years old with deficit cash balances be funded by the Borough.

* These recommendations appeared in prior reports and corrective action was not taken.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any question arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC

A handwritten signature in black ink, appearing to read "Nick L. Petroni", with a long horizontal flourish extending to the right.

Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252