

BOROUGH OF WOODBURY HEIGHTS
COUNTY OF GLOUCESTER
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2017

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BOROUGH OF WOODBURY HEIGHTS
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodbury Heights
Woodbury Heights, New Jersey 08097

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2017, 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Accounting Principles Generally Accepted in the United States of America

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

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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” 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 the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2017, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate 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 statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, 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 solely 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 the effectiveness of the Borough of Woodbury Heights's 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 Woodbury Heights's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 29, 2018

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodbury Heights
Woodbury Heights, New Jersey 08097

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Woodbury Heights, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 29, 2018. That report indicated that the Borough of Woodbury Heights's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 29, 2018

BOROUGH OF WOODBURY HEIGHTS

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Assets:			
Regular Fund:			
Cash:			
Chief Financial Officer	SA-1	\$ 1,930,988.77	\$ 1,661,726.56
Change Fund	A	<u>225.00</u>	<u>225.00</u>
		<u>1,931,213.77</u>	<u>1,661,951.56</u>
Other Receivables			
Due from State of New Jersey	SA-4	<u>4,159.61</u>	<u>5,000.00</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	173,075.25	167,375.97
Tax Title Liens Receivable	SA-3	76,208.55	66,615.42
Property Acquired for Taxes - Assessed Valuation	A	95,075.00	95,075.00
Revenue Accounts Receivable	SA-5	3,449.48	-
Due Animal Control Fund	SB-3	1,975.34	2,797.66
Due from Trust Other Fund	SB-6	663.89	445.44
Due General Capital Fund	SC-6	<u>135.09</u>	<u>-</u>
		<u>350,582.60</u>	<u>332,309.49</u>
		<u>2,285,955.98</u>	<u>1,999,261.05</u>
Federal and State Grant Fund:			
Due Current Fund	SA-13	39,764.50	50,521.51
Grants Receivable	SA-14	<u>54,931.81</u>	<u>30,583.81</u>
		<u>94,696.31</u>	<u>81,105.32</u>
		<u>\$ 2,380,652.29</u>	<u>\$ 2,080,366.37</u>

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Liabilities, Reserves and Fund Balance:			
Regular Fund:			
Appropriation Reserves	A-3;SA-6	\$ 456,175.15	\$ 444,689.95
Encumbrances Payable	A-3;SA-6	34,894.29	70,733.96
Accounts Payable	SA-1	10,201.19	58,155.50
Prepaid Taxes	SA-7	147,470.66	34,937.60
Tax Overpayments	SA-8	75,611.26	930.87
Due County for Added and Omitted Taxes	SA-10	2,269.49	3,558.57
Local School District Taxes Payable	SA-11	28,345.50	-
Due to General Capital Fund	SC-6	-	78,744.89
Due Federal and State Grant Fund	SA-13	39,764.50	50,521.51
Reserve for Master Plan	A	1,840.74	1,840.74
Reserve for Insurance Proceeds	A	5,782.52	5,782.52
		<u>802,355.30</u>	<u>749,896.11</u>
Reserves for Receivables	A	350,582.60	332,309.49
Fund Balance	A-1	<u>1,133,018.08</u>	<u>917,055.45</u>
		<u>2,285,955.98</u>	<u>1,999,261.05</u>
Federal and State Grant Fund:			
Unappropriated Reserves	SA-15	15,729.28	1,061.39
Appropriated Reserves	SA-16	<u>78,967.03</u>	<u>80,043.93</u>
		<u>94,696.31</u>	<u>81,105.32</u>
		<u>\$ 2,380,652.29</u>	<u>\$ 2,080,366.37</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 360,000.00	\$ 475,000.00
Miscellaneous Revenues Anticipated	443,962.84	445,617.94
Receipts from Delinquent Taxes	167,154.69	156,242.86
Receipts from Current Taxes	10,652,993.75	10,439,181.32
Nonbudget Revenues	136,502.08	93,859.17
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	388,014.71	314,604.77
Interfund Returned	822.32	9.20
Statutory Excess - Animal Control Fund	1,973.87	2,794.28
	12,151,424.26	11,927,309.54
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	1,203,600.00	1,161,600.00
Other Expenses	1,423,532.21	1,440,010.73
Deferred Charges and Statutory Expenditures	344,324.79	344,649.27
Appropriations Excluded from "CAPS":		
Operations:		
Salaries and Wages	105,940.00	102,600.00
Other Expenses	180,237.62	182,954.84
Capital Improvements	75,000.00	155,000.00
Municipal Debt Service	270,299.85	277,845.44
County Taxes	1,898,596.63	1,904,997.04
Due County for Added and Omitted Taxes	2,269.49	3,558.57
Local School District Tax	2,710,335.00	2,610,650.00
Regional High School District Tax	3,348,411.50	3,229,948.52
Refund Prior Year Revenue	12,561.00	-
Interfund Created	353.54	2,796.06
Prior Year Senior Citizen Deduction Disallowed	-	500.00
	11,575,461.63	11,417,110.47
Excess in Revenues	575,962.63	510,199.07
Fund Balance January 1	917,055.45	881,856.38
Total	1,493,018.08	1,392,055.45
Decreased by:		
Utilization as Anticipated Revenue	360,000.00	475,000.00
Fund Balance December 31	\$ 1,133,018.08	\$ 917,055.45

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 360,000.00		\$ 360,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	5,000.00		5,000.00	
Fees and Permits	1,800.00		1,785.95	\$ (14.05)
Fines and Costs:				
Municipal Court	47,000.00		51,720.25	4,720.25
Interest and Costs on Taxes	28,000.00		31,636.17	3,636.17
Interest on Investments and Deposits	3,500.00		6,728.85	3,228.85
Consolidated Municipal Property Tax Relief Aid	9,121.00		9,121.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	290,969.00		290,969.00	
Public and Private Revenues Offset With Appropriations:				
Body Armor Fund	1,061.39		1,061.39	
Clean Communities Program				
Click it or Ticket		\$ 1,100.00	1,100.00	
Distracted Driving		1,320.00	1,320.00	
Drive Sober or Get Pulled Over		4,840.00	4,840.00	
Municipal Alliance on Alcoholism and Drug Abuse	10,097.00		10,097.00	
Recycling Tonnage Grant	4,235.23		4,235.23	
Safe and Secure Communities Program	24,348.00		24,348.00	
	<u>425,131.62</u>	<u>7,260.00</u>	<u>443,962.84</u>	<u>11,571.22</u>
Receipts from Delinquent Taxes	<u>145,000.00</u>		<u>167,154.69</u>	<u>22,154.69</u>
Subtotal General Revenues	930,131.62	7,260.00	971,117.53	33,725.91
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	<u>2,936,472.56</u>		<u>2,964,305.69</u>	<u>27,833.13</u>
Budget Totals	3,866,604.18	7,260.00	3,935,423.22	61,559.04
Nonbudget Revenues			<u>136,502.08</u>	<u>136,502.08</u>
	<u>\$ 3,866,604.18</u>	<u>\$ 7,260.00</u>	<u>\$ 4,071,925.30</u>	<u>\$ 198,061.12</u>

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Realized Revenue:

Allocation of Current Tax Collections:

Revenue from Collections		\$ 10,652,993.75
Allocated to:		
School, County and Special District Taxes		7,959,612.62
Balance for Support of Municipal Budget Revenues		2,693,381.13
Add:		
Appropriation: "Reserve for Uncollected Taxes"		270,924.56
Amount for Support of Municipal Budget Appropriations		\$ 2,964,305.69

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 167,154.69
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Analysis of Non-Budget Revenue:

Appropriation Refunds			
Cable Television Franchise Fee	\$	48,492.41	
Clerk Licenses		16,017.00	
Community Center Rental Receipts		8,060.00	
Fees and Permits - Other		14,350.00	
JIF Dividends		16,653.00	
JIF Safety Awards		2,500.00	
Off-Duty Police Fees		25,552.71	
Police Clerk		976.20	
Police Bike Unit		50.00	
Senior and Veteran Deduction Administrative Fee		980.00	
Treasurer - Miscellaneous		2,870.76	
			\$ 136,502.08

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
Mayor and Council:						
Salaries and Wages	\$ 19,700.00	\$ 19,700.00	\$ 19,565.00		\$ 135.00	
Other Expenses	11,100.00	11,100.00	4,644.41	\$ 59.97	6,395.62	
Municipal Clerk:						
Salaries and Wages	89,000.00	89,000.00	84,788.75		4,211.25	
Other Expenses	26,500.00	26,500.00	12,330.23	6,019.74	8,150.03	
Financial Administration:						
Salaries and Wages	83,700.00	83,700.00	77,562.11		6,137.89	
Other Expenses	22,100.00	22,100.00	16,220.10	1,109.97	4,769.93	
Audit Services:						
Other Expenses	47,000.00	47,000.00	9,283.00		37,717.00	
Revenue Administration:						
Salaries and Wages	12,500.00	12,500.00	11,548.78		951.22	
Other Expenses	14,500.00	14,500.00	7,281.88	59.97	7,158.15	
Legal Services:						
Other Expenses	80,000.00	80,000.00	49,624.86		30,375.14	
Engineering Services:						
Other Expenses	12,000.00	12,000.00	10,492.50		1,507.50	
LAND USE ADMINISTRATION:						
Planning Board:						
Salaries and Wages	4,400.00	4,400.00	4,255.68		144.32	
Other Expenses	11,650.00	11,650.00	6,381.77	19.99	5,248.24	
CODE ENFORCEMENT AND ADMINISTRATION:						
Housing and Lot Maintenance Code:						
Salaries and Wages	4,000.00	4,000.00	3,641.04		358.96	
Other Expenses	500.00	500.00	-		500.00	
INSURANCE:						
General Liability	91,500.00	91,500.00	87,758.88		3,741.12	
Workers Compensation	139,500.00	139,500.00	138,482.12		1,017.88	
Employee Group Health	348,500.00	348,500.00	294,485.04		54,014.96	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00			
PUBLIC SAFETY FUNCTIONS:						
Police Department:						
Salaries and Wages	704,600.00	704,600.00	666,588.05		38,011.95	
Other Expenses	60,000.00	60,000.00	52,300.04	1,563.49	6,136.47	
Office of Emergency Management:						
Salaries and Wages	1,800.00	1,800.00	1,530.22		269.78	
Other Expenses	1,000.00	1,000.00			1,000.00	

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
Aid to Volunteer Fire Companies:						
Other Expenses	\$ 43,600.00	\$ 43,600.00	\$ 27,228.58	\$ 13,429.99	\$ 2,941.43	
Fire Department:						
Other Expenses	2,100.00	2,100.00	1,416.00		684.00	
PUBLIC WORKS FUNCTIONS:						
Street and Road Maintenance:						
Salaries and Wages	182,000.00	182,000.00	159,620.54		22,379.46	
Other Expenses	58,000.00	58,000.00	15,432.75	507.78	42,059.47	
Other Public Works Functions:						
Other Expenses	1,500.00	1,500.00	-		1,500.00	
Solid Waste Collection:						
Salaries and Wages	94,000.00	94,000.00	47,065.20		46,934.80	
Other Expenses	6,200.00	6,200.00	4,475.80		1,724.20	
Public Building and Grounds:						
Salaries and Wages	7,900.00	7,900.00	7,803.12		96.88	
Other Expenses	47,600.00	47,600.00	35,773.88	6,112.77	5,713.35	
Vehicle Maintenance:						
Other Expenses	73,500.00	73,500.00	40,660.09	4,415.07	28,424.84	
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Public Health Services:						
Other Expenses	100.00	100.00			100.00	
PARK AND RECREATION FUNCTIONS:						
Recreation Services and Programs:						
Other Expenses	10,700.00	10,700.00	7,592.01		3,107.99	
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events:						
Other Expenses	7,000.00	7,000.00	5,355.78	19.99	1,624.23	
Senior Citizens Transportation:						
Other Expenses	5,100.00	5,100.00	5,000.00		100.00	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	38,800.00	38,800.00	31,019.67		7,780.33	
Street Lighting	56,000.00	56,000.00	47,136.83		8,863.17	
Telephone	12,000.00	12,000.00	10,801.49		1,198.51	
Gas (Natural or Propane)	10,500.00	10,500.00	5,876.67	1,385.20	3,238.13	
Fuel Oil	5,000.00	5,000.00	3,751.01	190.36	1,058.63	
Diesel Oil	20,000.00	17,982.21	9,586.12		8,396.09	
Gasoline	22,000.00	22,000.00	13,117.88		8,882.12	

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Sanitary Landfill:						
Other Expenses	\$ 130,000.00	\$ 130,000.00	\$ 108,768.67		\$ 21,231.33	
Total Operations Within "CAPS"	2,629,150.00	2,627,132.21	2,156,246.55	\$ 34,894.29	435,991.37	-
Detail:						
Salaries and Wages	1,203,600.00	1,203,600.00	1,083,968.49	-	119,631.51	-
Other Expenses	1,425,550.00	1,423,532.21	1,072,278.06	34,894.29	316,359.86	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	88,882.00	90,899.79	90,899.79			
Social Security System (O.A.S.I.)	104,000.00	104,000.00	94,166.52		9,833.48	
Police and Fireman's Retirement System	148,925.00	148,925.00	148,925.00			
Defined Contribution Retirement Plan	500.00	500.00			500.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	342,307.00	344,324.79	333,991.31	-	10,333.48	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:						
Interlocal Service Agreement - N.J.S.A. 40A:4-45.3J(3):						
Township of Deptford, Uniform Construction Code Operations	58,000.00	58,000.00	48,655.00		9,345.00	
Mantua Township Municipal Court	103,000.00	103,000.00	102,494.70		505.30	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Safe and Secure Communities Program - State	24,348.00	24,348.00	24,348.00			
Safe and Secure Communities Program - Local	75,652.00	75,652.00	75,652.00			
Municipal Alliance - State	10,097.00	10,097.00	10,097.00			
Municipal Alliance - Local	2,524.00	2,524.00	2,524.00			
Body Armor Grant	1,061.39	1,061.39	1,061.39			
Recycling Tonnage Grant	4,235.23	4,235.23	4,235.23			
Drive Sober or Get Pulled Over (N.J.S.A. 40A: 4-87)		4,840.00	4,840.00			
Click it or Ticket (N.J.S.A. 40A: 4-87)		1,100.00	1,100.00			
Distracted Driving (N.J.S.A. 40A: 4-87)		1,320.00	1,320.00			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	278,917.62	286,177.62	276,327.32	-	9,850.30	-
Detail:						
Salaries and Wages	100,000.00	105,940.00	105,940.00	-	-	-
Other Expenses	178,917.62	180,237.62	170,387.32	-	9,850.30	-

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00			
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	155,000.00	155,000.00	155,000.00			
Payment of BANS and Cap Notes	52,500.00	52,500.00	52,500.00			
Interest on Bonds	48,040.00	48,040.00	48,037.50			\$ 2.50
Interest on Notes	14,765.00	14,765.00	14,762.35			2.65
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	<u>270,305.00</u>	<u>270,305.00</u>	<u>270,299.85</u>	-	-	5.15
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>624,222.62</u>	<u>631,482.62</u>	<u>621,627.17</u>	-	\$ 9,850.30	5.15
SUBTOTAL GENERAL APPROPRIATIONS	3,595,679.62	3,602,939.62	3,111,865.03	\$ 34,894.29	456,175.15	5.15
RESERVE FOR UNCOLLECTED TAXES	<u>270,924.56</u>	<u>270,924.56</u>	<u>270,924.56</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,866,604.18</u>	<u>\$ 3,873,864.18</u>	<u>\$ 3,382,789.59</u>	<u>\$ 34,894.29</u>	<u>\$ 456,175.15</u>	<u>\$ 5.15</u>
Original Budget		\$ 3,866,604.18				
N.J.S.A. 40A: 4-87		7,260.00				
Federal and State Grants			\$ 125,177.62			
Reserve for Uncollected Taxes			270,924.56			
Disbursed			2,986,687.41			
		<u>\$ 3,873,864.18</u>	<u>\$ 3,382,789.59</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
TRUST FUND
 Statements of Assets, Liabilities and Reserves - Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Assets:			
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	\$ <u>8,668.64</u>	\$ <u>10,145.96</u>
Other Funds:			
Cash - Chief Financial Officer	SB-1	<u>239,924.54</u>	<u>175,518.77</u>
		<u>\$ 248,593.18</u>	<u>\$ 185,664.73</u>
Liabilities and Reserves:			
Animal Control Fund:			
Due Current Fund	SB-3	\$ 1,975.34	\$ 2,797.66
Reserve for Animal Control Expenditures	SB-5	<u>6,693.30</u>	<u>7,348.30</u>
		<u>8,668.64</u>	<u>10,145.96</u>
Other Funds:			
Due to Current Fund	SB-6	663.89	445.44
Reserve for:			
Escrow Deposits	SB-7	129,620.57	31,040.11
Unemployment Compensation	SB-7	34,031.92	31,682.00
Off Duty Police Employment	SB-7	346.84	346.83
D.A.R.E.	SB-7	2,612.22	1,908.44
Payroll	SB-7	1,542.87	1,181.08
Tax Sale Premiums	SB-7	32,400.00	59,600.00
Redemption of Tax Sale Certificates	SB-7	-	12,005.34
Recycling Fees	SB-7	5,677.34	2,955.85
COAH	SB-7	4,290.77	4,282.19
Forfeited Funds	SB-7	747.79	746.29
P.O.A.A.	SB-7	757.00	737.00
Public Defender	SB-7	2,251.00	2,251.00
Trust Donations	SB-7	15,424.24	16,224.24
West Jersey Avenue Park	SB-7	9,445.70	10,112.96
Flexible Spending Account	SB-7	<u>112.39</u>	<u>-</u>
		<u>239,924.54</u>	<u>175,518.77</u>
		<u>\$ 248,593.18</u>	<u>\$ 185,664.73</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS**GENERAL CAPITAL FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2017 and 2016

	Ref.	2017	2016
Assets:			
Cash - Chief Financial Officer	SC-1	\$ 785,319.65	\$ 677,733.76
Federal and State Aid Receivable	SC-5	309,847.45	208,614.45
Due From Current Fund	SC-6	-	78,744.89
Deferred Charges to Future Taxation:			
Funded	SC-3	1,135,000.00	1,290,000.00
Unfunded	SC-4	2,381,750.00	1,484,250.00
		<u>\$ 4,611,917.10</u>	<u>\$ 3,739,343.10</u>
Liabilities, Reserves and Fund Balance:			
Due Current Fund	SC-6	\$ 135.09	-
Capital Improvement Fund	SC-7	136,882.59	\$ 141,882.59
Encumbrances Payable	SC-8	123,174.77	38,446.52
Improvement Authorizations:			
Funded	SC-9	315,918.78	280,701.86
Unfunded	SC-9	519,055.87	504,062.13
Bond Anticipation Notes	SC-10	2,381,750.00	1,484,250.00
General Serial Bonds	SC-11	1,135,000.00	1,290,000.00
		<u>\$ 4,611,917.10</u>	<u>\$ 3,739,343.10</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Assets:			
Operating Fund:			
Cash - Chief Financial Officer	SD-1	\$ 2,075,909.35	\$ 1,771,060.08
Change Fund	D	50.00	50.00
Due Utility Capital Fund	SD-10	<u>360.66</u>	<u>192.58</u>
		<u>2,076,320.01</u>	<u>1,771,302.66</u>
Receivables With Full Reserves:			
Consumer Rents Receivable - Water	SD-3	39,541.40	35,687.35
Consumer Rents Receivable - Sewer	SD-3	<u>85,184.29</u>	<u>53,326.45</u>
		<u>124,725.69</u>	<u>89,013.80</u>
Total Operating Fund		<u>2,201,045.70</u>	<u>1,860,316.46</u>
Capital Fund:			
Cash - Chief Financial Officer	SD-1	2,120,188.08	1,039,656.44
Fixed Capital	SD-4	3,721,610.04	3,721,610.04
Fixed Capital Authorized and Uncompleted	SD-5	<u>3,053,439.81</u>	<u>2,865,439.81</u>
Total Capital Fund		<u>8,895,237.93</u>	<u>7,626,706.29</u>
		<u>\$ 11,096,283.63</u>	<u>\$ 9,487,022.75</u>

(Continued)

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Liabilities, Reserves and Fund Balance:			
Operating Fund:			
Appropriation Reserves	D-3;SD-6	\$ 490,257.62	\$ 428,783.38
Encumbrances Payable	D-3;SD-6	27,905.96	38,863.34
Accrued Interest on Bonds and Notes	SD-7	12,684.87	4,926.23
Utility Rent Overpayments	SD-8	3,597.25	3,900.62
		<u>534,445.70</u>	<u>476,473.57</u>
Reserve for Receivables	D	124,725.69	89,013.80
Fund Balance	D-1	<u>1,541,874.31</u>	<u>1,294,829.09</u>
Total Operating Fund		<u>2,201,045.70</u>	<u>1,860,316.46</u>
Capital Fund:			
Due Utility Operating Fund	SD-10	360.66	192.58
Reserve for Amortization	SD-11	3,605,941.91	3,468,941.91
Reserve for Deferred Amortization	D	53,107.94	53,107.94
Capital Improvement Fund	SD-12	148,538.89	73,538.89
Encumbrances Payable	SD-9	-	372,056.40
Improvement Authorizations:			
Funded	SD-13	160,901.58	166,133.73
Unfunded	SD-13	1,989,597.89	1,876,945.78
Bond Anticipation Notes	SD-14	2,558,000.00	1,177,000.00
Water and Sewer Serial Bonds	SD-15	370,000.00	430,000.00
Reserve for Preliminary Expenses	D	8,349.25	8,349.25
Fund Balance	D	<u>439.81</u>	<u>439.81</u>
Total Capital Fund		<u>8,895,237.93</u>	<u>7,626,706.29</u>
		<u>\$ 11,096,283.63</u>	<u>\$ 9,487,022.75</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 207,700.00	\$ 236,000.00
Water Rents	534,367.87	553,410.38
Sewer Rents	919,668.38	938,531.24
Mobile Antenna Rental	69,181.12	179,446.93
Miscellaneous Other	21,261.66	17,273.28
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	406,858.77	234,701.67
Prior Year Accounts Payable Canceled	-	180.04
	<u>2,159,037.80</u>	<u>2,159,543.54</u>
Total Income		
Expenditures:		
Operations:		
Salaries and Wages	256,000.00	257,000.00
Other Expenses	1,153,200.00	1,137,450.00
Capital Improvement Fund	75,000.00	50,000.00
Capital Outlay	25,000.00	25,000.00
Debt Service	174,092.58	240,417.83
Deferred Charges and Statutory Expenditures	21,000.00	21,000.00
	<u>1,704,292.58</u>	<u>1,730,867.83</u>
Total Expenditures		
Excess in Revenue	454,745.22	428,675.71
Fund Balance January 1	<u>1,294,829.09</u>	<u>1,102,153.38</u>
Total	1,749,574.31	1,530,829.09
Decreased by:		
Utilization as Anticipated Revenue	<u>207,700.00</u>	<u>236,000.00</u>
Fund Balance December 31	<u>\$ 1,541,874.31</u>	<u>\$ 1,294,829.09</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	\$ 207,700.00	\$ 207,700.00	
Water Rents	500,000.00	534,367.87	\$ 34,367.87
Sewer Rents	925,000.00	919,668.38	(5,331.62)
Mobile Antenna Rental	72,000.00	69,181.12	(2,818.88)
Miscellaneous Other	21,261.66	21,261.66	21,261.66
	\$ 1,704,700.00	\$ 1,752,179.03	\$ 47,479.03
Analysis of Realized Revenue:			
Miscellaneous Other:			
Interest on Investments			\$ 6,670.80
Miscellaneous Other			14,590.86
			\$ 21,261.66
Cash Receipts			\$ 18,513.39
Interfunds			2,748.27
			\$ 21,261.66

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 256,000.00	\$ 256,000.00	\$ 212,687.95		\$ 43,312.05	
Other Expenses	1,153,200.00	1,153,200.00	707,484.77	\$ 27,905.96	417,809.27	
Total Operations	1,409,200.00	1,409,200.00	920,172.72	27,905.96	461,121.32	-
Capital Improvements:						
Capital Improvement Fund	75,000.00	75,000.00	75,000.00			
Capital Outlay	25,000.00	25,000.00			25,000.00	
Debt Service:						
Payment of Bond Principal	60,000.00	60,000.00	60,000.00			
Payment of Bond Anticipation Notes	77,000.00	77,000.00	77,000.00			
Interest on Bonds	16,800.00	16,800.00	16,775.83			\$ 24.17
Interest on Notes	20,700.00	20,700.00	20,316.75			383.25
Total Debt Service	174,500.00	174,500.00	174,092.58	-	-	407.42
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to Social Security System	21,000.00	21,000.00	16,863.70		4,136.30	
	\$ 1,704,700.00	\$ 1,704,700.00	\$ 1,186,129.00	\$ 27,905.96	\$ 490,257.62	\$ 407.42
Accrued Interest on Bonds and Notes Disbursed			\$ 37,092.58			
			1,149,036.42			
			\$ 1,186,129.00			

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Schedule of General Fixed Asset Group of Accounts - Regulatory Basis
As of December 31, 2017

	Balance <u>Dec. 31, 2017</u>
General Fixed Assets:	
Land	\$ 482,983.00
Buildings	1,480,602.00
Machinery and Equipment	<u>2,568,051.00</u>
Total General Fixed Assets	\$ <u><u>4,531,636.00</u></u>
Total Investment in General Fixed Assets	\$ <u><u>4,531,636.00</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF WOODBURY HEIGHTS
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Woodbury Heights (hereafter referred to as the "Borough") was incorporated as a borough by an act of the New Jersey legislature on April 6, 1915. The Borough, located in Gloucester County, New Jersey, has a total area of approximately 1.2 miles, and is located approximately twenty miles southeast of the City of Philadelphia. The Borough borders Deptford Borough, West Deptford Borough and the City of Woodbury. According to the 2010 census, the population is 3,055.

The Borough is governed under the Mayor-Council form of government, with a Mayor and six-member Council. The Mayor and Council are elected directly by the voters in partisan elections, the Mayor to serve a four year term in office and the Council to serve three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator/Clerk. Legislative responsibility is vested with the Council.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Water and Sewer Utility Operating and Capital Funds - The water and sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and water and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

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 statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 2017 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Borough of Woodbury Heights School District, and the Gateway Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Woodbury Heights School District and the Gateway Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2017, the Borough's bank balances of \$7,720,635.05 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 7,720,635.05
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Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 4.298	\$ 4.187	\$ 4.045	\$ 3.871	\$ 3.746
Apportionment of Tax Rate:					
Municipal	\$ 1.158	\$ 1.133	\$ 1.103	\$ 1.065	\$ 1.021
County	0.658	0.658	0.629	0.586	0.573
County Library	0.050	0.051	0.048	0.046	0.044
County Open Space Preservation Trust Fund	0.042	0.043	0.043	0.041	0.042
Local School	1.070	1.029	0.988	0.944	0.906
Regional High School	1.320	1.273	1.234	1.189	1.160

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 253,485,367.00
2016	253,727,377.00
2015	254,310,267.00
2014	256,757,277.00
2013	261,089,128.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 10,911,742.33	\$ 10,652,993.75	97.63%
2016	10,646,369.42	10,439,181.32	98.05%
2015	10,295,521.67	10,114,145.95	98.24%
2014	9,960,010.20	9,726,923.08	97.66%
2013	9,786,904.54	9,569,120.26	97.77%

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 76,208.55	\$ 173,075.25	\$ 249,283.80	2.28%
2016	66,615.42	167,375.97	233,991.39	2.20%
2015	66,504.47	145,590.19	212,094.66	2.06%
2014	57,118.20	164,113.89	221,232.09	2.22%
2013	98,678.94	170,163.86	268,842.80	2.75%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2017	8
2016	9
2015	12
2014	11
2013	13

Note 4: 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, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 95,075.00
2016	95,075.00
2015	95,075.00
2014	95,075.00
2013	95,075.00

Note 5: WATER AND SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of water and sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2017	\$ 89,013.80	\$ -	\$ 1,490,323.14	\$ 1,579,336.94	\$ 1,454,036.25
2016	75,376.52	-	1,505,578.90	1,580,955.42	1,491,941.62
2015	69,427.30	-	1,502,629.86	1,572,057.16	1,496,678.80
2014	90,150.71	-	1,474,262.46	1,564,413.17	1,494,722.99
2013	123,232.17	-	1,455,750.61	1,578,982.78	1,488,832.07

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,133,018.08	\$ 470,000.00	41.48%
2016	917,055.45	360,000.00	39.26%
2015	881,856.38	475,000.00	53.86%
2014	651,998.36	400,000.00	61.35%
2013	631,499.93	400,000.00	63.34%

Water and Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,541,874.31	\$ 221,000.00	14.33%
2016	1,294,829.09	207,700.00	16.04%
2015	1,102,153.38	236,000.00	21.41%
2014	792,604.62	125,000.00	15.77%
2013	537,942.49	125,000.00	23.24%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 2,774.32	\$ 39,764.50
Federal and State Grant	39,764.50	
Trust - Animal Control		1,975.34
Trust - Other		663.89
General Capital		135.09
Water and Sewer Utility Operating	360.66	
Water and Sewer Utility Capital		360.66
	<u>\$ 42,899.48</u>	<u>\$ 42,899.48</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, certain Borough employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 12.86% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$80,738.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$83,473.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$45,635.93.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 30.18% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$159,522.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$141,324.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$53,567.30.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2017 was 2.95% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 is \$15,585.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 was \$10,654.00, which was paid on April 1, 2017.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, there were no participating employees or Borough contributions. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$2,028,784.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. 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. For the June 30, 2017 measurement date, the Borough's proportion was .0087153058%, which was a decrease of .0006807255% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$41,110.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PERS was \$83,473.00, and was paid on April 1, 2017.

Police and Firemen's Retirement System - At December 31, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 2,782,667.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>311,682.00</u>
	<u>\$ 3,094,349.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. 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 and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Borough's proportion was .0180247088%, which was an increase of .0006915843% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Borough, was .0180247088%, which was an increase of .0006915843% from its proportion, on-behalf of the Borough, measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$323,910.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PFRS was \$141,324.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2017 measurement date is \$38,126.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 47,771.00	\$ 18,052.00	\$ 65,823.00	\$ -	\$ 16,332.00	\$ 16,332.00
Changes of Assumptions	408,730.00	343,134.00	751,864.00	407,232.00	455,719.00	862,951.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,815.00	53,100.00	66,915.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	-	204,750.00	204,750.00	346,455.00	-	346,455.00
Borough Contributions Subsequent to the Measurement Date	40,369.00	79,761.00	120,130.00	-	-	-
	<u>\$ 510,685.00</u>	<u>\$ 698,797.00</u>	<u>\$ 1,209,482.00</u>	<u>\$ 753,687.00</u>	<u>\$ 472,051.00</u>	<u>\$ 1,225,738.00</u>

\$40,369.00 and \$79,761.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Borough's year end of December 31, 2017.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) -The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ (59,481.00)	\$ 104,063.00	\$ 44,582.00
2019	(35,171.00)	161,907.00	126,736.00
2020	(35,135.00)	33,268.00	(1,867.00)
2021	(98,248.00)	(107,122.00)	(205,370.00)
2022	(55,336.00)	(45,131.00)	(100,467.00)
	<u>\$ (283,371.00)</u>	<u>\$ 146,985.00</u>	<u>\$ (136,386.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables 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. Postretirement 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).

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement 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 three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the Plan actuary's modified 2014 projection scales and 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.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 2,516,844.00	\$ 2,028,784.00	\$ 1,622,169.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's Proportionate Share of the Net Pension Liability	\$ 3,666,393.00	\$ 2,782,667.00	\$ 2,056,586.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	410,666.70	311,682.00	230,354.81
	<u>\$ 4,077,059.70</u>	<u>\$ 3,094,349.00</u>	<u>\$ 2,286,940.81</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0087153058%	0.0093960313%	0.0100396425%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,028,784.00	\$ 2,782,835.00	\$ 2,253,699.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 526,972.00	\$ 627,516.00	\$ 744,772.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	384.99%	443.47%	302.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0104215797%	0.0119161823%	
Borough's Proportionate Share of the Net Pension Liability	\$ 1,951,205.00	\$ 2,277,419.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 723,128.00	\$ 824,472.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	269.83%	276.23%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 80,738.00	\$ 83,473.00	\$ 86,314.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(80,738.00)</u>	<u>(83,473.00)</u>	<u>(86,314.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 627,990.00	\$ 576,898.00	\$ 645,860.00
Borough's Contributions as a Percentage of Covered Payroll	12.86%	14.47%	13.36%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 85,914.00	\$ 89,786.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(85,914.00)</u>	<u>(89,786.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 696,036.00	\$ 705,774.00	
Borough's Contributions as a Percentage of Covered Payroll	12.34%	12.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0180247088%	0.0173331245%	0.0172570406%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,782,667.00	\$ 3,311,070.00	\$ 2,874,421.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	311,682.00	278,048.00	252,077.00
Total	<u>\$ 3,094,349.00</u>	<u>\$ 3,589,118.00</u>	<u>\$ 3,126,498.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 583,452.00	\$ 554,008.00	\$ 546,500.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	597.66%	525.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0167892453%	0.0150207432%	
Borough's Proportionate Share of the Net Pension Liability	\$ 2,111,931.00	\$ 1,996,872.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough	227,420.00	186,133.00	
Total	<u>\$ 2,339,351.00</u>	<u>\$ 2,183,005.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 530,288.00	\$ 471,400.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	398.26%	423.60%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 159,522.00	\$ 141,324.00	\$ 140,274.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(159,522.00)</u>	<u>(141,324.00)</u>	<u>(140,274.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 528,589.00	\$ 584,970.00	\$ 562,453.00
Borough's Contributions as a Percentage of Covered Payroll	30.18%	24.16%	24.94%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 128,953.00	\$ 109,588.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(128,953.00)</u>	<u>(109,588.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 549,318.00	\$ 531,661.00	
Borough's Contributions as a Percentage of Covered Payroll	23.48%	20.61%	

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2003, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 100-2003. The policy of continued insurance coverage is detailed in the Code of the Borough of Woodbury Heights, Section 23-15 entitled Retirement which states that any full-time employee who retires with 25 years of service is eligible for continued benefits.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Borough's contributions to SHBP for the years ended December 31, 2017, 2016, and 2015, were \$54,079.39, \$46,537.80, and \$58,116.36, respectively, which equaled the required contributions each year. There were approximately 4 retired participants eligible at December 31, 2017.

Note 10: COMPENSATED ABSENCES

Employees covered under the AFL/CIO agreement, office employees and public works employees, are granted sick and vacation time based on years of service. The employees can accumulate up to thirty sick days and the current policy provides one compensated day for every two days accumulated. Employees can carry over up to half of the current period's accumulation provided that the employee uses half of vacation granted. All compensation is computed using the rate in effect at termination or retirement.

Employees covered under the PBA agreement, police officers and related staff, are granted twelve (12) sick days per year and vacation is granted based on years of service. Employees can accumulate up to 120 sick days and can carryover up to sixty percent of the current period's vacation accrual provided that the employee utilizes forty percent during the year. All compensation is computed using the rate in effect at termination or retirement.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$135,665.14.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 12: CAPITAL DEBT**General Improvement Bonds**

General Obligation Bonds, Series 2002 - On July 17, 2002, the Borough issued \$1,655,000.00 of general obligation bonds, consisting of \$1,130,000.00 general improvement bonds and \$525,000.00 water and sewer utility bonds, with a net interest cost of 3.797%. The bonds were issued for the purpose of funding various capital acquisitions and improvements with in the Borough. The final maturity of the water and sewer utility bonds was July 15, 2017.

General Obligation Bonds, Series 2009 - On December 14, 2009, the Borough issued \$2,485,000.00 of general obligation bonds, consisting of \$1,955,000.00 general improvement bonds and \$530,000.00 water and sewer utility bonds, with a net interest cost of 3.692%. The bonds were issued for the purpose of funding various capital acquisitions and improvements with in the Borough. The final maturity of the general improvement bonds is December 1, 2024 and December 1, 2029 for the water and sewer utility bonds.

The following schedule represents the remaining debt service, through maturity, for the general obligation bonds:

General Debt - Serial Bonds

<u>Year</u>	<u>General</u>		<u>Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 160,000.00	\$ 43,000.00	\$ 25,000.00	\$ 15,237.50	\$ 243,237.50
2019	160,000.00	37,400.00	25,000.00	14,362.50	236,762.50
2020	160,000.00	31,800.00	25,000.00	13,487.50	230,287.50
2021	160,000.00	25,800.00	25,000.00	12,550.00	223,350.00
2022	165,000.00	19,800.00	30,000.00	11,612.50	226,412.50
2023-2027	330,000.00	19,800.00	165,000.00	39,112.50	553,912.50
2028-2029			75,000.00	5,175.00	80,175.00
	<u>\$ 1,135,000.00</u>	<u>\$ 177,600.00</u>	<u>\$ 370,000.00</u>	<u>\$ 111,537.50</u>	<u>\$ 1,794,137.50</u>

Note 12: CAPITAL DEBT (CONT'D)

The following schedule represents the Borough's summary of debt for the current and two previous years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 3,516,750.00	\$ 2,774,250.00	\$ 1,900,250.00
Water and Sewer Utility:			
Bonds and Notes	2,928,000.00	1,607,000.00	1,395,491.67
Total Issued	<u>6,444,750.00</u>	<u>4,381,250.00</u>	<u>3,295,741.67</u>
<u>Authorized but not Issued</u>			
Water and Sewer Utility:			
Bonds and Notes	188,000.00	1,458,000.00	22,000.00
Total Issued and Authorized but not Issued	<u>6,632,750.00</u>	<u>5,839,250.00</u>	<u>3,317,741.67</u>
<u>Deductions</u>			
Water and Sewer Utility:			
Self-Liquidating	3,116,000.00	3,065,000.00	1,417,491.67
Net Debt	<u>\$ 3,516,750.00</u>	<u>\$ 2,774,250.00</u>	<u>\$ 1,900,250.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.337%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District	\$ 1,513,337.89	\$ 1,513,337.89	
Local School District	257,516.00	257,516.00	
Water and Sewer Utility	3,116,000.00	3,116,000.00	
General	3,516,750.00		\$ 3,516,750.00
	<u>\$ 8,403,603.89</u>	<u>\$ 4,886,853.89</u>	<u>\$ 3,516,750.00</u>

Net debt \$3,516,750.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$263,116,292.00 equals 1.337%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,209,070.22
Less: Net Debt	<u>3,516,750.00</u>
Remaining Borrowing Power	<u>\$ 5,692,320.22</u>

Note 12: CAPITAL DEBT (CONT'D)

**Calculation of "Self-Liquidating Purpose,"
Water and Sewer Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$	1,752,179.03
Deductions:		
Operating and Maintenance Costs	\$	1,430,200.00
Debt Service		<u>174,092.58</u>
Total Deductions		<u>1,604,292.58</u>
Excess in Revenue	\$	<u>147,886.45</u>

Note 13: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 10,000.00	\$ -	\$ 73.71	\$ 7,723.79	\$ 34,031.92
2016	8,000.00	-	73.47	9,502.10	31,682.00
2015	12,000.00	-	69.02	7,504.60	33,110.63

Joint Insurance Pool - The Borough of Woodbury Heights is a member of the Gloucester, Salem, Cumberland County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation including Employer's Liability
- General Liability including Police Professional and Employee Benefit Liability
- Automobile Liability
- Blanket Crime including Public Employee Dishonesty
- Property Including Boiler and Machinery
- Public Officials and Employment Practices Liability
- Volunteer Directors and Officers Liability
- Cyber Liability

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Gloucester Salem Cumberland County
 Municipal Joint Insurance Fund
 P.O. Box 442
 Hammonton, New Jersey 08037

Note 14: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amount, if any, to be immaterial.

Litigation - The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 15: CONCENTRATIONS

The Borough depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 16: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the Borough authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Acquisition of Fire Truck (Revised)	05/16/18	\$ 483,000.00
Utility Improvements		
Various Water and Sewer Utility Improvements	4/18/2018	360,000.00

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2017

		Current Fund
Balance December 31, 2016		\$ 1,661,726.56
Increased by Receipts:		
Taxes Receivable	\$ 10,736,370.36	
Prepaid Taxes	147,470.66	
Tax Overpayments	66,712.94	
Due State of New Jersey - Senior Citizens and Veterans Deductions	48,750.00	
Revenue Accounts Receivable	396,792.59	
Miscellaneous Revenue Not Anticipated	136,502.08	
Federal & State Grants Receivable	37,321.51	
Due Animal Control Fund	2,797.66	
Due Trust Other Fund	13.62	
		<u>11,572,731.42</u>
		13,234,457.98
Decreased by Disbursements:		
2016 Appropriation Reserves	127,409.20	
2017 Appropriations	2,986,687.41	
County Taxes	1,898,596.63	
Due County for Added and Omitted Taxes	3,558.57	
Local District School Tax	2,681,989.50	
Regional High School Tax	3,348,411.50	
Refund Tax Overpayments	3,662.68	
Accounts Payable	47,954.31	
Federal & State Grant Expenditures	126,254.52	
Due General Capital Fund	78,744.89	
Due Trust Other Fund	200.00	
		<u>11,303,469.21</u>
Balance December 31, 2017		\$ 1,930,988.77

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2017

Year	Balance	2017 Levy	Collections		Over-Payments Applied	Canceled	Transferred To Tax Title Liens	Balance
	Dec. 31, 2016		2016	2017				Dec. 31, 2017
2016	\$ 167,375.97			\$ 167,154.69				\$ 221.28
2017		\$ 10,911,742.33	\$ 34,937.60	10,617,125.28	\$ 930.87	\$ 76,301.48	\$ 9,593.13	172,853.97
	<u>\$ 167,375.97</u>	<u>\$ 10,911,742.33</u>	<u>\$ 34,937.60</u>	<u>\$ 10,784,279.97</u>	<u>\$ 930.87</u>	<u>\$ 76,301.48</u>	<u>\$ 9,593.13</u>	<u>\$ 173,075.25</u>
Taxes Receivable				\$ 10,736,370.36				
Senior Citizens and Veterans				<u>47,909.61</u>				
				<u>\$ 10,784,279.97</u>				
<u>Analysis of 2017 Property Tax Levy</u>								
<u>Tax Yield:</u>								
General Property Tax				\$ 10,898,736.98				
Added Taxes (54:4-63.1 et. seq.)				<u>13,005.35</u>				
					<u>\$ 10,911,742.33</u>			
<u>Tax Levy:</u>								
Local School District Tax (Abstract)				\$ 2,710,335.00				
Regional High School Tax (Abstract)				<u>3,348,411.50</u>				
County Taxes:								
County Tax (Abstract)			\$ 1,898,596.63					
Due County for Added Taxes			<u>2,269.49</u>					
Total County Taxes				1,900,866.12				
Local Tax for Municipal Purposes			2,936,472.56					
Add: Additional Tax Levied			<u>15,657.15</u>					
				<u>2,952,129.71</u>				
					<u>\$ 10,911,742.33</u>			

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	66,615.42
Increased by:		
Transfers from Taxes Receivable		<u>9,593.13</u>
Balance December 31, 2017	\$	<u><u>76,208.55</u></u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Due State of New Jersey - Senior Citizen's and Veteran's Deductions
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	5,000.00
Increased by:			
Deductions per Tax Billing:			
Senior Citizens	\$	10,000.00	
Veterans		38,750.00	
Deductions Allowed by Collector - 2017 Taxes		1,000.00	
			49,750.00
			54,750.00
Decreased by:			
Received from State of New Jersey		48,750.00	
Deductions Disallowed by Collector - 2017 Taxes		1,840.39	
			50,590.39
Balance December 31, 2017		\$	4,159.61
<u>Analysis of Amount Realized:</u>			
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$	48,750.00	
Senior Citizens' and Veterans' Deductions Allowed - 2017		1,000.00	
			\$ 49,750.00
Less:			
Senior Citizens' and Veterans' Deductions Disallowed - 2017			1,840.39
			\$ 47,909.61

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2017

	<u>Accrued In 2017</u>	<u>Collected</u>	<u>Balance Dec. 31, 2017</u>
Miscellaneous Revenue Anticipated:			
Licenses:			
Alcoholic Beverages	\$ 5,000.00	\$ 5,000.00	
Fees and Permits	1,785.95	1,785.95	
Fines and Costs:			
Municipal Court	55,169.73	51,720.25	3,449.48
Interest on Taxes	31,636.17	31,636.17	
Interest on Investments	6,728.85	6,728.85	
Consolidated Municipal Property Tax Relief Aid	9,121.00	9,121.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167	<u>290,969.00</u>	<u>290,969.00</u>	
	<u>\$ 400,410.70</u>	<u>\$ 396,961.22</u>	<u>\$ 3,449.48</u>
 Cash Received		 \$ 396,792.59	
Interfunds		<u>168.63</u>	
		<u>\$ 396,961.22</u>	

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	<u>Balance December 31, 2016</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Reserved</u>			
Operations Within "CAPS":					
Mayor and Council:					
Salaries and Wages		\$ 15.00	\$ 15.00		\$ 15.00
Other Expenses	\$ 93.86	2,641.38	2,735.24	\$ 94.17	2,641.07
Municipal Clerk:					
Salaries and Wages		3,482.96	3,482.96		3,482.96
Other Expenses		12,976.75	12,976.75	2,286.78	10,689.97
Financial Administration:					
Salaries and Wages		4,247.80	4,247.80		4,247.80
Other Expenses	1,587.50	7,909.40	9,496.90	1,588.53	7,908.37
Audit Services:					
Other Expenses		44,050.00	44,050.00	44,050.00	
Revenue Administration:					
Salaries and Wages		1,173.86	1,173.86		1,173.86
Other Expenses		4,579.66	4,579.66	4.15	4,575.51
Legal Services:					
Other Expenses		45,521.62	45,521.62	12.00	45,509.62
Engineering Services:					
Other Expenses		4,827.66	4,827.66		4,827.66
Planning Board:					
Salaries and Wages		128.01	128.01		128.01
Other Expenses		4,228.56	4,228.56	550.00	3,678.56
Housing and Lot Maintenance Code:					
Salaries and Wages		820.22	820.22		820.22
Other Expenses		404.00	404.00		404.00
Insurance:					
General Liability		5,349.71	5,349.71		5,349.71
Workers Compensation		782.29	782.29		782.29
Employee Group Insurance		68,544.12	68,544.12		68,544.12
Police Department:					
Salaries and Wages		4,954.42	4,954.42		4,954.42
Other Expenses	32,790.69	12,730.23	45,520.92	36,992.75	8,528.17
Office of Emergency Management:					
Salaries and Wages		300.00	300.00		300.00
Other Expenses		1,000.00	1,000.00		1,000.00
Aid to Volunteer Fire Companies:					
Other Expenses	10,143.20	1,111.77	11,254.97	10,779.82	475.15
Fire Department:					
Other Expenses		1,398.50	1,398.50		1,398.50
Street and Road Maintenance:					
Salaries and Wages		23,919.40	23,919.40		23,919.40
Other Expenses	2,397.17	24,062.08	26,459.25	3,616.72	22,842.53
Other Public Works Functions:					
Other Expenses		40.00	40.00		40.00
Solid Waste Collection					
Salaries and Wages		39,616.71	39,616.71		39,616.71
Other Expenses		3,155.24	3,155.24		3,155.24
Public Building and Grounds:					
Salaries and Wages		150.02	150.02		150.02
Other Expenses	2,134.60	12,473.31	14,607.91	2,159.60	12,448.31
Vehicle Maintenance:					
Other Expenses		33,773.93	33,773.93	3,828.88	29,945.05
Public Health Services:					
Other Expenses		100.00	100.00		100.00

(Continued)

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	<u>Balance December 31, 2016</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Operations Within "CAPS" (CONT'D):</u>					
Recreation Services and Programs:					
Other Expenses	\$ 1,975.36	\$ 2,466.61	\$ 4,441.97	\$ 1,888.55	\$ 2,553.42
Celebration of Public Events:					
Other Expenses		6,508.33	6,508.33		6,508.33
Senior Citizens Transportation:					
Other Expenses		100.00	100.00		100.00
Utilities:					
Electricity	2,282.12	1,703.38	3,985.50	2,475.64	1,509.86
Street Lighting	4,363.00	4,974.07	9,337.07	4,368.63	4,968.44
Telephone		1,867.61	1,867.61		1,867.61
Gas (Natural or Propane)	974.00	4,226.50	5,200.50	707.86	4,492.64
Fuel Oil		2,915.15	2,915.15		2,915.15
Diesel Oil	1,320.84	15,462.14	16,782.98	1,463.00	15,319.98
Gasoline	951.12	10,402.58	11,353.70	1,199.61	10,154.09
Sanitary Landfill:					
Other Expenses	9,720.50	11,497.61	21,218.11	9,342.51	11,875.60
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		10,329.86	10,329.86		10,329.86
Defined Contribution Retirement Plan		500.00	500.00		500.00
Total General Appropriations for Municipal Purposes Within "CAPS"	70,733.96	443,422.45	514,156.41	127,409.20	386,747.21
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Interlocal Service Agreements:					
Township of Deptford, UCC Operations		752.50	752.50		752.50
Mantua Township Municipal Court		515.00	515.00		515.00
Total General Appropriations for Municipal Purposes Excluded from "CAP"	-	1,267.50	1,267.50	-	1,267.50
	<u>\$ 70,733.96</u>	<u>\$ 444,689.95</u>	<u>\$ 515,423.91</u>	<u>\$ 127,409.20</u>	<u>\$ 388,014.71</u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016 (2017 Taxes)		\$ 34,937.60
Increased by:		
Collection (2018 Taxes)		<u>147,470.66</u>
		182,408.26
Decreased by:		
Application to 2017 Taxes		<u>34,937.60</u>
Balance December 31, 2017 (2018 Taxes)		<u><u>\$ 147,470.66</u></u>

Exhibit SA-8

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 930.87
Increased by:		
Overpayments Received	\$ 66,712.94	
Overpayments Created from Prior Year Tax Appeals Granted	<u>12,561.00</u>	
		<u>79,273.94</u>
		80,204.81
Decreased by:		
Refunded	3,662.68	
Applied	<u>930.87</u>	
		<u>4,593.55</u>
Balance December 31, 2017		<u><u>\$ 75,611.26</u></u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2017

2017 Levy:			
County General	\$	1,667,673.16	
County Library		125,402.44	
County Open Space		<u>105,521.03</u>	
			\$ 1,898,596.63
Decreased by:			
Disbursements			<u>\$ 1,898,596.63</u>

Exhibit SA-10

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Amount Due to County for Added and Omitted Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	3,558.57
Increased by:		
County Share of 2017 Levy		<u>2,269.49</u>
		5,828.06
Decreased by:		
Disbursements		<u>3,558.57</u>
Balance December 31, 2017	\$	<u>2,269.49</u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2017

2017 Levy-Calendar Year	\$ 2,710,335.00
Decreased by:	
Disbursements	<u>2,681,989.50</u>
Balance December 31, 2017	\$ <u><u>28,345.50</u></u>

BOROUGH OF WOODBURY HEIGHTS
CURRENT FUND
Statement of Regional High School District Tax
For the Year Ended December 31, 2017

Increased by:	
2017 Levy-Calendar Year	\$ 3,348,411.50
Decreased by:	
Disbursements	\$ <u><u>3,348,411.50</u></u>

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Due Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 50,521.51
Increased by:		
Grant Revenues Deposited to Current Fund	\$ 37,321.51	
Local Match due from Current Fund	<u>78,176.00</u>	
		<u>115,497.51</u>
		166,019.02
Decreased by:		
Grant Expenditures Paid by Current Fund		<u>126,254.52</u>
Balance December 31, 2017		<u><u>\$ 39,764.50</u></u>

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
Federal Grants:				
Bulletproof Vests	\$ 1,432.22			\$ 1,432.22
Click it or Ticket		\$ 1,100.00	\$ 1,100.00	
Distracted Driving		1,320.00	1,320.00	
Drive Sober or Get Pulled Over		4,840.00	4,840.00	
Total Federal Grants	<u>1,432.22</u>	<u>7,260.00</u>	<u>7,260.00</u>	<u>1,432.22</u>
State Grants:				
Alcohol, Education, Rehabilitation and Enforcement Grant	160.78			160.78
Body Armor Grant		901.73	901.73	
Clean Communities Program	112.31	7,055.29	7,055.29	112.31
Municipal Alliance Grant:				
2017 Award		10,097.00	10,097.00	
2016 Award	4,703.70			4,703.70
2014 Award	844.80			844.80
2013 Award	182.00			182.00
Recycling Tonnage Grant		12,007.49	12,007.49	
Safe and Secure Communities Program	<u>23,148.00</u>	<u>24,348.00</u>		<u>47,496.00</u>
Total State Grants	<u>29,151.59</u>	<u>54,409.51</u>	<u>30,061.51</u>	<u>53,499.59</u>
	<u>\$ 30,583.81</u>	<u>\$ 61,669.51</u>	<u>\$ 37,321.51</u>	<u>\$ 54,931.81</u>

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Federal and State Grants Receivable</u>	<u>Realized as Revenue in 2017 Budget</u>	<u>Balance Dec. 31, 2017</u>
Federal Grants:				
Click it or Ticket		\$ 1,100.00	\$ 1,100.00	
Distracted Driving		1,320.00	1,320.00	
Drive Sober or Get Pulled Over		4,840.00	4,840.00	
Total Federal Grants	-	7,260.00	7,260.00	-
State Grants:				
Body Armor Grant	\$ 1,061.39	901.73	1,061.39	\$ 901.73
Clean Communities Program		7,055.29		7,055.29
Municipal Alliance Grant		10,097.00	10,097.00	
Recycling Tonnage Grant		12,007.49	4,235.23	7,772.26
Safe and Secure Communities Program		24,348.00	24,348.00	
Total State Grants	1,061.39	54,409.51	39,741.62	15,729.28
	\$ 1,061.39	\$ 61,669.51	\$ 47,001.62	\$ 15,729.28

BOROUGH OF WOODBURY HEIGHTS
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016 Appropriated</u>	<u>Transferred from 2017 Budget Appropriation</u>	<u>Disbursed</u>	<u>Balance Dec. 31, 2017</u>
Federal Grants:				
Bulletproof Vests	\$ 851.97			\$ 851.97
Click it or Ticket		\$ 1,100.00	\$ 1,100.00	
Distracted Driving		1,320.00	1,320.00	
Drive Sober or Get Pulled Over		4,840.00	4,840.00	
Total Federal Grants	<u>851.97</u>	<u>7,260.00</u>	<u>7,260.00</u>	<u>851.97</u>
State Grants:				
Alcohol, Education, Rehabilitation and Enforcement Grant	17.09			17.09
Body Armor Grant - 2017		1,061.39	858.68	202.71
Body Armor Grant - 2016	1,089.36		1,089.36	
Body Armor Grant - 2015	13.43			13.43
Body Armor Grant - 2012	436.73			436.73
Body Armor Grant - 2010	1,051.73			1,051.73
Body Armor Grant - 2009	543.15			543.15
Clean Communities Program	17,025.65		3,202.17	13,823.48
Drunk Driving Enforcement Fund	2,086.70		1,337.49	749.21
Municipal Alliance Grant	5,246.05	12,621.00	12,513.17	5,353.88
Recycling Tonnage Grant	28,446.07	4,235.23		32,681.30
Safe and Secure Communities Program	<u>23,236.00</u>	<u>100,000.00</u>	<u>99,993.65</u>	<u>23,242.35</u>
Total State Grants	<u>79,191.96</u>	<u>117,917.62</u>	<u>118,994.52</u>	<u>78,115.06</u>
	<u>\$ 80,043.93</u>	<u>\$ 125,177.62</u>	<u>\$ 126,254.52</u>	<u>\$ 78,967.03</u>
Realized as Revenue in Budget		\$ 47,001.62		
Local Match - Due from Current Fund		<u>78,176.00</u>		
		<u>\$ 125,177.62</u>		

SUPPLEMENTAL EXHIBITS

TRUST FUNDS

BOROUGH OF WOODBURY HEIGHTS
TRUST FUND
Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2017

	<u>Animal Control</u>	<u>Trust Other</u>
Balance December 31, 2016	\$ 10,145.96	\$ 175,518.77
Increased by Receipts:		
Animal Control Collector	\$ 2,922.00	
Due Current Fund	20.92	\$ 334.13
Miscellaneous Trust Reserves	<u> </u>	<u>2,126,466.78</u>
	<u>2,942.92</u>	<u>2,126,800.91</u>
	13,088.88	2,302,319.68
Decreased by Disbursements:		
Animal Control Expenses	1,603.13	
Due Current Fund	2,817.11	315.68
Miscellaneous Trust Reserves	<u> </u>	<u>2,062,079.46</u>
	<u>4,420.24</u>	<u>2,062,395.14</u>
Balance December 31, 2017	<u>\$ 8,668.64</u>	<u>\$ 239,924.54</u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
 Statement of Trust Cash - Animal Control Collector
 For the Year Ended December 31, 2017

Increased by Receipts:			
Animal Control Fees	\$	2,922.00	
State Dog License Fees		<u>444.60</u>	
			\$ 3,366.60
Decreased by Disbursements:			
Due to State of New Jersey		444.60	
Payment to Treasurer		<u>2,922.00</u>	
			<u>\$ 3,366.60</u>

Exhibit SB-3

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
 Statement of Due Current Fund
 For the Year Ended December 31, 2017

Balance December 31, 2016			\$ 2,797.66
Increased by:			
Statutory Excess Reserve Due to Current Fund	\$	1,973.87	
Interest Earned		<u>20.92</u>	
			<u>1,994.79</u>
			4,792.45
Decreased by:			
Disbursements			<u>2,817.11</u>
Balance December 31, 2017			<u>\$ 1,975.34</u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
Statement of Amount Due to State of New Jersey - Department of Health
For the Year Ended December 31, 2017

Increased by:			
State License Fees		\$	444.60
Decreased by:			
Disbursements to the State		\$	<u>444.60</u>

Exhibit SB-5

BOROUGH OF WOODBURY HEIGHTS
TRUST -- ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	7,348.30
Increased by:			
Dog License Fees	\$	2,156.00	
Cat License Fees		421.00	
Late Fees Collected		<u>345.00</u>	
			<u>2,922.00</u>
			10,270.30
Decreased by:			
Animal Control Expenses		1,603.13	
Statutory Excess Due to Current Fund		<u>1,973.87</u>	
			<u>3,577.00</u>
Balance December 31, 2017		\$	<u><u>6,693.30</u></u>

Animal License Fees Collected	
Year	Amount
2015	\$ 3,502.30
2016	<u>3,191.00</u>
	<u><u>\$ 6,693.30</u></u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- OTHER FUND
Statement of Due Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	445.44
Increased by:			
Interest Earned	\$	334.13	
Expenditure Paid by Current Fund		<u>200.00</u>	
			<u>534.13</u>
			979.57
Decreased by:			
Disbursements			<u>315.68</u>
Balance December 31, 2017		\$	<u><u>663.89</u></u>

BOROUGH OF WOODBURY HEIGHTS
TRUST -- OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Receipts	Disbursements	Balance Dec. 31, 2017
Escrow Deposits	\$ 31,040.11	\$ 166,142.92	\$ 67,562.46	\$ 129,620.57
Unemployment Compensation	31,682.00	10,073.71	7,723.79	34,031.92
Off Duty Police Employment	346.83	87,117.87	87,117.86	346.84
D.A.R.E.	1,908.44	1,703.78	1,000.00	2,612.22
Payroll	1,181.08	1,577,530.43	1,577,168.64	1,542.87
Tax Sale Premiums	59,600.00	103,900.00	131,100.00	32,400.00
Redemption of Tax Sale Certificates	12,005.34	174,242.88	186,248.22	
Recycling Fees	2,955.85	2,721.49		5,677.34
COAH	4,282.19	8.58		4,290.77
Forfeited Funds	746.29	1.50		747.79
P.O.A.A.	737.00	20.00		757.00
Public Defender	2,251.00			2,251.00
Trust Donations	16,224.24		800.00	15,424.24
West Jersey Avenue Park	10,112.96	1,965.00	2,632.26	9,445.70
Flexible Spending Account		1,038.62	926.23	112.39
	<u>\$ 175,073.33</u>	<u>\$ 2,126,466.78</u>	<u>\$ 2,062,279.46</u>	<u>\$ 239,260.65</u>
Cash Receipts		\$ 2,126,466.78		
Cash Disbursements			\$ 2,062,079.46	
Due Current			200.00	
		<u>\$ 2,126,466.78</u>	<u>\$ 2,062,279.46</u>	

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of General Capital Cash - Chief Financial Officer
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 677,733.76
Increased by Receipts:		
Bond Anticipation Notes	\$ 950,000.00	
Federal and State Aid Receivable	104,175.00	
Capital Improvement Fund	75,000.00	
Due Current Fund	<u>80,511.39</u>	
		<u>1,209,686.39</u>
		1,887,420.15
Decreased by Disbursements:		
Improvement Authorizations	1,062,022.57	
Encumbrances Payable	38,446.52	
Due Current Fund	<u>1,631.41</u>	
		<u>1,102,100.50</u>
Balance December 31, 2017		<u><u>\$ 785,319.65</u></u>

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Receipts		Disbursements		Transfers		Balance Dec. 31, 2017
		Note Proceeds	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 141,882.59		\$ 75,000.00			\$ 80,000.00		\$ 136,882.59
Encumbrances Payable	38,446.52				\$ 38,446.52		\$ 123,174.77	123,174.77
Due Current Fund	(78,744.89)		80,511.39		1,631.41			135.09
Improvement Authorizations:								
Ordinance Number								
12-2009b Recreation Building	16,768.91							16,768.91
07-2010a Improvements to Fire House Facilities	36,939.15							36,939.15
07-2010c Reconstruction of West Jersey Ave.	11,973.14							11,973.14
15-2012a Reconstruction of Lake Ave	10,424.59							10,424.59
15-2012b Reconstruction of Helen Ave	20,450.58							20,450.58
07-2013 Site Remediation Phase I	4,689.00							4,689.00
08-2013 Lake Avenue Phase II	6,168.08							6,168.08
05-2016 Various Capital Improvements	34,932.76			\$ 8,090.50				26,842.26
Various Roads Improvements:								
06-2016a West Jersey Avenue	137,815.20		104,175.00	171,692.58				70,297.62
06-2016b Various Borough Streets	274,585.67			23,496.75				251,088.92
08-2016 Various Capital Improvements	21,402.46							21,402.46
03-2017a Reconstruction of Various Borough Streets		\$ 950,000.00		842,957.61		118,551.90	50,000.00	38,490.49
03-2017b Reconstruction of Curbing at Clement and Glassboro Roads				15,785.13		4,622.87		(20,408.00)
05-2017 Purchase of Technology Equipment							30,000.00	30,000.00
	<u>\$ 677,733.76</u>	<u>\$ 950,000.00</u>	<u>\$ 259,686.39</u>	<u>\$ 1,062,022.57</u>	<u>\$ 40,077.93</u>	<u>\$ 203,174.77</u>	<u>\$ 203,174.77</u>	<u>\$ 785,319.65</u>

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Funded
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 1,290,000.00
Decreased by:	
2017 Budget Appropriation to Pay:	
General Serial Bonds	<u>155,000.00</u>
Balance December 31, 2017	<u>\$ 1,135,000.00</u>

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Unfunded
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Raised in 2017 Budget	Balance Dec. 31, 2017	Analysis of Balance December 31, 2017
						Financed by Bond Anticipation Notes
7-2010a	Firehouse Restroom Renovations	\$ 70,625.00		\$ 14,062.50	\$ 56,562.50	\$ 56,562.50
7-2010b	Acquisition of Equipment for Police	48,025.00		9,562.50	38,462.50	38,462.50
7-2010c	Reconstruction of West Jersey Avenue	16,950.00		3,375.00	13,575.00	13,575.00
15-2012a	Firehouse Restroom Renovations	27,460.00		3,990.00	23,470.00	23,470.00
15-2012b	Acquisition of Equipment for Police	79,190.00		11,510.00	67,680.00	67,680.00
03-2014	Acquisition of Trash Truck	147,000.00		10,000.00	137,000.00	137,000.00
	Various Road Improvements:					
06-2016a	West Jersey Avenue	145,000.00			145,000.00	145,000.00
06-2016b	Various Borough Streets	950,000.00			950,000.00	950,000.00
03-2017a	Reconstruction of Various Borough Streets		\$ 950,000.00		950,000.00	950,000.00
		\$ 1,484,250.00	\$ 950,000.00	\$ 52,500.00	\$ 2,381,750.00	\$ 2,381,750.00

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Federal and State Aid Receivable
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 208,614.45
Increased by:		
NJ Department of Transportation Trust Fund	\$ 185,000.00	
Community Development Block Grant	<u>20,408.00</u>	
		<u>205,408.00</u>
		414,022.45
Decreased by:		
Cash Receipts		<u>104,175.00</u>
Balance December 31, 2017		<u><u>\$ 309,847.45</u></u>
Analysis:		
NJ Department of Transportation - Lake Avenue Phase II		\$ 15,614.45
NJ Department of Transportation - West Avenue		88,825.00
NJ Department of Transportation - West Jersey Avenue Phase II		185,000.00
Community Development Block Grant - Clement / Glassboro		<u>20,408.00</u>
		<u><u>\$ 309,847.45</u></u>

Exhibit SC-6

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016 (Due from)		\$ 78,744.89
Increased by:		
Disbursements		<u>1,631.41</u>
		80,376.30
Decreased by:		
Interest Earned	\$ 1,766.50	
Interfund Received	<u>78,744.89</u>	
Disbursements		<u>80,511.39</u>
Balance December 31, 2017 (Due to)		<u><u>\$ 135.09</u></u>

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	141,882.59
Increased by:		
Budget Appropriation		<u>75,000.00</u>
		216,882.59
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>80,000.00</u>
Balance December 31, 2017	\$	<u><u>136,882.59</u></u>

Exhibit SC-8

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Encumbrances Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	38,446.52
Increased by:		
Improvement Authorizations		<u>123,174.77</u>
		161,621.29
Decreased by:		
Disbursements		<u>38,446.52</u>
Balance December 31, 2017	\$	<u><u>123,174.77</u></u>

BOROUGH OF WOODBURY HEIGHTS
 GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2016		2017 Authorizations	Paid or Charged	Balance December 31, 2017	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
12-2009b	Construction of Recreation Building	10/21/09	\$ 699,000.00	\$ 16,768.91				\$ 16,768.91	
07-2010a	Improvements to Fire House Facilities	04/01/10	200,000.00		\$ 36,939.15				\$ 36,939.15
07-2010c	Reconstruction of West Jersey Ave.	04/01/10	200,000.00		11,973.14				11,973.14
15-2012a	Reconstruction of Lake Ave	05/16/12	210,000.00		10,424.59				10,424.59
15-2012b	Reconstruction of Helen Ave	05/16/12	101,000.00		20,450.58				20,450.58
07-2013	Site Remediation Phase I	04/17/13	30,000.00		4,689.00				4,689.00
08-2013	Lake Avenue Phase II	06/19/13	240,450.00	21,782.53				21,782.53	
05-2016	Various Capital Improvements	05/18/16	49,114.98	34,932.76			\$ 8,090.50	26,842.26	
	Various Road Improvements:								
06-2016a	West Jersey Avenue	05/18/16	346,000.00	185,815.20	145,000.00		171,692.58	14,122.62	145,000.00
06-2016b	Various Borough Streets	05/18/16	1,000,000.00		274,585.67		23,496.75		251,088.92
08-2016	Various Capital Improvements	05/18/16	37,593.18	21,402.46				21,402.46	
03-2017a	Reconstruction of Various Borough Streets	03/15/17	1,000,000.00			\$ 1,000,000.00	961,509.51		38,490.49
03-2017b	Reconstruction of Curbing at Clement and Glassboro Roads	03/15/17	20,408.00			20,408.00	20,408.00		
05-2017	Purchase of Technology Equipment	06/21/17	30,000.00			30,000.00		30,000.00	
06-2017	Repaving of West Jersey Avenue Phase II	07/19/17	185,000.00			185,000.00		185,000.00	
				\$ 280,701.86	\$ 504,062.13	\$ 1,235,408.00	\$ 1,185,197.34	\$ 315,918.78	\$ 519,055.87
	Capital Improvement					\$ 80,000.00			
	Deferred Charges to Future Taxation					950,000.00			
	Federal and State Aid Receivable					205,408.00			
	Cash Disbursements						\$ 1,062,022.57		
	Encumbrances Payable						123,174.77		
						\$ 1,235,408.00	\$ 1,185,197.34		

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
07-2010	Various Capital Improvements	12/14/10	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	\$ 135,600.00	\$ 108,600.00	\$ 135,600.00	\$ 108,600.00
15-2012	Various Capital Improvements	8/17/12	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	106,650.00	91,150.00	106,650.00	91,150.00
03-2014	Acquisition of Trash Truck	8/13/14	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	147,000.00	137,000.00	147,000.00	137,000.00
06-2016	Various Road Improvements	8/9/16	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	1,095,000.00	1,095,000.00	1,095,000.00	1,095,000.00
03-2017a	Various Road Improvements	8/7/17	8/7/17	8/6/18	1.190%	_____	950,000.00	_____	950,000.00
						<u>\$ 1,484,250.00</u>	<u>\$ 2,381,750.00</u>	<u>\$ 1,484,250.00</u>	<u>\$ 2,381,750.00</u>
							\$ 950,000.00		
								\$ 52,500.00	
							<u>1,431,750.00</u>	<u>1,431,750.00</u>	
							<u>\$ 2,381,750.00</u>	<u>\$ 1,484,250.00</u>	

Cash
Paid by Budget Appropriation
Rollover

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
General Improvement Bonds	12/14/09	\$ 1,955,000.00	12/1/18	\$ 160,000.00	3.500%			
			12/1/19	160,000.00	3.500%			
			12/1/20	160,000.00	3.750%			
			12/1/21	160,000.00	3.750%			
			12/1/22	165,000.00	4.000%			
			12/1/23	165,000.00	4.000%			
			12/1/24	165,000.00	4.000%			
					\$ 1,290,000.00	\$ 155,000.00	\$ 1,135,000.00	

BOROUGH OF WOODBURY HEIGHTS
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>2017 Authorizations</u>	<u>Issued</u>
03-2017a	Reconstruction of Various Borough Streets	\$ <u>950,000.00</u>	\$ <u>950,000.00</u>

SUPPLEMENTAL EXHIBITS
WATER AND SEWER UTILITY FUND

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Water and Sewer Utility Cash - Chief Financial Officer
For the Year Ended December 31, 2017

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2016	\$ 1,771,060.08	\$ 1,039,656.44
Increased by Receipts:		
Water Rents Collected	\$ 532,597.77	
Sewer Rents Collected	917,537.86	
Interest on Investments		\$ 2,748.27
Mobile Antenna Rental	69,181.12	
Miscellaneous Revenues	18,513.39	
Utility Rent Overpayments	3,716.44	
Capital Improvement Fund		75,000.00
Bond Anticipation Notes		1,458,000.00
Due Utility Capital Fund	<u>2,580.19</u>	
	<u>1,544,126.77</u>	<u>1,535,748.27</u>
	3,315,186.85	2,575,404.71
Decreased by Disbursements:		
2017 Appropriations	1,149,036.42	
2016 Appropriation Reserves	60,787.95	
Accrued Interest on Bonds and Notes	29,333.94	
Overpayment Refunds	119.19	
Due Utility Operating Fund		2,580.19
Improvement Authorizations		80,580.04
Encumbrances Payable		<u>372,056.40</u>
	<u>1,239,277.50</u>	<u>455,216.63</u>
Balance December 31, 2017	<u>\$ 2,075,909.35</u>	<u>\$ 2,120,188.08</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Analysis of Water and Sewer Utility Capital Cash
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Receipts		Disbursements		Balance Dec. 31, 2017	
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous		
Fund Balance	\$ 439.81					\$ 439.81	
Capital Improvement Fund	73,538.89		\$ 75,000.00			148,538.89	
Reserve for Preliminary Expenses	8,349.25					8,349.25	
Encumbrances Payable	372,056.40				\$ 372,056.40		
Due Utility Operating Fund	192.58		2,748.27		2,580.19	360.66	
<u>Improvement Authorizations:</u>							
<u>Ordinance</u>							
<u>Number</u>							
6-2007	(a) Sanitary Sewer Infiltration Repairs	157,182.79				157,182.79	
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	58,652.99				58,652.99	
11-2013a	Site Remediation Phase II	34,783.07				34,783.07	
11-2013b	Acquisition of Backhoe	2,155.00				2,155.00	
11-2013c	Acquisition of Utility Truck	1,558.02				1,558.02	
8-2015	Redevelopment of Sewer Pump Stations	35,973.15		\$ 8,883.19		27,089.96	
7-2016a	Rehabilitation of Route 45 Pump Station	121,329.54		1,710.00		119,619.54	
7-2016b	Construction of Well No. 2	164,494.01	\$ 1,180,000.00	64,754.70		1,279,739.31	
7-2016c	Reconstruction of Well No. 1		278,000.00			278,000.00	
11-2016	Acquisition of Various Equipment	8,950.94		5,232.15		3,718.79	
		<u>\$ 1,039,656.44</u>	<u>\$ 1,458,000.00</u>	<u>\$ 77,748.27</u>	<u>\$ 80,580.04</u>	<u>\$ 374,636.59</u>	<u>\$ 2,120,188.08</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY OPERATING FUND
Statement of Consumer Accounts Receivable
For the Year Ended December 31, 2017

Water Rents:

Balance December 31, 2016			\$ 35,687.35
Increased by:			
Water Rents Levied			<u>538,316.92</u>
			574,004.27
Decreased by:			
Collections	\$ 532,597.77		
Overpayments Applied	<u>1,770.10</u>		
		\$ 534,367.87	
Cancelled		<u>95.00</u>	
			<u>534,462.87</u>
Balance December 31, 2017			<u><u>\$ 39,541.40</u></u>

Sewer Rents:

Balance December 31, 2016			\$ 53,326.45
Increased by:			
Sewer Rents Levied			<u>952,006.22</u>
			1,005,332.67
Decreased by:			
Collections	\$ 917,537.86		
Overpayments Applied	<u>2,130.52</u>		
		\$ 919,668.38	
Cancelled		<u>480.00</u>	
			<u>920,148.38</u>
Balance December 31, 2017			<u><u>\$ 85,184.29</u></u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Schedule of Fixed Capital
 As of December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2017</u>
Water System:	
Water Tower and Accessories	\$ 473,840.30
Pumping Station Structures	14,798.51
Distribution Mains and Accessories	653,114.71
Water Meters and Hydrants	31,645.90
General:	
Equipment	230,591.58
Building	2,315.69
Legal and Engineering	8,770.00
Interest During Construction	8,018.63
Office and Computer Equipment	<u>34,500.00</u>
Total Water System	<u>1,457,595.32</u>
Sewer System:	
Sewer Disposal System	284,510.97
Mains and Extensions	1,766,621.53
General:	
Equipment	163,627.65
Building	2,315.68
Office and Computer Equipment	14,500.00
Prior Years - Unallocated	<u>32,438.89</u>
Total Sewer System	<u>2,264,014.72</u>
Total Fixed Capital	<u><u>\$ 3,721,610.04</u></u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2017

Ord. No.	Improvement Description	Date	Amount	Balance Dec. 31, 2016	Additions by Ordinance	Balance Dec. 31, 2017
6-2007	(a) Sanitary Sewer Infiltration Repairs	5/16/07	\$ 253,500.00	\$ 157,182.79		\$ 157,182.79
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	9/19/12	150,000.00	58,652.99		58,652.99
11-2013a	Site Remediation Phase II	9/18/13	34,783.07	34,783.07		34,783.07
11-2013b	Acquisition of Backhoe	9/18/13	42,500.00	2,155.00		2,155.00
11-2013c	Acquisition of Utility Truck	9/18/13	22,716.93	1,558.02		1,558.02
8-2015	Redevelopment of Sewer Pump Stations	6/1/15	675,000.00	675,000.00		675,000.00
7-2016a	Rehabilitation of Route 45 Pump Station	5/18/16	210,000.00	210,000.00		210,000.00
7-2016b	Construction of Well No. 2	5/18/16	1,395,000.00	1,395,000.00		1,395,000.00
7-2016c	Reconstruction of Well No. 1	5/18/16	278,000.00	278,000.00		278,000.00
11-2016	Purchase of Public Works Vehicles	8/17/16	53,107.94	53,107.94		53,107.94
7-2017	Supplemental Funding for the Construction of Well No. 2	8/16/17	188,000.00		\$ 188,000.00	188,000.00
				<u>\$ 2,865,439.81</u>	<u>\$ 188,000.00</u>	<u>\$ 3,053,439.81</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY OPERATING FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	<u>Balance December 31, 2016</u>		<u>Balance After</u> <u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Reserved</u>			
Operating:					
Salaries and Wages		\$ 46,510.73	\$ 46,510.73		\$ 46,510.73
Other Expenses	\$ 38,863.34	353,257.54	392,120.88	\$ 60,787.95	331,332.93
Capital Improvements					
Capital Outlay		25,000.00	25,000.00		25,000.00
Statutory Expenditures:					
Contribution to:					
Social Security System		4,015.11	4,015.11		4,015.11
	<u>\$ 38,863.34</u>	<u>\$ 428,783.38</u>	<u>\$ 467,646.72</u>	<u>\$ 60,787.95</u>	<u>\$ 406,858.77</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Accrued Interest on Bonds, Notes and Analysis of Balance
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	4,926.23
Increased by:			
Budget Appropriation:			
Interest on Bonds		\$	16,775.83
Interest on Notes			<u>20,316.75</u>
			<u>37,092.58</u>
			42,018.81
Decreased by:			
Interest Paid on Bonds			17,627.50
Interest Paid on Notes			<u>11,706.44</u>
			<u>29,333.94</u>
Balance December 31, 2017		\$	<u><u>12,684.87</u></u>

Analysis of Accrued Interest December 31, 2017:

<u>Principal Outstanding Dec. 31, 2017</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Serial Bonds:</u>					
\$ 370,000.00	3.500%	12/01/17	12/31/17	1 month	\$ 1,269.79
<u>Notes:</u>					
675,000.00	1.190%	8/7/17	12/31/17	4.5 months	3,012.19
425,000.00	1.190%	8/7/17	12/31/17	4.5 months	1,896.56
1,458,000.00	1.190%	8/7/17	12/31/17	4.5 months	<u>6,506.33</u>
					<u>\$ 12,684.87</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY OPERATING FUND
 Statement of Utility Rent Overpayments
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 3,900.62
Increased by:		
Overpayments Created		<u>3,716.44</u>
		7,617.06
Decreased by:		
Overpayments Refunded	\$ 119.19	
Overpayments Applied - Water Rents	1,770.10	
Overpayments Applied - Sewer Rents	<u>2,130.52</u>	
		<u>4,019.81</u>
Balance December 31, 2017		<u><u>\$ 3,597.25</u></u>

Exhibit SD-9

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
 Statement of Encumbrances Payable -- Capital Fund
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 372,056.40
Decreased by:		
Disbursements		<u><u>\$ 372,056.40</u></u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Due Utility Operating Fund
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$	192.58
Increased by:			
Interest Earned			2,748.27
			2,940.85
Decreased by:			
Disbursements			2,580.19
Balance December 31, 2017		\$	360.66

Exhibit SD-11

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Reserve for Amortization
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$	3,468,941.91
Increased by:			
2017 Budget Appropriation to Pay:			
Bond Anticipation Notes	\$	77,000.00	
Water and Sewer Serial Bonds		60,000.00	
			137,000.00
Balance December 31, 2017		\$	3,605,941.91

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 73,538.89
Increased by:	
Budget Appropriation	<u>75,000.00</u>
Balance December 31, 2017	<u>\$ 148,538.89</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2017

Ord. No.	Improvement Description	Date	Amount	Balance December 31, 2016		2017 Authorizations	Paid or Charged	Balance December 31, 2017	
				Funded	Unfunded			Funded	Unfunded
8-2006 6-2007	Sewer Infiltration Evaluation and (a) Sanitary Sewer Infiltration Repairs	5/16/07	\$ 253,500.00	\$ 157,182.79				\$ 157,182.79	
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	9/19/12	150,000.00		\$ 58,652.99				\$ 58,652.99
11-2013a	Site Remediation Phase II	9/18/13	34,783.07		34,783.07				34,783.07
11-2013b	Acquisition of Backhoe	9/18/13	42,500.00		2,155.00				2,155.00
11-2013c	Acquisition of Utility Truck	9/18/13	22,716.93		1,558.02				1,558.02
8-2015	Redevelopment of Sewer Pump Stations	6/1/15	675,000.00		35,973.15		\$ 8,883.19		27,089.96
7-2016a	Rehabilitation of Route 45 Pump Station	5/18/16	210,000.00		121,329.54		1,710.00		119,619.54
7-2016b	Construction of Well No. 2	5/18/16	1,395,000.00		1,344,494.01		64,754.70		1,279,739.31
7-2016c	Reconstruction of Well No. 1	5/18/16	278,000.00		278,000.00				278,000.00
11-2016	Acquisition of Various Equipment	8/17/16	53,107.94	8,950.94			5,232.15	3,718.79	
7-2017	Supplemental Funding for the Construction of Well No. 2	8/16/17	188,000.00			\$ 188,000.00			188,000.00
				\$ 166,133.73	\$ 1,876,945.78	\$ 188,000.00	\$ 80,580.04	\$ 160,901.58	\$ 1,989,597.89
						\$ 188,000.00			
							\$ 80,580.04		
						\$ 188,000.00	\$ 80,580.04		

Deferred Charges to Future Revenue
Cash Disbursements

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
16-2012	Acquisition & Installation of Well No.1 Diesel Generator	12/10/12	8/9/16	8/8/17	0.995%	\$ 77,000.00		\$ 77,000.00	
08-2015	Redevelopment of Sewer Pump Stations	8/11/15	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	675,000.00	\$ 675,000.00	675,000.00	\$ 675,000.00
7-2016a	Rehabilitation of Route 45 Pump Station	8/9/16 8/9/16	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	210,000.00	210,000.00	210,000.00	210,000.00
7-2016b	Construction of Well No. 2	8/9/16 8/9/16	8/9/16 8/7/17	8/8/17 8/6/18	0.995% 1.190%	215,000.00	1,395,000.00	215,000.00	1,395,000.00
7-2016c	Reconstruction of Well No. 1	8/7/17	8/7/17	8/6/18	1.190%		278,000.00		278,000.00
						<u>\$ 1,177,000.00</u>	<u>\$ 2,558,000.00</u>	<u>\$ 1,177,000.00</u>	<u>\$ 2,558,000.00</u>
							Cash		\$ 1,458,000.00
							Paid by Budget Appropriation		\$ 77,000.00
							Rollover	<u>1,100,000.00</u>	<u>1,100,000.00</u>
							<u>\$ 2,558,000.00</u>	<u>\$ 1,177,000.00</u>	

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Water and Sewer Serial Bonds
For the Year Ended December 31, 2017

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Water and Sewer Bonds	7/15/02	\$ 525,000.00				\$ 40,000.00	\$ 40,000.00	
Water and Sewer Bonds	12/14/09	530,000.00	12/1/18	\$ 25,000.00	3.500%			
			12/1/19	25,000.00	3.500%			
			12/1/20	25,000.00	3.750%			
			12/1/21	25,000.00	3.750%			
			12/1/22	30,000.00	4.000%			
			12/1/23	30,000.00	4.000%			
			12/1/24	30,000.00	4.000%			
			12/1/25	35,000.00	4.250%			
			12/1/26	35,000.00	4.500%			
			12/1/27	35,000.00	4.500%			
			12/1/28	35,000.00	4.500%			
			12/1/29	40,000.00	4.500%			
						\$ <u>430,000.00</u>	\$ <u>60,000.00</u>	\$ <u>370,000.00</u>

BOROUGH OF WOODBURY HEIGHTS
WATER AND SEWER UTILITY CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Issued	Balance Dec. 31, 2017
7-2016b	Construction of Well No. 2	\$ 1,180,000.00		\$ 1,180,000.00	
7-2016c	Reconstruction of Well No.1	278,000.00		278,000.00	
7-2017	Supplemental Funding for the Construction of Well No. 2		\$ 188,000.00		\$ 188,000.00
		<u>\$ 1,458,000.00</u>	<u>\$ 188,000.00</u>	<u>\$ 1,458,000.00</u>	<u>\$ 188,000.00</u>

PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

BOROUGH OF WOODBURY HEIGHTS
Schedule of Findings and Recommendations
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

BOROUGH OF WOODBURY HEIGHTS
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

Finding No. 2016-001

Condition

The Borough does not maintain an accurate fixed asset accounting ledger as required by State Administrative Code.

Current Status

This condition has been resolved.

BOROUGH OF WOODBURY HEIGHTS
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Robbie J. Conley	Mayor	
William Packer	Council President	
Harold "Hap" Pye	Councilperson	
Robert Yerka	Councilperson	
Cara Witasick	Councilperson	
Eshia "Jake" Jacob	Councilperson	
Richard J. Gambale	Councilperson	
Vikki Holmstrom	Chief Financial Officer, Tax Collector	(1)
Janet Pizzi	Borough Administrator, Clerk, Deputy Treasurer	(1)
Brian D. Lozuke, Esq.	Solicitor	
Mark R. Brunermer, P.E., C.M.E.	Engineer	

(1) \$1,000,000.00 per loss is covered by the Gloucester County Municipal Joint Insurance Fund Excess Crime Policy, Public Employee Bond Declarations, and Excess Public Officials Bonds for all public officials.

17500

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant