

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

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PART I

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Westville
165 Broadway
Westville, New Jersey 08093

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2017, on our consideration of the Borough of Westville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Westville's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

April 7, 2017

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Cash	A-4	\$ 526,048.68	\$ 985,828.55
Cash - Tax Collector	A-5	485,151.28	246,234.13
Cash - Sewer Collector	A-6	785,011.31	649,258.84
Change Fund		200.00	200.00
		<u>1,796,411.27</u>	<u>1,881,521.52</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	327,918.50	219,027.35
Tax Title Liens Receivable	A-9	332,608.74	269,091.61
Property Acquired for Taxes - Assessed Valuation	A-10	237,450.00	237,450.00
Sewer Rents Receivable	A-11	77,781.75	73,849.53
Sewer Utility Liens Receivable	A-12	1,895.49	2,280.27
Other Accounts Receivable	A-5	251.50	
Revenue Accounts Receivable	A-13	13,306.35	11,368.84
Due from General Capital Fund			4,161.57
Due from Water Utility Operating Fund	D	3,238.60	3,238.60
Due from Water Utility Capital Fund	D	39,500.00	39,500.00
Due from Other Trust Funds	B	9,450.62	9,418.14
Due from Animal Control Trust Fund	B	2,340.44	2,332.85
Due from Federal and State Grant Fund	A	8,088.14	21,684.95
Due from Community Development		2,860.84	2,860.84
Due from Fire District		1,906.36	
		<u>1,058,597.33</u>	<u>896,264.55</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves		5,703.77	5,703.77
Expenditure Without Appropriation	A-4	332.28	
		<u>6,036.05</u>	<u>5,703.77</u>
		<u>2,861,044.65</u>	<u>2,783,489.84</u>
Federal and State Grant Fund			
Cash	A-4	32,704.31	31,636.30
Grants Receivable	A-7	240,638.72	241,638.72
		<u>273,343.03</u>	<u>273,275.02</u>
		<u>\$ 3,134,387.68</u>	<u>\$ 3,056,764.86</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 358,055.55	\$ 229,801.88
Encumbrances Payable	A-15	17,763.09	16,010.38
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-16	34,216.64	35,388.23
Prepaid Taxes		98,925.96	70,333.44
Tax Overpayments		79,399.24	95,474.19
Sewer Overpayments		2,371.80	3,119.79
Due to Clerk		218.75	12.50
Due to Trust Other - Tax Sale Account	B	37,375.79	38,014.53
Due to General Capital Fund	C	52,201.28	
Reserve for Zoning Escrow		1,845.00	1,845.00
Reserve for JIF Safety Program		8,350.00	5,850.00
Reserve for Storm water Grant		5,117.00	5,117.00
Reserve for Revaluation		413.03	1,461.53
Reserve for Street Scape Refund		523.00	523.00
Reserve for Sale of Municipal Assets		3,231.00	3,231.00
Reserve for Public Defender		9,625.00	6,000.00
Reserve for Codification of Ordinances			3,364.17
Local District School Taxes Payable	A-17	13,976.37	13,976.37
Regional High School Taxes Payable	A-18	2.75	2.69
Due State of New Jersey - DCA Fees		807.00	
Due County for Added & Omitted Taxes		1,938.40	359.49
Due Fire District			6,671.05
Due Library		24,455.98	23,014.64
		<u>750,812.63</u>	<u>559,570.88</u>
Reserve for Receivables		1,058,597.33	896,264.55
Fund Balance	A-1	1,051,634.69	1,327,654.41
		<u>2,861,044.65</u>	<u>2,783,489.84</u>
Federal and State Grant Fund			
Encumbrances Payable	A-15	3,109.53	3,024.00
Reserve for Grants - Appropriated	A-19	144,773.29	131,659.36
Reserve for Grants - Unappropriated	A-20	2,382.18	1,510.33
Reserve for Small Cities Loan Payback		32,704.31	31,636.30
Due Fire District			874.00
Due General Capital Fund	C	82,285.58	82,285.58
Due Current Fund	A	8,088.14	21,684.95
Unallocated Receipts			600.50
		<u>273,343.03</u>	<u>273,275.02</u>
		<u>\$ 3,134,387.68</u>	<u>\$ 3,056,764.86</u>

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

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

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	A-2	\$ 1,025,000.00	\$ 575,000.00
Miscellaneous Revenue Anticipated	A-2	1,697,968.29	2,388,716.89
Receipts from Delinquent Taxes	A-2	243,908.11	374,537.96
Receipts from Current Taxes	A-2	10,258,130.43	9,829,239.21
Non-Budget Revenue	A-2	274,766.69	313,581.85
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	180,059.28	242,154.55
Encumbrances Payable - Canceled	A-15	3,073.56	1,816.78
Refunds - Prior Year Expenditures			9,560.78
Interfund Loans Returned		20,427.85	38,120.10
Prior Year Payable Canceled		8,577.41	
Total Income		<u>13,711,911.62</u>	<u>13,772,728.12</u>
Expenditures			
Budget Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,100,487.80	1,960,865.40
Other Expenses	A-3	1,628,630.00	1,516,965.55
Deferred Charges and Statutory Expenditures - Municipal	A-3	505,076.00	516,559.70
Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	612,846.77	906,334.72
Capital Improvements	A-3	35,000.00	30,000.00
Debt Service	A-3	453,431.82	438,220.01
County Taxes		1,680,739.69	1,640,598.04
Due County for Added Taxes		1,938.40	359.49
Local District School Tax	A-17	2,710,098.00	2,618,966.00
Regional High School Tax	A-18	2,802,724.00	2,600,189.00
Fire District Tax		426,801.00	379,302.00
Interfund Loan Advanced		2,157.86	12,352.77
Prior Year Deduction Disallowed	A-16	3,000.00	4,000.00
Total Expenditures		<u>12,962,931.34</u>	<u>12,624,712.68</u>
Statutory Excess to Fund Balance		748,980.28	1,148,015.44
Fund Balance			
Balance January 1	A	1,327,654.41	754,638.97
		<u>2,076,634.69</u>	<u>1,902,654.41</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	1,025,000.00	575,000.00
Balance December 31	A	<u>\$ 1,051,634.69</u>	<u>\$ 1,327,654.41</u>

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2016	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,025,000.00		\$ 1,025,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	11,000.00		14,793.00	\$ 3,793.00
Other	A-13	1,000.00		1,902.00	902.00
Fees and Permits	A-13	6,023.00		6,275.87	252.87
Fines and Costs:					
Municipal Court	A-13	130,000.00		124,565.38	(5,434.62)
Interest and Costs on Taxes	A-13	57,750.00		84,839.94	27,089.94
Interest on Investments	A-13	3,569.96		5,047.25	1,477.29
Sewer Rents	A-11:A-12	710,000.00		953,987.91	243,987.91
Interest on Delinquent:					
Sewer Rents	A-13	1,000.00		6,098.12	5,098.12
Housing Inspection Fees	A-13	17,000.00		46,749.00	29,749.00
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-13	20,607.00		20,607.00	
Energy Receipts Tax	A-13	381,790.00		381,790.00	
Franchise Fees - Cable TV	A-13	12,000.00		20,955.45	8,955.45
Recycling Tonnage Grant	A-7	7,500.71		7,500.71	
Clean Communities	A-7		\$ 10,597.33	10,597.33	
Municipal Alliance on Alcoholism and Drug Abuse	A-7	10,249.00		10,249.00	
Body Armor Grant	A-7	1,510.33		1,510.33	
Clean Community Cleanup Grant	A-7		500.00	500.00	
Total Miscellaneous Revenues		1,371,000.00	11,097.33	1,697,968.29	315,870.96
Receipts from Delinquent Taxes	A-2	300,000.00		243,908.11	(56,091.89)
Subtotal General Revenues		2,696,000.00	11,097.33	2,966,876.40	259,779.07
Amount to be Raised by Taxation	A-2	3,053,000.00		3,056,386.10	3,386.10
Budget Totals		5,749,000.00	11,097.33	6,023,262.50	\$ 263,165.17
Non-Budget Revenue	A-2			274,766.69	
		\$ 5,749,000.00	\$ 11,097.33	\$ 6,298,029.19	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	\$ 10,258,130.43
Allocated to:		
School, Fire, and County Taxes	A-8	<u>7,622,301.09</u>
Balance for Support of Municipal Budget Appropriation		<u>2,635,829.34</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>420,556.76</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>\$ 3,056,386.10</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-8	\$ 220,665.19
Tax Title Liens	A-9	<u>23,242.92</u>
	A-2	<u><u>\$ 243,908.11</u></u>

Analysis of Non-Budget Revenue

	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Construction Code Fees	A-13	\$ 57,641.00
Sale of Scrap Iron	A-13	1,733.92
Sale of Municipal Assets	A-13	1,800.00
Recycling Proceeds	A-13	1,845.52
Income from Leases	A-13	23,010.00
JIF Dividend	A-13	18,649.22
Fire District JIF Reimbursement	A-13	50,909.04
Abandoned Property Fines	A-13	101,100.00
Motor Vehicle Inspection Fees	A-13	2,855.67
Administrative Fee	A-13	1,066.52
Tax Collectors Fees and Costs	A-13	7,049.02
Refunds	A-13	1,903.38
Miscellaneous	A-13	<u>5,203.40</u>
	A-2	<u><u>\$ 274,766.69</u></u>

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 48,544.00	\$ 53,744.00	\$ 53,724.65		\$ 19.35	
Municipal Clerk						
Salaries & Wages	64,627.00	64,627.00	61,022.56		3,604.44	
Other Expenses	38,860.00	39,560.00	38,865.26	\$ 688.28	6.46	
Financial Administration						
Salaries & Wages	45,257.00	48,257.00	48,193.08		63.92	
Other Expenses	17,350.00	17,350.00	13,768.95		3,581.05	
Audit Services						
Other Expenses	10,250.00	10,250.00	10,250.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	88,109.00	92,609.00	92,263.87		345.13	
Other Expenses	9,220.00	9,220.00	8,607.68		612.32	
Tax Assessment Administration						
Other Expenses	100.00	1,600.00	1,585.00		15.00	
Legal Services and Costs						
Other Expenses	35,000.00	42,900.00	35,869.25		7,030.75	
Engineering Services and Costs						
Other Expenses	18,000.00	18,000.00	1,451.50		16,548.50	
Economic Development						
Other Expenses	5,000.00	5,000.00	203.40		4,796.60	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	400.00	400.00	35.00		365.00	
Other Expenses	4,000.00	4,000.00	1,463.88		2,536.12	
INSURANCE						
Liability Insurance	133,000.00	184,000.00	183,474.90		525.10	
Workers Compensation Insurance	200,000.00	120,000.00	119,700.00		300.00	
Employee Group Insurance	427,980.00	447,980.00	392,903.28		55,076.72	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	1,026,649.00	1,041,649.00	1,040,293.97		1,355.03	
Other Expenses	44,360.00	45,360.00	41,938.88	3,250.90	170.22	
Office of Emergency Management						
Other Expenses	10,000.00	10,000.00	2,100.01	1,385.00	6,514.99	
Municipal Prosecutor						
Salaries and Wages	12,500.00	12,500.00	11,458.26		1,041.74	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	69,464.00	69,464.00	64,848.79		4,615.21	
Other Expenses	45,650.00	45,650.00	35,892.26	2,744.18	7,013.56	
Public Buildings & Grounds						
Salaries & Wages	7,140.00	7,440.00	7,380.48		59.52	
Other Expenses	25,600.00	25,600.00	19,810.64		5,789.36	
Vehicle Maintenance						
Other Expenses	61,560.00	61,560.00	55,414.14	284.85	5,861.01	
Garbage and Trash Removal						
Salaries & Wages	209,959.00	209,959.00	201,429.17		8,529.83	
Sanitary Landfill						
Other Expenses	195,000.00	215,000.00	212,035.01	270.00	2,694.99	
Sewer System						
Salaries & Wages	216,055.80	216,055.80	208,889.00		7,166.80	
Other Expenses	12,300.00	12,300.00	6,125.70		6,174.30	
HEALTH & HUMAN SERVICES						
Board of Health						
Other Expenses	200.00	200.00	147.00		53.00	
Dog Regulation						
Other Expenses	6,000.00	6,000.00			6,000.00	
Environmental Commission						
Other Expenses	1,000.00	1,000.00			1,000.00	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PARK & RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries & Wages	116,783.00	113,783.00	113,040.21		742.79
Other Expenses	24,200.00	27,200.00	26,821.83		378.17
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	5,000.00	5,000.00	5,000.00		
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (NJAC 5:23-4.17)					
Construction Official					
Salaries & Wages	38,000.00	38,000.00	34,749.69		3,250.31
Other Expenses	6,900.00	6,900.00	3,493.83		3,406.17
Housing Inspector					
Salaries & Wages	33,000.00	33,000.00	29,068.80		3,931.20
Other Expenses	1,400.00	1,400.00	1,247.00		153.00
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	70,000.00	70,000.00	59,959.17		10,040.83
Street Lighting	66,000.00	66,000.00	47,812.00		18,188.00
Telephone	25,000.00	30,000.00	28,009.85		1,990.15
Heating Oil	14,000.00	14,000.00	4,755.13	1,494.95	7,749.92
Gasoline	92,000.00	62,400.00	38,164.47	3,147.42	21,088.11
Salary Adjustment	50,000.00	14,000.00			14,000.00
MUNICIPAL COURT FUNCTIONS					
Municipal Court					
Salaries & Wages	77,000.00	85,000.00	84,992.06		7.94
Other Expenses	15,100.00	15,100.00	7,955.90		7,144.10
Public Defender					
Other Expenses	6,000.00	8,100.00	8,100.00		
Total Operations Within "CAPS"	<u>3,729,517.80</u>	<u>3,729,117.80</u>	<u>3,464,315.51</u>	<u>13,265.58</u>	<u>251,536.71</u>
Detail:					
Salaries & Wages	2,103,487.80	2,100,487.80	2,051,389.59		49,098.21
Other Expenses	1,626,030.00	1,628,630.00	1,412,925.92	13,265.58	202,438.50

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Social Security System (OASI)	115,000.00	115,000.00	105,187.99	9,812.01	
Public Employees' Retirement System	169,262.00	169,662.00	169,615.73	46.27	
Police and Firemen's Retirement System	220,414.00	220,414.00	220,414.00		
Total Deferred Charges & Statutory Expenditures within "CAPS"	504,676.00	505,076.00	495,217.72	9,858.28	
Total General Appropriations for Municipal Purposes within "CAPS"	4,234,193.80	4,234,193.80	3,959,533.23	13,265.58	261,394.99
OPERATIONS EXCLUDED FROM "CAPS"					
Insurance					
Employee Group Insurance	7,020.00	7,020.00	7,020.00		
Gloucester County Utilities Authority					
Contractual - Share Costs - Sewerage	488,000.00	488,000.00	416,519.64	71,480.36	
Maintenance of Free Public Library					
Other Expenses	83,143.10	83,143.10	72,962.90	10,180.20	
SFSP Fire District Payment	1,764.00	1,764.00	1,764.00		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant	7,500.71	7,500.71	7,500.71		
Municipal Alliance for Drug and Alcohol Abuse	12,811.30	12,811.30	12,811.30		
Clean Community Cleanup Grant		500.00	500.00		
Clean Communities		10,597.33	10,597.33		
Body Armor Fund	1,510.33	1,510.33	1,510.33		
Total Operations Excluded from "CAPS"	<u>601,749.44</u>	<u>612,846.77</u>	<u>531,186.21</u>	<u>81,660.56</u>	
Detail:					
Other Expenses	<u>601,749.44</u>	<u>612,846.77</u>	<u>531,186.21</u>	<u>81,660.56</u>	
CAPITAL IMPROVEMENTS - EXCLUDED					
FROM "CAPS"					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Purchase of a Computer and Phone System	15,000.00	15,000.00		15,000.00	
Total Capital Improvements Excluded from "CAPS"	<u>35,000.00</u>	<u>35,000.00</u>	<u>20,000.00</u>	<u>15,000.00</u>	
DEBT SERVICE					
Payment of Bond Principal	345,000.00	345,000.00	345,000.00		
Interest on Bonds	70,000.00	70,000.00	69,431.17		\$ 568.83
Loan Repayments - Principal & Interest - NJEIT	42,500.00	42,500.00	39,000.65		3,499.35
Total Debt Service	<u>457,500.00</u>	<u>457,500.00</u>	<u>453,431.82</u>		<u>4,068.18</u>

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,094,249.44	1,105,346.77	1,004,618.03		96,660.56	4,068.18
Subtotal General Appropriations	5,328,443.24	5,339,540.57	4,964,151.26	13,265.58	358,055.55	4,068.18
Reserve for Uncollected Taxes	420,556.76	420,556.76	420,556.76			
Total General Appropriations	<u>\$ 5,749,000.00</u>	<u>\$ 5,760,097.33</u>	<u>\$ 5,384,708.02</u>	<u>\$ 13,265.58</u>	<u>\$ 358,055.55</u>	<u>\$ 4,068.18</u>
Ref.	A-2			A-15	A	
Budget	Ref.					
Appropriations by 40A:4-87	A-3	\$ 5,749,000.00				
	A-2	11,097.33				
		<u>\$ 5,760,097.33</u>				
Reserve for Federal and State Grants	Ref.					
Reserve for Uncollected Taxes	A-19	\$ 32,919.67				
Disbursed	A-2	420,556.76				
	A-4	4,931,231.59				
		<u>\$ 5,384,708.02</u>				

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Animal Control Trust Fund			
Cash	B-1	\$ 2,723.57	\$ 3,263.80
Due from Bank			39.25
		<u>2,723.57</u>	<u>3,303.05</u>
Other Trust Funds			
Cash	B-1	159,925.36	117,226.23
Cash - Collector	B-2	160,466.01	99,717.07
Escrow Accounts Receivable		905.00	872.50
Due from Current Fund	A	37,375.79	38,014.53
		<u>358,672.16</u>	<u>255,830.33</u>
		<u>\$ 361,395.73</u>	<u>\$ 259,133.38</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Animal Control Trust Fund			
Due Current Fund	A	\$ 2,340.44	\$ 2,332.85
Reserve for Dog Fund Expenditures	B-3	383.13	970.20
		<u>2,723.57</u>	<u>3,303.05</u>
Other Trust Funds			
Due Current Fund	A	9,450.62	9,418.14
Due General Capital Fund	C	137.50	137.50
Reserve for:			
Payroll Taxes Payable		63,379.44	49,671.12
Public Events		44,900.96	25,329.73
Municipal Alliance		4,688.13	6,676.29
Unemployment		6,180.63	251.74
Redemption of Tax Title Liens		5,849.64	1,839.44
Planning and Zoning Board		22,014.77	18,288.92
Fieldstone Escrow		697.64	695.73
Tax Sale Premiums		190,500.00	134,400.00
Parking Offense Adjudication Act		1,492.16	1,492.16
Forfeited Property		4,139.32	2,570.95
Flex Spending		1,269.29	1,262.75
Recreation		525.66	358.08
K-9 Police Donations		3,446.40	3,437.78
		<u>358,672.16</u>	<u>255,830.33</u>
		<u>\$ 361,395.73</u>	<u>\$ 259,133.38</u>

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Cash	C-2	\$ 157,836.74	\$ 93,397.02
Loan Receivable	C-4	51,538.00	51,538.00
Due from State of New Jersey	C-5	248,813.54	418,111.77
Due from Federal and State Grant Fund	A	82,285.58	82,285.58
Due from Current Fund	A	52,201.28	
Due from Trust Other	B	137.50	137.50
Due from Water Utility Capital Fund	D	6,170.76	6,170.76
Deferred Charges to Future Taxation:			
Funded	C-6	3,734,541.64	4,110,760.07
Unfunded	C-7	530,569.00	530,569.00
		<u>\$ 4,864,094.04</u>	<u>\$ 5,292,969.70</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-12	\$ 3,343,000.00	\$ 3,688,000.00
Bond Anticipation Notes Payable	C-15	384,750.00	
New Jersey Infrastructure Loan Payable	C-13	391,541.64	422,760.07
Encumbrances Payable	C-10	19,951.50	88,951.50
Contracts Payable	C-11	6,861.50	6,861.50
Improvement Authorizations:			
Funded	C-9	249,780.63	530,368.08
Unfunded	C-9	423,317.58	526,975.79
Capital Improvement Fund	C-8	29,498.00	9,498.00
Due Current Fund			4,161.57
Retainage Percentage Due Contractor		3,093.04	3,093.04
Reserve for Land Acquisition		2,375.00	2,375.00
Reserve for Insurance Refund		1,460.11	1,460.11
Reserve for Sunoco Donations		2,255.30	2,255.30
Reserve for Municipal Building Improvements		5,290.74	5,290.74
Reserve for Debt Service		100.00	100.00
Fund Balance	C-1	819.00	819.00
		<u>\$ 4,864,094.04</u>	<u>\$ 5,292,969.70</u>

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

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2015	C	\$ 819.00
		<hr/>
Balance December 31, 2016	C	\$ 819.00
		<hr/> <hr/>

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

WATER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Cash	D-5	\$ 173,491.67	\$ 217,573.31
Cash - Change Fund		550.00	550.00
Due from Utility Capital Fund	D	135,531.68	135,363.75
		<u>309,573.35</u>	<u>353,487.06</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	26,391.56	64,511.00
Water Liens Receivable	D-8	249.68	634.68
Due from Bank	D-5	125.75	
		<u>26,766.99</u>	<u>65,145.68</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves			5,592.86
Total Operating Fund		<u>336,340.34</u>	<u>424,225.60</u>
Capital Fund			
Cash - Treasurer	D-5	66,613.85	66,445.92
Due from State of New Jersey - Infrastructure Trust Loan		213,048.00	344,709.00
Other Accounts Receivable	D-9	170.47	170.47
Fixed Capital	D-10	2,947,593.89	2,947,593.89
Fixed Capital Authorized and Uncompleted	D-11	3,199,773.00	3,199,773.00
Total Capital Fund		<u>6,427,199.21</u>	<u>6,558,692.28</u>
		<u>\$ 6,763,539.55</u>	<u>\$ 6,982,917.88</u>

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

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-12	\$ 9,374.49	\$ 8,180.75
Encumbrances Payable	D-13	4,512.37	1,507.80
Accrued Interest on Bonds, Notes & Loans	D-14	8,074.51	9,868.38
Utility Rent Prepayments		23,894.06	56,837.74
Utility Rent Overpayments		3,071.79	2,647.91
Due Current Fund	A	3,238.60	3,238.60
		<hr/> 52,165.82	<hr/> 82,281.18
Reserve for Receivables		26,766.99	65,145.68
Fund Balance	D-1	257,407.53	276,798.74
		<hr/> 336,340.34	<hr/> 424,225.60
Total Operating Fund			
Capital Fund			
Serial Bonds Payable	D-19	917,448.00	1,028,076.00
New Jersey Environmental Trust Loan	D-20	891,786.25	1,109,415.58
Improvement Authorizations:			
Funded	D-15	189,600.23	189,600.23
Unfunded	D-15	586.00	586.00
Capital Improvement Fund	D-16	4,076.00	4,076.00
Due Utility Operating Fund	D	135,531.68	135,363.75
Due Current Fund	A	39,500.00	39,500.00
Due General Capital Fund	C	6,170.76	6,170.76
Encumbrances Payable	D-13	29,055.34	29,055.34
Reserve for Debt Service		6,703.65	6,703.65
Reserve for Amortization	D-17	2,436,145.89	2,325,517.89
Deferred Reserve for Amortization	D-18	1,769,739.75	1,683,771.42
Fund Balance	D-2	855.66	855.66
		<hr/> 6,427,199.21	<hr/> 6,558,692.28
Total Capital Fund		<hr/> \$ 6,763,539.55	<hr/> \$ 6,982,917.88

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

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

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	D-3	\$ 160,000.00	\$ 110,000.00
Rents	D-3	1,092,538.24	1,070,107.78
Fire Hydrant Services	D-3	2,249.89	2,248.60
Miscellaneous	D-3	100,511.05	100,721.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	8,180.75	10,758.96
Encumbrances Payable Canceled	D-13	520.43	
Total Income		<u>1,364,000.36</u>	<u>1,293,837.33</u>
Expenditures			
Operating	D-4	956,652.00	884,115.00
Debt Service	D-4	218,265.82	222,855.20
Deferred Charges and Statutory Expenditures	D-4	48,348.00	44,385.00
Due from Bank	D-5	125.75	
Total Expenditures		<u>1,223,391.57</u>	<u>1,151,355.20</u>
Statutory Excess to Fund Balance		140,608.79	142,482.13
Fund Balance			
Balance January 1	D	276,798.74	244,316.61
		417,407.53	386,798.74
Decreased by:			
Utilization as Anticipated Revenue	D-1	160,000.00	110,000.00
Balance December 31	D	<u>\$ 257,407.53</u>	<u>\$ 276,798.74</u>

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

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2015	Ref. D	\$ 856.66
Balance December 31, 2016	D	<u>\$ 856.66</u>

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget 2016	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	\$ 160,000.00	\$ 160,000.00	
Rents	D-3	1,004,000.00	1,092,538.24	\$ 88,538.24
Fire Hydrant Service	D-5	1,900.00	2,249.89	349.89
Miscellaneous	D-3	84,100.00	100,511.05	16,411.05
Budget Totals		<u>\$ 1,250,000.00</u>	<u>\$ 1,355,299.18</u>	<u>\$ 105,299.18</u>
	Ref.	D-4		

Analysis of Realized Revenue

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	\$ 1,032,572.59
Overpayments Applied	D-7	2,647.91
Prepayments Applied	D-7	56,837.74
Utility Liens Receivable	D-8	480.00
	D-3	<u>\$ 1,092,538.24</u>
Miscellaneous:		
Interest on Investments		\$ 992.76
Interest on Delinquent Accounts		6,559.29
Water Laboratory Fees		87,368.90
Sprinkler		4,799.46
Turn On/Off Fees		790.64
	D-3:D-5	<u>\$ 100,511.05</u>

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

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations	Expended		Unexpended Balance Canceled
	Budget	Paid or Charged	Encumbered	
Operating:				
Salaries and Wages	\$ 400,000.00	\$ 393,602.08		\$ 6,397.92
Other Expenses	556,652.00	552,247.64	\$ 4,072.37	331.99
Debt Service:				
Payment of Bond Principal	111,000.00	110,628.00		\$ 372.00
Interest on Bonds	30,000.00	25,243.31		4,756.69
Infrastructure Trust and Fund Loan	104,000.00	82,394.51		21,605.49
Deferred Charges:				
Overexpenditure of Appropriation Reserves	5,592.86	5,592.86		
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	32,755.14	30,110.56		2,644.58
Unemployment Compensation	10,000.00	10,000.00		
	<u>\$ 1,250,000.00</u>	<u>\$ 1,209,818.96</u>	<u>\$ 4,072.37</u>	<u>\$ 9,374.49</u>
	Ref. D-3		D-13	D
Interest on Bonds, Notes, and Loans	Ref. D-14	\$ 33,096.66		
Deferred Charges	D	5,592.86		
Disbursed	D-5	1,171,129.44		
		<u>\$ 1,209,818.96</u>		

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

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
General Fixed Assets:		
Land and Improvements Other Than Buildings	\$ 3,627,600.00	\$ 3,627,600.00
Buildings	2,413,969.71	2,413,969.71
Vehicles	1,188,717.67	1,188,717.67
Miscellaneous Equipment	280,909.63	280,909.63
Office Furniture and Equipment	91,208.00	91,208.00
	<u>\$ 7,602,405.01</u>	<u>\$ 7,602,405.01</u>
Investment in General Fixed Assets	<u>\$ 7,602,405.01</u>	<u>\$ 7,602,405.01</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Westville was incorporated in 1914 and is located in Gloucester County, New Jersey.

The Borough is governed by an elected Mayor and six elected Council Representatives. The Borough is managed daily by the Borough Administrator.

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

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

B. Description of Funds and Account Groups

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

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

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

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

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

General Fixed Assets - All fixed assets used in Governmental Fund type operations are accounted for in the general fixed asset account group, rather than in Governmental Funds.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

A modified accrual basis of accounting is followed with minor exceptions.

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis.

This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received.

Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

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

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

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

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

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

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

Proprietary Fund - Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$1,000.00.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water Utility Fund is recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Comparative Data

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

E. Recent Accounting Pronouncements Not Yet Effective

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Components of this Statement are effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for certain irrevocable split-interest agreements by providing recognition and measurement guidance or situations in which a government is a beneficiary of the agreement. The Statement is effective for periods beginning after December 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

Statement No. 82, Pension Issues and Amendments of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to answer certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

NOTE 2: BUDGETARY INFORMATION

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

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$11,097.33 for various grants as detailed on Exhibit A-2.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2016 and 2015, the carrying amount of the Borough's deposits were \$2,550,722.78 and \$2,511,331.17, respectively. As of December 31, 2016 and 2015, \$0 of the municipality's bank balance of \$2,866,405.38 and \$2,517,405.76, respectively, was exposed to Custodial Credit Risk.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 4: INVESTMENTS

As of December 31, 2016 the Borough had no investments.

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

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or Bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

NOTE 5: FUND BALANCES APPROPRIATED

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

	Year	Balance December 31,	Budget of Succeeding Year
	2016	\$1,051,634.69	a
	2015	1,327,654.41	\$1,025,000.00
Current	2014	754,638.97	575,000.00
	2013	1,091,147.10	750,000.00
	2012	772,572.05	550,000.00
	2016	257,407.53	a
	2015	276,798.74	160,000.00
Utility	2014	244,316.61	110,000.00
	2013	145,454.89	60,000.00
	2012	47,976.26	40,000.00

a = The budget for the year 2017 has not been adopted as of the date of the audit.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance Dec. 31, 2016	2017 Budget Appropriation	Balance to Succeeding Budgets
Current Fund			
Overexpenditure of Appropriation			
Reserves	\$ 5,703.77	\$ 5,703.77	
Expenditure Without Appropriation	332.28		\$ 332.28
	<u>\$ 6,036.05</u>	<u>\$ 5,703.77</u>	<u>\$ 332.28</u>

NOTE 7: FIXED ASSETS

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

	Dec. 31, 2015	Additions	Deletions	Dec. 31, 2016
Land and Improvements				
Other than Buildings	\$ 3,627,600.00			\$ 3,627,600.00
Buildings	2,413,969.71			2,413,969.71
Vehicles	1,188,717.67			1,188,717.67
Miscellaneous Equipment	280,909.63			280,909.63
Office Furniture & Equipment	91,208.00			91,208.00
	<u>\$ 7,602,405.01</u>	<u>None</u>	<u>None</u>	<u>\$ 7,602,405.01</u>

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

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

	Due From	Due To
Current Fund:		
Water Utility Operating Fund	\$ 3,238.60	
Water Utility Capital Fund	39,500.00	
Other Trust Funds	9,450.62	
Animal Control Trust	2,340.44	
Federal and State Grant Fund	8,088.14	
General Capital Fund		\$ 52,201.28
Other Trust Funds		37,375.79
Federal and State Grant Fund:		
Current Fund		8,088.14
General Capital Fund		82,285.58
Animal Control Trust:		
Current Fund		2,340.44
Other Trust Funds:		
Current Fund - Tax Sale Fund	37,375.79	
Current Fund		9,450.62
General Capital Fund		137.50
General Capital Fund:		
Federal and State Grant Fund	82,285.58	
Other Trust Funds	137.50	
Water Utility Capital Fund	6,170.76	
Current Fund	52,201.28	
Water Utility Operating Fund:		
Water Utility Capital Fund	135,531.68	
Current Fund		3,238.60
Water Utility Capital Fund:		
Current Fund		39,500.00
General Capital Fund		6,170.76
Water Utility Operating Fund		135,531.68
	\$ 376,320.39	\$ 376,320.39

The various interfunds are being reviewed by the Chief Financial Officer.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 9: LONG-TERM DEBT

During the calendar year 2016, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2015	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2016	Due Within One Year
Issued:					
Current Fund:					
Bonds & Loans	\$ 4,110,760.07		\$ 376,218.43	\$ 3,734,541.64	\$ 395,741.18
Bond Anticipation Notes		\$ 384,750.00		384,750.00	
Water Utility Fund:					
Bonds & Loans	2,137,491.58		328,257.33	1,809,234.25	197,954.43
Net Debt Issued	<u>6,248,251.65</u>	<u>384,750.00</u>	<u>704,475.76</u>	<u>5,928,525.89</u>	<u>593,695.61</u>
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	530,569.00		384,750.00	145,819.00	
Water Utility Fund:					
Bonds and Notes	<u>586.00</u>			<u>586.00</u>	
Authorized But Not Issued	<u>531,155.00</u>		<u>384,750.00</u>	<u>146,405.00</u>	
Total Debt	<u>\$ 6,779,406.65</u>	<u>\$ 384,750.00</u>	<u>\$ 1,089,225.76</u>	<u>\$ 6,074,930.89</u>	<u>\$ 593,695.61</u>

Permanently Funded Debt as of December 31, 2016, Consisted of the Following:

\$627,024.00 Environmental Trust Loan dated November 8, 2007. The trust loan portion is payable in annual installments through August 1, 2027, and interest is paid semi-annually at rates from 4% to 5% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2027, and no interest is charged. The balance remaining at December 31, 2016, was \$391,541.64.

\$2,183,000.00 General Improvement Bonds dated November 10, 2015, payable in annual installments through November 1, 2028. Interest is paid semi-annually at rates of 1.5% to 2.75% per annum. The balance remaining at December 31, 2016, was \$2,033,000.00.

\$1,505,000.00 General Improvement Refunding Bonds dated November 10, 2015, payable in annual installments through December 1, 2022. Interest is paid semi-annually at rates of 1.5% to 1.75% per annum. The balance remaining at December 31, 2016, was \$1,310,000.00.

\$819,000.00 Utility Improvement Bonds dated October 15, 1981, payable in annual installments through October 15, 2021. Interest is paid semi-annually at the rate of 5% per annum. The balance remaining at December 31, 2016, was \$206,448.00.

\$472,136.00 Environmental Trust Loan dated October 15, 1999. The trust loan portion is payable in annual installments through August 1, 2019, and interest is paid semi-annually at rates from 5.5% to 5.7% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2019, and no interest is charged. The balance remaining at December 31, 2016, was \$91,894.91.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 9: LONG-TERM DEBT (CONTINUED)

\$226,411.00 Environmental Trust Loan dated August 1, 2012. The trust loan portion is payable in annual installments through August 1, 2031, and interest is paid semi-annually at rates from .79% to 3.17% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2031, and no interest is charged. The balance remaining at December 31, 2016, was \$178,176.30.

\$971,685.00 Environmental Trust Loan dated August 1, 2012. The trust loan portion is payable in annual installments through August 1, 2031, and interest is paid semi-annually at rates from .82% to 3.29% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2031, and no interest is charged. During the year 2016, \$131,661.00 of the fund portion of the loan was de-obligated. The balance remaining at December 31, 2016, was \$621,715.04.

\$406,000.00 Utility Improvement Bonds dated November 10, 2015, payable in annual installments through November 1, 2028. Interest is paid semi-annually at rates of 1.5% to 2.75% per annum. The balance remaining at December 31, 2016, was \$381,000.00.

\$380,000.00 Utility Improvement Refunding Bonds dated November 10, 2015, payable in annual installments through December 1, 2022. Interest is paid semi-annually at rates of 1.5% to 1.75% per annum. The balance remaining at December 31, 2016, was \$330,000.00.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

Year Ended December 31,	Interest	Principal	Total
General Serial Bonds:			
2017	\$ 74,757.50	\$ 395,741.18	\$ 470,498.68
2018	68,532.50	390,263.93	458,796.43
2019	62,382.50	389,786.69	452,169.19
2020	56,382.50	392,586.54	448,969.04
2021	49,757.50	442,077.47	491,834.97
2022-2026	143,450.00	1,294,501.33	1,437,951.33
2027-2028	17,177.50	429,584.50	446,762.00
	<u>\$ 472,440.00</u>	<u>\$ 3,734,541.64</u>	<u>\$ 4,206,981.64</u>
Utility Serial Bonds:			
2017	\$ 33,774.06	\$ 197,954.43	\$ 231,728.49
2018	29,812.46	212,631.89	242,444.35
2019	25,319.84	214,056.80	239,376.64
2020	20,682.56	183,652.07	204,334.63
2021	16,906.76	200,840.07	217,746.83
2022-2026	47,759.10	533,741.35	581,500.45
2027-2031	13,888.26	266,357.64	280,245.90
	<u>\$ 188,143.04</u>	<u>\$ 1,809,234.25</u>	<u>\$ 1,997,377.29</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.708%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 1,534,373.77	\$ 1,534,573.77	
Utility Debt	1,809,820.25	1,809,820.25	
General Debt	4,265,110.64		\$ 4,265,110.64
	<u>\$ 7,609,304.66</u>	<u>\$ 3,344,394.02</u>	<u>\$ 4,265,110.64</u>

Net Debt \$4,265,110.64/Equalized Valuation Basis per NJSA 40A:2-2 as amended \$249,686,720.33 = 1.708%.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,739,035.21
Net Debt	4,265,110.64
Remaining Borrowing Power	<u>\$ 4,473,924.57</u>

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

Cash Receipts from Fees, Rents or Other Charges	\$ 1,355,299.18
Deductions:	
Operating and Maintenance Costs	\$ 999,407.14
Debt Service	<u>218,265.82</u>
	<u>1,217,672.96</u>
Excess in Revenue	<u>\$ 137,626.22</u>

NOTE 10: NOTES PAYABLE

The Borough had the following General Capital Bond Anticipation Note outstanding as of December 31, 2016:

A note in the amount of \$384,750.00 that will mature on July 17, 2017, at an interest rate of .83%.

NOTE 11: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by either the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS), cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and PFRS. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 11: PENSION FUNDS (CONTINUED)

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Borough's contributions to PERS for the years ending December 31, 2016, 2015, and 2014, were \$169,615.73, \$161,391.00, and \$159,450.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2016, 2015, and 2014, were \$220,414.00, \$237,731.00, and \$205,210.00, respectively, equal to the required contributions for each year.

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

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 11: PENSION FUNDS (CONTINUED)

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

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

Public Employee's Retirement System - At December 31, 2016, the Borough's proportionate share of net pension liability was \$6,286,141. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's allocation percentage was 0.0212246771% compared to 0.0196877677% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would have been \$580,473 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,183,643	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	312,069	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	182,907	
Difference Between Expected and Actual Experience	94,565	
	\$ 1,773,184	None

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2017	\$ 394,116
2018	394,115
2019	448,723
2020	394,943
2021	141,287
	\$ 1,773,184

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

	June 30, 2015	June 30, 2016
Collective Deferred Outflows of Resources	\$ 2,946,265,815	\$ 7,815,204,785
Collective Deferred Inflows of Resources	360,920,604	
Collective Net Pension Liability	22,447,996,119	29,617,131,759
Borough's Proportion	0.0196877677%	0.0212246771%

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

Actuarial Assumptions

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

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

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

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

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

Police and Firemen's Retirement System - At December 31, 2016, the Borough's proportionate share of net pension liability was \$5,646,068. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0295566052% compared to 0.0271161679% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would have been \$720,357 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 573,670	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	504,676	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	130,391	
Difference Between Expected and Actual Experience		\$ 19,658
	\$ 1,208,737	\$ 19,658

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2017	\$ 282,228
2018	282,227
2019	381,556
2020	204,760
2021	38,308
	\$ 1,189,079

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

	June 30, 2015	June 30, 2016
Collective Deferred Outflows of Resources	\$ 3,075,206,294	\$ 3,984,339,036
Collective Deferred Inflows of Resources	433,559,708	125,220,083
Collective Net Pension Liability	18,117,234,618	20,706,699,056
 Borough's Proportion	 0.0271161679%	 0.0295566052%

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Contributions

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

Actuarial Assumptions

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

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

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

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

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

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2016 and June 30, 2015, special funding situation net pension liability amounts of \$474,130 and \$396,091 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 13: ACCUMULATED ABSENCE BENEFITS

Borough employees are entitled to paid vacation and compensatory time depending on their length of service and position with the Borough. Vacation days not used by the end of the year are forfeited. Sick time is accumulated and carried forward to succeeding years but is not reimbursed to employees upon termination.

NOTE 14: POST-RETIREMENT BENEFITS

The Borough does not provide for any post-retirement benefits for health care.

NOTE 15: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Nationwide Retirement Solutions.

NOTE 16: LABOR CONTRACTS

As of December 31, 2016, the Borough had a total of approximately 69 employees. Of this total, 11 employees are represented by a union, New Jersey Policemen's Benevolent Association Local 122, and 14 employees are represented by an association, Westville Public Works Association. Both contracts expire on December 31, 2020.

NOTE 17: TAXES COLLECTED IN ADVANCE

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

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Prepaid Taxes - Cash Liability	<u>\$ 98,925.96</u>	<u>\$ 70,333.44</u>

NOTE 18: ECONOMIC DEPENDENCY

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

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016

NOTE 19: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2016.

New Jersey Unemployment Compensation Insurance

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

Year	Borough Contribution	Employee Contribution	Amount Reimbursed	Ending Balance
2016	\$ 10,000.00	None	\$ 4,081.44	\$ 6,180.63
2015	15,000.00	None	20,256.41	251.74
2014	15,000.00	None	10,778.50	5,495.86

NOTE 20: LITIGATION

It is the Borough of Westville Counsel's opinion there exist no litigation or contingent liability that may be pending against the Borough of Westville that would have an adverse effect on the financial position in the future.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and April 7, 2017, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

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

SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Borough's Proportion of the Net Pension Liability (Asset)	0.0212246771%	0.0196877677%	0.0195771256%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,286,141	\$ 4,419,509	\$ 3,665,373
Borough's Covered-Employee Payroll	1,329,088	1,330,947	1,355,252
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	472.97%	332.06%	270.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%
Measurement Date	6/30/16	6/30/15	06/30/14

SCHEDULE OF BOROUGH CONTRIBUTIONS - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 188,557	\$ 169,262	\$ 161,391
Contributions in Relation to the Contractually Required Contribution	188,557	169,262	161,391
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,329,088	\$ 1,330,947	\$ 1,355,252
Contributions as a Percentage of Covered-Employee Payroll	14.19%	12.72%	11.91%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Borough's Proportion of the Net Pension Liability (Asset)	0.0295566052%	0.0271161679%	0.0309517738%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,646,068	\$ 4,516,608	\$ 3,893,446
Borough's Covered-Employee Payroll	862,164	882,132	870,373
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	654.87%	512.01%	447.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF BOROUGH CONTRIBUTIONS - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/16	12/31/15	12/31/14
Location 25801			
Contractually Required Contribution	\$ 240,987	\$ 220,414	\$ 237,731
Contributions in Relation to the Contractually Required Contribution	240,987	220,414	237,731
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 862,164	\$ 882,132	\$ 870,373
Contributions as a Percentage of Covered-Employee Payroll	27.95%	24.99%	27.31%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Three Fiscal Years
Special Funding Situation

	Year Ended		
	12/31/16	12/31/15	12/31/14
Borough's Proportion of the Net Pension Liability (Asset)	0.0295566052%	0.0271161679%	0.0309517738%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 474,130	\$ 396,091	\$ 419,259
Borough's Covered-Employee Payroll	862,164	882,132	870,373
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	54.99%	44.90%	48.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

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

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

SCHEDULE OF BOROUGH CONTRIBUTIONS - PFRS
 Last Three Fiscal Years
 Special Funding Situation

	Year Ended		
	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 18,167	\$ 20,619	\$ 17,409
Contributions in Relation to the Contractually Required Contribution	18,167	20,619	17,409
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 862,164.00	\$ 882,132.00	\$ 870,373.00
Contributions as a Percentage of Covered-Employee Payroll	2.11%	2.34%	2.00%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY DATA

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

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

Independent Auditor's Report

Honorable Mayor and Members
of the Borough Council
Borough of Westville
165 Broadway
Westville, New Jersey 08093

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Westville, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough of Westville's basic financial statements, and have issued our report thereon dated April 7, 2017, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



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

April 7, 2017

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2015	A	<u>\$ 985,828.55</u>	<u>\$ 31,636.30</u>
Increased by Receipts:			
Transferred from Tax Collector	A-5	\$ 10,150,000.00	
Transferred from Sewer Collector	A-6	825,000.00	
Federal and State Grants Receivable	A-7	29,847.04	
Homestead Rebate	A-8	162,630.45	
Revenue Accounts Receivable	A-13	887,597.55	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-16	53,326.03	
Federal and State Grants - Unappropriated Grant Due General Capital Fund	A-20	2,382.18	
Reserve for Public Defender		56,901.08	
Reserve for JIF Safety Program		3,625.00	
Due to Clerk		2,500.00	
Due Library		5,156.25	
Fees Due State		1,459.34	
Small Cities Loan Payback		3,386.00	1,068.01
		<u>12,183,810.92</u>	
		13,169,639.47	<u>32,704.31</u>
Decreased by Disbursements:			
2016 Budget Appropriations	A-3	4,931,231.59	
2015 Appropriation Reserves	A-14	49,742.60	
Encumbrances Payable	A-15	8,439.31	
Expenditure Without Appropriation	A	332.28	
Reserve for Federal and State Grants	A-19	19,720.21	
Tax Overpayments Refunded		1,461.01	
Reserve for Revaluations		1,048.50	
Reserve for Codification of Ordinances		3,364.17	
Fees Due State		2,579.00	
County Taxes		1,681,099.18	
Fire District Tax		426,801.00	
Local District School Tax	A-17	2,710,098.00	
Regional High School Tax	A-18	2,802,723.94	
Due to Clerk		4,950.00	
		<u>12,643,590.79</u>	
Balance December 31, 2016	A	<u>\$ 526,048.68</u>	<u>\$ 32,704.31</u>

SCHEDULE OF CASH - TAX COLLECTOR

Balance December 31, 2015	Ref. A		\$ 246,234.13
Increased by Receipts:			
Taxes Receivable	A-8	\$ 10,094,320.93	
Tax Title Liens	A-9	23,242.92	
Revenue Accounts Receivable	A-13	93,279.60	
Prepaid Taxes		98,925.96	
Tax Overpayments		79,399.24	
			<u>10,389,168.65</u>
			10,635,402.78
Decreased by Disbursements:			
Paid to Treasurer	A-4	10,150,000.00	
Due from Bank	A	251.50	
			<u>10,150,251.50</u>
Balance December 31, 2016	A		<u><u>\$ 485,151.28</u></u>

SCHEDULE OF CASH - SEWER COLLECTOR

Balance December 31, 2015	Ref. A		\$ 649,258.84
Increased by Receipts:			
Rents Receivable	A-11	\$ 949,758.34	
Liens Receivable	A-12	1,109.78	
Revenue Accounts Receivable	A-13	7,512.55	
Sewer Overpayments		2,371.80	
		<hr/>	960,752.47
			<hr/>
			1,610,011.31
Decreased by Disbursements:			
Paid to Treasurer	A-4		825,000.00
			<hr/>
Balance December 31, 2016	A		<u><u>\$ 785,011.31</u></u>

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2015	2016 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2016
Federal Programs:					
Small Cities Grant	\$ 19,602.00				\$ 19,602.00
COPS More Program	20,274.00				20,274.00
COPS Fast Program	15,000.05				15,000.05
Community Development Funds:					
Downtown Revitalization	622.55				622.55
Click It or Ticket	1,000.00		\$ 1,000.00		
Homeland Security Grant	0.49				0.49
State Programs:					
New Jersey Transportation Trust Funds:					
Willow Road	2,259.52				2,259.52
Highland Avenue	7,369.69				7,369.69
Summit Avenue	36,926.13				36,926.13
Bike path Safety	330.00				330.00
Pedestrian Safety	2,814.99				2,814.99
Olive Street Phase II	3,702.90				3,702.90
River Drive	31,983.27				31,983.27
Transportation Enhancement Project	3,000.00				3,000.00
Statewide Domestic Preparedness - 2003	331.34				331.34
Statewide Domestic Preparedness - 2004	74,000.00				74,000.00
Statewide Domestic Preparedness - 2005	1,867.53				1,867.53
Clean Communities	3,130.50	\$ 10,597.33	10,597.33		3,130.50
Municipal Alliance for Drug and Alcohol Abuse	17,423.76	10,249.00	10,249.00		17,423.76
Recycling Tonnage Grant		7,500.71	7,500.71		
Clean Community Cleanup Grant		500.00	500.00		
Body Armor Grant		1,510.33		\$ 1,510.33	
	<u>\$ 241,638.72</u>	<u>\$ 30,357.37</u>	<u>\$ 29,847.04</u>	<u>\$ 1,510.33</u>	<u>\$ 240,638.72</u>
Ref.	A	A-2	A-4	A-20	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2016 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2015			2015	2016				Dec. 31, 2016
1997	\$ 27.63						\$ 27.63		
1998	27.90						27.90		
1999	28.21						28.21		
2000	21.08						21.08		
2001	29.31						29.31		
2002	31.16						31.16		
2003	32.82						32.82		
2004	70.00						70.00		
2005	38.47						38.47		
2006	42.26						42.26		
2007	46.43						46.43		
2008	49.17						49.17		
2009	49.65						49.65		
2010	51.41						51.41		
2011	52.20						52.20		
2012	34.54						34.54		
2013	36.04						36.04		
2014	672.60				\$ 635.44		37.16		
2015	217,686.47		\$ 3,406.31		220,029.75		38.75		\$ 1,024.28
	219,027.35		3,406.31		220,665.19		744.19		1,024.28
2016		\$ 10,686,507.12		\$ 70,333.44	10,093,783.81	\$ 94,013.18	14,722.42	\$ 86,760.05	326,894.22
	<u>\$ 219,027.35</u>	<u>\$ 10,686,507.12</u>	<u>\$ 3,406.31</u>	<u>\$ 70,333.44</u>	<u>\$ 10,314,449.00</u>	<u>\$ 94,013.18</u>	<u>\$ 15,466.61</u>	<u>\$ 86,760.05</u>	<u>\$ 327,918.50</u>
Ref.	A							A-9	A
		Cash		Ref.					
		Homestead Rebate		A-5	\$ 10,094,320.93				
		Due State of New Jersey		A-4	162,630.45				
				A-16	57,497.62				
					<u>\$ 10,314,449.00</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax	\$	9,689.31	
General Property Tax		10,665,433.85	
		<hr/>	
			\$ 10,675,123.16
Added Taxes (54:4-63.1 et seq.)			11,383.96
			<hr/>
			<u>\$ 10,686,507.12</u>

Tax Levied

	Ref.		
Local District School Tax (Abstract)	A-17	\$	2,710,098.00
Regional High School Tax Payable (Abstract)	A-18		2,802,724.00
Fire District Tax			426,801.00
County Taxes:			
County Tax (Abstract)		\$	1,578,370.92
County Open Space Tax (Abstract)			102,368.77
Due County for Added Taxes (54:4-63.1 et seq.)			1,938.40
			<hr/>
Total County Taxes			1,682,678.09
Local Tax for Municipal Purposes			
Local Municipal Budget			2,969,856.90
Municipal Library			83,143.10
			<hr/>
	A-2		3,053,000.00
Add: Additional Taxes Levied			11,206.03
			<hr/>
			3,064,206.03
			<hr/>
			<u>\$ 10,686,507.12</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2015	Ref. A	\$ 269,091.61
Increased by:		
Transfers from Taxes Receivable	A-8	<u>86,760.05</u>
		355,851.66
Decreased by:		
Collections	A-5	<u>23,242.92</u>
Balance December 31, 2016	A	<u><u>\$ 332,608.74</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2015	Ref. A	<u>\$ 237,450.00</u>
Balance December 31, 2016	A	<u><u>\$ 237,450.00</u></u>

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2015	Ref. A		\$ 73,849.53
Increased by:			
Sewer Rents Levied			957,810.35
			<u>1,031,659.88</u>
Decreased by:			
Collections	A-6	\$ 949,758.34	
Overpayments Applied		3,119.79	
Canceled		275.00	
Transfer to Liens	A-12	725.00	
		<u>953,878.13</u>	
Balance December 31, 2016	A		<u><u>\$ 77,781.75</u></u>

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance December 31, 2015	Ref. A		\$ 2,280.27
Increased by:			
Transfer from Sewer Rents	A-11		725.00
			<u>3,005.27</u>
Decreased by:			
Collections	A-6		1,109.78
Balance December 31, 2016	A		<u><u>\$ 1,895.49</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2015	Accrued in 2016	Collected	Balance Dec. 31, 2016
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		\$ 14,793.00	\$ 14,793.00	
Other	\$ 3.00	6,773.00	1,902.00	\$ 4,874.00
Fees and Permits	563.58	6,209.67	6,275.87	497.38
Fines and Costs:				
Municipal Court	8,795.91	121,869.28	124,565.38	6,099.81
Interest and Costs on Taxes		84,839.94	84,839.94	
Interest on Investments	6.04	5,051.37	5,047.25	10.16
Interest on Delinquent Sewer Rents		6,098.12	6,098.12	
Housing Inspection Fees		46,749.00	46,749.00	
Consolidated Municipal Property Tax Relief Act		20,607.00	20,607.00	
Energy Receipts Tax		381,790.00	381,790.00	
Franchise Fees - Cable TV		20,955.45	20,955.45	
Miscellaneous Revenue Not Anticipated				
Construction Code Fees		57,641.00	57,641.00	
Sale of Scrap Iron		1,733.92	1,733.92	
Sale of Municipal Assets		1,800.00	1,800.00	
Recycling Proceeds		1,845.52	1,845.52	
Income from Leases	1,750.00	23,085.00	23,010.00	1,825.00
JIF Dividend		18,649.22	18,649.22	
Fire District JIF Reimbursement		50,909.04	50,909.04	
Abandoned Property Fines		101,100.00	101,100.00	
Motor Vehicle Inspection Fees		2,855.67	2,855.67	
Administrative Fee		1,066.52	1,066.52	
Tax Collectors Fees and Costs		7,049.02	7,049.02	
Refunds		1,903.38	1,903.38	
Miscellaneous	250.31	4,953.09	5,203.40	
	<u>\$ 11,368.84</u>	<u>\$ 990,327.21</u>	<u>\$ 988,389.70</u>	<u>\$ 13,306.35</u>
Ref.	A			A
		Ref.		
Treasurer		A-4	\$ 887,597.55	
Tax Collector		A-5	93,279.60	
Sewer Collector		A-6	7,512.55	
			<u>\$ 988,389.70</u>	

SCHEDULE OF 2015 APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:				
Municipal Clerk	\$ 7,045.98	\$ 7,045.98	\$ 708.15	\$ 6,337.83
Financial Administration	3,189.65	3,189.65	386.33	2,803.32
Revenue Administration (Tax Collection)	2,223.32	2,223.32	111.15	2,112.17
Legal Services and Costs	9,771.25	22,271.25	22,179.49	91.76
Engineering Services and Costs	12,447.00	12,447.00	4,117.50	8,329.50
Employee Group Insurance	3,058.46	3,058.46	200.00	2,858.46
Police	971.31	971.31	273.69	697.62
Vehicle Maintenance	9,036.45	9,036.45	221.50	8,814.95
Sanitary Landfill	12,637.96	137.96		137.96
Municipal Court	3,565.65	3,565.65	1,423.95	2,141.70
Electricity	1,946.24	18,946.24	18,782.69	163.55
Telephone	7,247.87	7,247.87	1,338.15	5,909.72
Gloucester County Utilities Authority	41,826.82	24,826.82		24,826.82
Other Accounts - No Change	114,833.92	114,833.92		114,833.92
	<u>\$ 229,801.88</u>	<u>\$ 229,801.88</u>	<u>\$ 49,742.60</u>	<u>\$ 180,059.28</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2015	A	<u>\$ 16,010.38</u>	<u>\$ 3,024.00</u>
Increased by:			
Charges to 2016 Appropriations	A-3	13,265.58	
Reserve for Grants Appropriated	A-19		85.53
		<u>13,265.58</u>	<u>85.53</u>
		<u>29,275.96</u>	<u>3,109.53</u>
Decreased by:			
Payments	A-4	8,439.31	
Canceled	A-1	3,073.56	
		<u>11,512.87</u>	
Balance December 31, 2016	A	<u><u>\$ 17,763.09</u></u>	<u><u>\$ 3,109.53</u></u>

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

Balance December 31, 2015	Ref. A	\$ 35,388.23
Increased by:		
Receipts	A-4	53,326.03
		<hr/> 88,714.26
Decreased by:		
2016 Deductions Per Tax Duplicate		\$ 54,500.00
2016 Deductions Allowed by Collector		3,421.59
2016 Deductions Disallowed by Collector		(423.97)
		<hr/> 57,497.62
Prior Year Deduction Disallowed	A-8 A-1	(3,000.00)
		<hr/> 54,497.62
Balance December 31, 2016	A	<hr/> <hr/> \$ 34,216.64

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2015	Ref. A	\$ 13,976.37
Increased by:		
2016 Calendar Year School Levy	A-8	<u>2,710,098.00</u>
		2,724,074.37
Decreased by:		
Payments	A-4	<u>2,710,098.00</u>
Balance December 31, 2016	A	<u><u>\$ 13,976.37</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance December 31, 2015	Ref. A	\$ 2.69
Increased by:		
2016 Calendar Year School Levy	A-8	<u>2,802,724.00</u>
		2,802,726.69
Decreased by:		
Payments	A-4	<u>2,802,723.94</u>
Balance December 31, 2016	A	<u><u>\$ 2.75</u></u>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2015	Transferred from 2016 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2016
Federal Grants:				
Community Development Funds:				
Downtown Revitalization	\$ 999.24			\$ 999.24
Park	15,000.00			15,000.00
Obey the Signs or Pay the Fines	232.23			232.23
Click It or Ticket	900.00			900.00
Homeland Security Grant	0.49			0.49
State Grants:				
Alcohol Education and Rehabilitation Grant	189.82			189.82
New Jersey Legislative Grant:				
Downtown Redevelopment	5,884.28			5,884.28
New Jersey State Police - SLA HEOP Grant	1,051.02			1,051.02
DEP GIS Grant	820.74			820.74
New Jersey Transportation Trust Funds:				
Willow Road	4,822.05			4,822.05
Reconstruction of River Drive	735.00			735.00
Olive Street Phase II	1,590.40			1,590.40
River Drive	34,730.27			34,730.27
Statewide Domestic Preparedness - 2003	331.34			331.34
Statewide Domestic Preparedness - 2005	17.44			17.44
Municipal Alliance for Drug and Alcohol Abuse	36,799.02	\$ 12,811.30	\$ 7,387.14	42,223.18
Body Armor Fund	2,681.19	1,510.33		4,191.52
Recycling Tonnage Grant	13,839.51	7,500.71	3,461.35	17,878.87
Municipal Stormwater Regulation Program	73.48			73.48
Clean Communities		10,597.33	8,090.92	2,506.41
Clean Energy Program	18.31		18.31	
Clean Community Cleanup Grant	829.13	500.00	848.02	481.11
Drunk Driving Enforcement	10,114.40			10,114.40
	<u>\$ 131,659.36</u>	<u>\$ 32,919.67</u>	<u>\$ 19,805.74</u>	<u>\$ 144,773.29</u>
Ref. A		Ref. A-3		A
		Ref. A-4	\$ 19,720.21	
Cash Disbursed		Ref. A-15	85.53	
Encumbered			<u>\$ 19,805.74</u>	

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2015	Received	To Grants Receivable	Balance Dec. 31, 2016
Body Armor Grant	\$ 1,510.33	\$ 1,382.18	\$ 1,510.33	\$ 1,382.18
Click-It or Ticket		1,000.00		1,000.00
	<u>\$ 1,510.33</u>	<u>\$ 2,382.18</u>	<u>\$ 1,510.33</u>	<u>\$ 2,382.18</u>
Ref.	A	A-4	A-7	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH

	Ref.	Animal Control Trust	Other Trust Funds
Balance December 31, 2015	B	\$ 3,263.80	\$ 117,226.23
Increased by Receipts:			
Interest Earned		\$ 7.59	\$ 435.32
Dog License Fees:			
Municipal Share	B-3	1,214.20	
State Share		334.80	
Payroll Deductions Payable			1,521,366.17
Unemployment Compensation			10,000.00
Donations for Public Events			19,485.00
Recreation Fees			8,357.00
Escrow Deposits			5,783.00
Forfeited Funds			1,560.00
		<u>1,556.59</u>	<u>1,566,986.49</u>
		4,820.39	1,684,212.72
Decreased by Disbursements:			
NJ State Department of Health		334.80	
Expenditures Under RS 4:19-15.11	B-3	1,762.02	
Payroll Deductions Paid			1,507,886.17
Municipal Alliance Expenditures			2,000.00
Recreation Expenditures			8,191.50
Unemployment Claims			4,081.44
Escrow Expenditures			2,128.25
		<u>2,096.82</u>	<u>1,524,287.36</u>
Balance December 31, 2016	B	<u>\$ 2,723.57</u>	<u>\$ 159,925.36</u>

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2015	Ref. B		\$ 99,717.07
Increased by:			
Deposits for Redemption of Tax Sale Certificates		\$ 316,949.04	
Premiums Received at Sale		156,800.00	
Interest Earned		462.99	
		<hr/>	474,212.03
			<hr/>
			573,929.10
Decreased by:			
Refunds Upon Redemption		100,700.00	
Certificates Redeemed		312,587.57	
Due from Current Fund		175.52	
		<hr/>	413,463.09
			<hr/>
Balance December 31, 2016	B		\$ 160,466.01

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2015	Ref. B		\$ 970.20
Increased by:			
Municipal Share of Dog License Fees	B-1		1,214.20
			<u>2,184.4</u>
Decreased by:			
Expenditures under RS 4:19-15.11:			
Cash	B-1	\$ 1,762.02	
Due to Bank		39.25	
		<u>1,801.27</u>	
Balance December 31, 2016	B		<u>\$ 383.13</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 488.60
2015	1,114.40
	<u>\$ 1,603.00</u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH

Balance December 31, 2015	Ref. C		\$ 93,397.02
Increased by:			
Interest Earned	C-3	\$ 538.23	
Due from State of New Jersey	C-5	112,397.15	
Budget Appropriation:			
Capital Improvement Fund	C-8	20,000.00	
Bond Anticipation Note	C-14	384,750.00	
			<u>517,685.38</u>
			<u>611,082.40</u>
Decreased by:			
Improvement Authorizations	C-9	384,245.66	
Encumbrances Payable	C-10	69,000.00	
			<u>453,245.66</u>
Balance December 31, 2016	C		<u><u>\$ 157,836.74</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2015	Receipts		Disbursements			Balance Dec. 31, 2016
		Budget Appropriations	Notes Issued	Miscellaneous	Improvement Authorization	Miscellaneous	
Fund Balance	\$ 819.00						\$ 819.00
Capital Improvement Fund	9,498.00	\$ 20,000.00					29,498.00
Loan Receivable	(51,538.00)						(51,538.00)
Due from State of New Jersey	(418,111.77)			\$ 112,397.15		\$ 56,901.08	(248,813.54)
Due from Federal and State Grant Fund	(82,285.58)						(82,285.58)
Due from Current Fund	4,161.57			538.23		(56,901.08)	(52,201.28)
Due General Capital Fund	(6,170.76)						(6,170.76)
Due From Trust Other	(137.50)						(137.50)
Contracts Payable	6,861.50						6,861.50
Encumbrances Payable	88,951.50					\$ 69,000.00	19,951.50
Retainage Percentage Due Contractor	3,093.04						3,093.04
Reserve for Land Acquisition	2,375.00						2,375.00
Reserve for Insurance Refund	1,460.11						1,460.11
Reserve for Sunoco Donations	2,255.30						2,255.30
Reserve for Debt Service	100.00						100.00
Reserve for Municipal Building Improvements	5,290.74						5,290.74
Improvement Authorizations:							
Ordinance							
Number	Purpose						
5-95	Rehabilitation of Downtown Area		127.08				127.08
9-96	Purchase of Computer Hardware and Software and Telephone System		196.00				196.00
149-98	Development of a Geographical Information System		803.80				803.80
155-98	Improvements of Certain Roads		7,720.14				7,720.14
172-99	Improvements of Certain Roads		985.95				985.95
25-00	Purchase of a Trash Truck		9,325.00				9,325.00
7-01	Improvements to New Street and Center Street		18.68				18.68
7-03	Various Improvements or Purposes Including Crown Point Parking Lot		439.00				439.00
25-04	Summit Avenue Phase II		(1,443.00)				(1,443.00)
15-05	Various Improvements or Purposes		1,607.58				1,607.58
6-07	Rehabilitation to the Sanitary Sewer Lines		47,671.82				47,671.82

ANALYSIS OF GENERAL CAPITAL FUND CASH

Ordinance Number	Purpose	Balance Dec. 31, 2015	Receipts			Disbursements			Balance Dec. 31, 2016
			Budget Appropriations	Bonds Issued	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use, and Pickup Truck and Snow Plow for Public Works	406.25							406.25
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	(114.55)							(114.55)
1-09	Remediation of Underground Storage Tank	(6,183.94)				\$ 17,680.44			(23,864.38)
14-09	Roadway Construction on Woodbine Avenue	3,742.03							3,742.03
5-10	Various Capital Improvements	733.96							733.96
6-10	Roadway Construction on East Olive Street	6,690.19							6,690.19
7-12	Road Improvements to Olive Street	13,531.52							13,531.52
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System	19,399.34							19,399.34
3-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator	3,376.73							3,376.73
5-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator	6,702.31							6,702.31
14-13	Purchase of Leaf Vac Machine, Pickup Truck for Public Works Department, SUV Vehicle, and 6 In Car Cameras for Police Department	1,829.39							1,829.39
8-14	Rehabilitation of Borough Owned Properties and Installation of a Traffic Signal	128,622.14							128,622.14
7-15	Acquisition of Capital Equipment and the Completion of Various Capital Projects	280,587.45		\$ 384,750.00		366,565.22			298,772.23
		\$ 93,397.02	\$ 20,000.00	\$ 384,750.00	\$ 112,935.38	\$ 384,245.66	\$ 69,000.00		\$ 157,836.74
Ref.		C	C-8	C-14	C-5	C-9	C-10		C

SCHEDULE OF LOAN RECEIVABLE

	Ref.	<u>Total</u>	<u>Trust Portion</u>	<u>Fund Portion</u>
Balance December 31, 2015	C	<u>\$ 51,538.00</u>	<u>\$ 25,769.00</u>	<u>\$ 25,769.00</u>
Balance December 31, 2016	C	<u><u>\$ 51,538.00</u></u>	<u><u>\$ 25,769.00</u></u>	<u><u>\$ 25,769.00</u></u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	Ref.		
Balance December 31, 2015	C		\$ 418,111.77
Decreased by:			
Receipts	C-2	\$ 112,397.15	
Due from Current Fund	A	56,901.08	
		<u>169,298.23</u>	
Balance December 31, 2016	C		<u>\$ 248,813.54</u>
Analysis of Balance:			
Birch and Boundary Roads			\$ 12,974.43
Big Timber Creek - Ordinance 4-02			46,667.77
Burr Avenue - Ordinance 7-08			3,612.10
Olive Street - Ordinance 7-12			4,857.47
Crown Point Road - Ordinance 7-15			67,602.85
Ryan Avenue - Ordinance 7-15			113,098.92
			<u>\$ 248,813.54</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2015	Ref. C		\$ 4,110,760.07
Decreased by:			
2016 Budget Appropriation to Pay:			
Bonds	C-12	\$ 345,000.00	
Loans	C-13	31,218.43	
		<u> </u>	376,218.43
Balance December 31, 2016	C		<u><u>\$ 3,734,541.64</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2015	C	\$ 9,498.00
Increased by:		
2016 Budget Appropriation	C-2	<u>20,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 29,498.00</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2015		Paid or Charged	Balance Dec. 31, 2016	
				Funded	Unfunded		Funded	Unfunded
5-95	Rehabilitation of Downtown Area	7/1/95	\$ 45,355.00	\$ 127.08			\$ 127.08	
9-96	Purchase of Computer Hardware and Software and Telephone System	9/10/96	80,000.00	196.00			196.00	
149-98	Development of a Geographical Information System	5/27/98	15,000.00	803.80			803.80	
155-98	Improvements of Certain Roads	10/13/98	110,000.00	7,720.14			7,720.14	
172-99	Improvements of Certain Roads	8/25/99	113,000.00	985.95			985.95	
25-00	Purchase of a Trash Truck	5/31/00	110,000.00	9,325.00			9,325.00	
7-01	Improvements to New Street and Center Street	11/28/01	172,000.00	18.68			18.68	
7-03	Various Improvements or Purposes Including Crown Point Parking Lot	8/25/03	883,500.00	439.00			439.00	
15-05	Various Improvements or Purposes	7/27/05	200,000.00	1,607.58			1,607.58	
6-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000.00	47,671.82	\$ 12,976.00		47,671.82	\$ 12,976.00
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use, and Pickup Truck and Snow Plow for Public Works	8/22/07	161,052.00		406.25			406.25
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	9/10/08	175,000.00		14,335.45			14,335.45
1-09	Remediation of Underground Storage Tank	2/11/09	345,000.00		107,316.06	\$ 17,680.44		89,635.62
7-09	Purchase of Trash Truck	5/27/09	200,000.00					
14-09	Roadway Construction on Woodbine Avenue	11/10/09	225,000.00		3,742.03			3,742.03
5-10	Various Capital Improvements	8/11/10	656,000.00	733.96	700.00		733.96	700.00
6-10	Roadway Construction on East Olive Street	11/10/10	220,000.00	6,690.19	2,750.00		6,690.19	2,750.00
7-10	Purchase of Property	11/10/10	100,000.00					
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	9/28/11	185,000.00					
7-12	Road Improvements to Olive Street	7/11/12	200,000.00	13,531.52			13,531.52	
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System	8/8/12	265,000.00	19,399.34			19,399.34	
3-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator	3/13/13	220,000.00	3,376.73			3,376.73	
5-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator	5/15/13	100,000.00	6,702.31			6,702.31	
14-13	Purchase of Leaf Vac Machine, Pickup Truck for Public Works Department, SUV Vehicle and 6 In Car Cameras for Police Department	11/4/13	121,000.00	1,829.39			1,829.39	
8-14	Rehabilitation of Borough Owned Properties and Installation of a Traffic Signal	10/20/14	275,000.00	128,622.14			128,622.14	
7-15	Acquisition of Capital Equipment and the Completion of Various Capital Projects	10/19/15	755,000.00	280,587.45	384,750.00	366,565.22		298,772.23
				\$ 530,368.08	\$ 526,975.79	\$ 384,245.66	\$ 249,780.63	\$ 423,317.58
			Ref.	C	C	C-2	C	C

EXHIBIT C-10

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2015	C	\$ 88,951.50
Decreased by:		
Disbursed	C-2	69,000.00
Balance December 31, 2016	C	<u>\$ 19,951.50</u>

EXHIBIT C-11

SCHEDULE OF CONTRACTS PAYABLE

	Ref.	
Balance December 31, 2015	C	\$ 6,861.50
Balance December 31, 2016	C	<u>\$ 6,861.50</u>

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate (A)	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016	
			Date	December 31, 2016					
				Trust Loan	Fund Loan				
11/8/07	Rehabilitation of Sanitary Sewer Lines	\$ 627,024.00	2/1/17		\$ 3,098.12				
			8/1/17	\$ 15,000.00	12,643.06	5.00%			
			2/1/18		2,859.50				
			8/1/18	15,000.00	12,404.43	5.00%			
			2/1/19		2,620.88				
			8/1/19	15,000.00	12,165.81	4.00%			
			2/1/20		2,429.98				
			8/1/20	20,000.00	15,156.56	4.00%			
			2/1/21		2,175.44				
			8/1/21	20,000.00	14,902.03	5.00%			
			2/1/22		1,857.28				
			8/1/22	20,000.00	14,583.86	5.00%			
			2/1/23		1,539.12				
			8/1/23	20,000.00	14,265.70	4.25%			
			2/1/24		1,268.68				
			8/1/24	20,000.00	13,995.26	4.50%			
			2/1/25		982.33				
			8/1/25	20,000.00	13,708.91	4.50%			
			2/1/26		695.98				
			8/1/26	25,000.00	16,604.21	4.50%			
			2/1/27		338.04				
			8/1/27	25,000.00	16,246.46	4.25%			
						Ref.	<u>\$ 422,760.07</u>	<u>\$ 31,218.43</u>	<u>\$ 391,541.64</u>
							C	C-6	C

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2016</u>
7-15	Acquisition of Capital Equipment and the Completion of Various Capital Projects	7/18/16	7/18/16	7/17/17	0.83%	\$ 384,750.00	\$ 384,750.00
					Ref.	C-2:C-15	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2015	Issued	Balance Dec. 31, 2016
25-04	Summit Avenue Phase II	\$ 1,443.00		\$ 1,443.00
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976.00		12,976.00
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	14,450.00		14,450.00
1-09	Remediation of Underground Storage Tank	113,500.00		113,500.00
5-10	Various Capital Improvements	700.00		700.00
6-10	Roadway Construction on East Olive Street	2,750.00		2,750.00
7-15	Acquisition of Capital Equipment and the Completion of Various Capital Projects	384,750.00	\$ 384,750.00	
		<u>\$ 530,569.00</u>	<u>\$ 384,750.00</u>	<u>\$ 145,819.00</u>
		Ref.	C-14	

WATER UTILITY FUND

SCHEDULE OF UTILITY CASH

	Ref.	Operating	Capital
Balance December 31, 2015	D	\$ 217,573.31	\$ 66,445.92
Increased by:			
Consumer Accounts Receivable	D-7	\$ 1,032,572.59	
Water Utility Liens	D-8	480.00	
Fire Hydrant Service	D-3	2,249.89	
Miscellaneous Revenues	D-3	100,343.12	\$ 167.93
Utility Rent Overpayments		3,071.79	
Utility Rent Prepayments		23,894.06	
		<u>1,162,611.45</u>	<u>167.93</u>
		1,380,184.76	66,613.85
Decreased by:			
Budget Appropriations	D-4	1,171,129.44	
Encumbrances Payable	D-13	547.37	
Accrued Interest Paid	D-14	34,890.53	
Due from Bank	D	125.75	
		<u>1,206,693.09</u>	
Balance December 31, 2016	D	<u><u>\$ 173,491.67</u></u>	<u><u>\$ 66,613.85</u></u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

		Balance	Receipts	Balance
		Dec. 31, 2015	Miscellaneous	Dec. 31, 2016
Capital Fund Balance		\$ 855.66		\$ 855.66
Capital Improvement Fund		4,076.00		4,076.00
Reserve for Debt Service		6,703.65		6,703.65
Due Utility Operating Fund		135,363.75	\$ 167.93	135,531.68
Due General Capital Fund		(6,170.76)		(6,170.76)
Due Current Fund		39,500.00		39,500.00
Other Accounts Receivable		(170.47)		(170.47)
Due from State of New Jersey		(232,901.00)		(232,901.00)
Improvement Authorizations:				
Ordinance				
Number	Purpose			
93-8	Various Improvements	1,154.00		1,154.00
95-9	Redevelopment of Well #5	81.00		81.00
95-9	Painting of Water Tower	1,460.98		1,460.98
03-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	263.54		263.54
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	11,253.72		11,253.72
06-6	Improvements to Water Department Facility			
11-02	Various Capital Improvements	(19,837.75)		(19,837.75)
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	82,821.50		82,821.50
13-15	Repair and/or Replacement of Water Mains	12,936.76		12,936.76
Encumbrances Payable		29,055.34		29,055.34
		<u>\$ 66,445.92</u>	<u>\$ 167.93</u>	<u>\$ 66,613.85</u>
Ref.		D	D-5	D

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.		
Balance December 31, 2015	D		\$ 64,511.00
Increased by:			
Utility Rents Levied			<u>1,057,804.30</u>
			1,122,315.30
Decreased by:			
Collections	D-5	\$ 1,032,572.59	
Overpayments Applied		2,647.91	
Prepayments Applied		56,837.74	
Canceled		3,770.50	
Transfer to Water Utility Liens	D-8	<u>95.00</u>	
			<u>1,095,923.74</u>
Balance December 31, 2016	D		<u><u>\$ 26,391.56</u></u>

EXHIBIT D-8

SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

	Ref.		
Balance December 31, 2015	D		\$ 634.68
Increased by:			
Transfer from Consumer Accounts Receivable	D-7		<u>95.00</u>
			729.68
Decreased by:			
Collected	D-5		<u>480.00</u>
Balance December 31, 2016	D		<u><u>\$ 249.68</u></u>

EXHIBIT D-9

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	Ref.	Capital Fund
Balance December 31, 2015	D	<u>\$ 170.47</u>
Balance December 31, 2016	D	<u><u>\$ 170.47</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	Balance Dec. 31, 2016
Intangible Assets:		
Organization	\$ 2,400.00	\$ 2,400.00
Miscellaneous	24,000.00	24,000.00
Source of Plant Supply:		
Structure	20,393.00	20,393.00
Wells	677,029.00	677,029.00
Supply Wells	12,364.00	12,364.00
Pumping Plant:		
Structure	14,569.00	14,569.00
Electric Pumping Equipment	17,947.00	17,947.00
Water Treatment Plant:		
Structure	87,755.00	87,755.00
Water Treatment Equipment	363,381.00	363,381.00
Backwash Water System	5,091.00	5,091.00
Transmission & Distribution Plant:		
Distribution Reservoirs & Standpipe	205,061.00	205,061.00
Transmission & Distribution Mains	678,788.00	678,788.00
Services	17,989.00	17,989.00
Meters	112,680.00	112,680.00
Hydrants	29,397.00	29,397.00
General Plant - Other General Equipment	76,528.00	76,528.00
Improvement to Water Filtration System	400,000.00	400,000.00
Purchase of Water Meters	18,759.70	18,759.70
Purchase of Water Meters & Hydrants	36,452.93	36,452.93
Various Capital Outlay	147,009.26	147,009.26
	<u>\$ 2,947,593.89</u>	<u>\$ 2,947,593.89</u>
Ref.	<u>D</u>	<u>D</u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Purpose	Ordinance		Balance	Balance
	Date	Amount	Dec. 31, 2015	Dec. 31, 2016
Various Improvements	8/10/93	\$ 39,500.00	\$ 39,500.00	\$ 39,500.00
Redevelopment of Well #5	12/12/95	43,500.00	43,500.00	43,500.00
Painting of Water Tower	12/12/95	126,500.00	126,500.00	126,500.00
Replace & Repair Water Mains	6/23/99	525,000.00	525,000.00	525,000.00
Improvements to Water Treatment Facility & Reconstruct Elm Avenue	4/12/00	168,700.00	168,700.00	168,700.00
Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/00	451,800.00	451,800.00	451,800.00
Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	65,000.00	65,000.00
Re-drill Well #5	7/12/06	239,773.00	239,773.00	239,773.00
Various Capital Improvements	4/13/11	1,320,000.00	1,320,000.00	1,320,000.00
Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	135,000.00	135,000.00	135,000.00
Repair and/or Replacement of Water Mains	10/7/13	85,000.00	85,000.00	85,000.00
			<u>\$ 3,199,773.00</u>	<u>\$ 3,199,773.00</u>
		Ref.	<u>D</u>	<u>D</u>

SCHEDULE OF 2015 APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Balance Lapsed
Operating:		
Salaries and Wages	\$ 1,367.20	\$ 1,367.20
Other Expenses	5,781.97	5,781.97
Statutory Expenditures:		
Contribution to Social Security System	1,031.58	1,031.58
	<u>\$ 8,180.75</u>	<u>\$ 8,180.75</u>
Ref.	D	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating	Capital
Balance December 31, 2015	D	\$ 1,507.80	\$ 29,055.34
Increased by:			
Charges to 2016 Appropriations	D-4	4,072.37	
		<u>5,580.17</u>	<u>29,055.34</u>
Decreased by:			
Payments	D-5	\$ 547.37	
Canceled	D-1	520.43	
		<u>1,067.80</u>	
Balance December 31, 2016	D	<u>\$ 4,512.37</u>	<u>\$ 29,055.34</u>

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

Balance December 31, 2015	Ref. D	\$ 9,868.38
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	33,096.66
		<u>42,965.04</u>
Decreased by:		
Interest Paid	D-5	34,890.53
Balance December 31, 2016	D	<u><u>\$ 8,074.51</u></u>

Analysis of Accrued Interest December 31, 2016

	Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Period	Amount
Bonds: \$	206,448.00	5.00%	10/15/16	12/31/16	77 Days	\$ 2,177.60
	381,000.00	Various	11/1/16	12/31/16	60 Days	1,346.30
	330,000.00	Various	12/1/16	12/31/16	30 Days	443.84
Loans:	55,000.00	Various	8/1/16	12/31/16	152 Days	1,293.04
	295,941.00	Various	8/1/16	12/31/16	152 Days	2,813.73
						<u><u>\$ 8,074.51</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2015		Balance Dec. 31, 2016	
				Funded	Unfunded	Funded	Unfunded
93-08	Various Improvements	8/10/93	\$ 39,500.00	\$ 1,154.00		\$ 1,154.00	
95-09	Redevelopment of Well #5	12/12/95	43,500.00	81.00		81.00	
95-09	Painting of Water Tower	12/12/95	126,500.00	1,460.98		1,460.98	
03-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/03	451,800.00	263.54	\$ 586.00	263.54	\$ 586.00
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	11,253.72		11,253.72	
11-02	Various Capital Improvements	4/13/11	1,320,000.00	79,628.73		79,628.73	
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	135,000.00	82,821.50		82,821.50	
13-15	Repair and/or Replacement of Water Mains	10/7/13	85,000.00	12,936.76		12,936.76	
				\$ 189,600.23	\$ 586.00	\$ 189,600.23	\$ 586.00
			Ref.	D	D	D	D

EXHIBIT D-16

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	Ref. D	\$ 4,076.00
Balance December 31, 2016	D	<u>\$ 4,076.00</u>

EXHIBIT D-17

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2015	Ref. D	\$ 2,325,517.89
Increased by:		
Serial Bonds Paid by Operating Budget	D-19	<u>110,628.00</u>
Balance December 31, 2016	D	<u>\$ 2,436,145.89</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2015	Paid from Operating Budget Loans	Balance Dec. 31, 2016
93-8	Various Improvements	8/10/93	\$ 39,500.00		\$ 39,500.00
95-9	Redevelopment of Well #5	12/12/95	43,500.00		43,500.00
95-9	Painting of Water Tower	12/12/95	126,500.00		126,500.00
99-9	Repair and Replace Water Mains	6/23/99	406,814.83	\$ 26,290.26	433,105.09
00-19	Improvements to Water Treatment Facility & Reconstruct Elm Avenue	12/14/00	168,700.00		168,700.00
03-11	Water Main Improvements	6/25/03	451,214.00		451,214.00
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00		65,000.00
06-6	Re-drill Well	7/12/06	90,773.00		90,773.00
11-2	Various Improvements	4/12/11	262,769.59	59,678.07	322,447.66
11-8	Repair and/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	20,000.00		20,000.00
13-15	Repair and/or Replacement of Water Mains	10/7/13	9,000.00		9,000.00
			<u>\$ 1,683,771.42</u>	<u>\$ 85,968.33</u>	<u>\$ 1,769,739.75</u>
Ref.			D	D-20	D

SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance		Balance Dec. 31, 2016
			December 31, 2016			Dec. 31, 2015	Decreased	
			Date	Amount				
10/15/81	Improvement to Water System	\$ 819,000.00	10/15/17	37,410.00	5.00%			
			10/15/18	39,280.00	5.00%			
			10/15/19	41,244.00	5.00%			
			10/15/20	43,306.00	5.00%			
			10/15/21	45,208.00	5.00%	\$ 242,076.00	\$ 35,628.00	\$ 206,448.00
11/10/15	Improvements to Water System	406,000.00	11/1/17	25,000.00	1.500%			
			11/1/18-20	30,000.00	1.500%			
			11/1/21	30,000.00	1.750%			
			11/1/22	30,000.00	2.000%			
			11/1/23-24	30,000.00	2.500%			
			11/1/25-26	35,000.00	2.500%			
			11/1/27	35,000.00	2.750%			
			11/1/28	41,000.00	2.750%	406,000.00	25,000.00	381,000.00
11/10/15	Refunding Bonds	380,000.00	12/1/17-19	50,000.00	1.500%			
			12/1/20	50,000.00	1.750%			
			12/1/21-22	65,000.00	1.750%	380,000.00	50,000.00	330,000.00
						<u>\$ 1,028,076.00</u>	<u>\$ 110,628.00</u>	<u>\$ 917,448.00</u>
						D	D-17	D

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Trust Loan	Fund Loan				
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	\$ 472,136.00	2/1/17		\$ 591.63				
			8/1/17	\$ 15,000.00	10,171.73	5.50%			
			2/1/18		328.18				
			8/1/18	20,000.00	13,101.64	5.70%			
			2/1/19		(35.87)				
			8/1/19	20,000.00	12,737.60	5.70%	\$ 118,185.17	\$ 26,290.26	\$ 91,894.91
8/1/12	Replacement, Repair and Rehabilitation of Water Utility	226,411.00	2/1/17		1,895.05				
			8/1/17	5,490.00	3,790.10	0.79%			
			2/1/18		1,895.05				
			8/1/18	5,533.00	3,790.10	1.20%			
			2/1/19		1,895.05				
			8/1/19	5,590.00	3,790.10	1.25%			
			2/1/20		1,895.05				
			8/1/20	5,660.00	3,790.10	1.52%			
			2/1/21		1,895.05				
			8/1/21	5,746.00	3,790.10	1.73%			
			2/1/22		1,895.05				
			8/1/22	5,845.00	3,790.10	1.88%			
			2/1/23		1,895.05				
			8/1/23	5,955.00	3,790.10	2.02%			
			2/1/24		1,895.05				
			8/1/24	6,075.00	3,790.10	2.14%			
			2/1/25		1,895.05				
			8/1/25	6,205.00	3,790.10	2.26%			
			2/1/26		1,895.05				
			8/1/26	6,346.00	3,790.10	2.35%			
			2/1/27		1,895.05				
8/1/27	6,495.00	3,790.10	2.88%						
2/1/28		1,895.05							
8/1/28	6,682.00	3,790.10	2.96%						
2/1/29		1,895.05							
8/1/29	6,880.00	3,790.10	3.04%						
2/1/30		1,895.05							
8/1/30	7,089.00	3,790.10	3.10%						
2/1/31		1,895.05							
8/1/31	7,308.00	3,790.15	3.17%	189,319.45	11,143.15	178,176.30			

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate (A)	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016		
			Date	Trust Loan					Fund Loan	
8/1/12	Replacement, Repair and Rehabilitation of Water Utility	971,685.00	2/1/17		12,229.64					
			8/1/17	11,917.00	24,459.28	0.82%				
			2/1/18		12,229.64					
			8/1/18		12,015.00	24,459.28	1.10%			
			2/1/19			12,229.64				
			8/1/19		12,147.00	24,459.28	1.36%			
			2/1/20			12,229.64				
			8/1/20		12,312.00	24,459.28	1.62%			
			2/1/21			12,229.64				
			8/1/21		12,512.00	24,459.28	1.82%			
			2/1/22			12,229.64				
			8/1/22		12,739.00	24,459.28	1.96%			
			2/1/23			12,229.64				
			8/1/23		12,989.00	24,459.28	2.12%			
			2/1/24			12,229.64				
			8/1/24		13,265.00	24,459.28	2.26%			
			2/1/25			12,229.64				
			8/1/25		13,564.00	24,459.28	2.39%			
			2/1/26			12,229.64				
			8/1/26		13,888.00	24,459.28	2.48%			
			2/1/27			12,229.64				
			8/1/27		14,233.00	24,459.28	3.01%			
			2/1/28			12,229.64				
			8/1/28		14,661.00	2,865.28	3.09%			
			2/1/29							
			8/1/29		15,114.00		3.16%			
			2/1/30							
			8/1/30		15,592.00		3.22%			
			2/1/31							
			8/1/31		16,094.00		3.29%	801,910.96	180,195.92	621,715.04
								<u>\$ 1,109,415.58</u>	<u>\$ 217,629.33</u>	<u>\$ 891,786.25</u>
					Ref.	D	D-18	D		

(A) Interest is applicable to Trust Loan only.

Paid by Operating Budget Net of Earnings & Savings Credits
NJEIT Loan Deobligated

Ref.
D-18
\$ 85,968.33
131,661.00
\$ 217,629.33

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2016</u>
3-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	\$ 586.00	\$ 586.00

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

GENERAL COMMENTS

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

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

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

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

- Sale of Water and Sewer Utility Systems
- Resurfacing and Safety Improvements to Ryan Avenue
- Calcium Hypochlorite Tablets
- Coagulant (CES-PACL 900S)

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, RS 54:4-67 permits the Governing Body of each municipality to fix the rate of interest to be charged for nonpayment of taxes, sewer charges, water charges, assessments subject to any abatement or discount for the late payment of taxes, assessments, etc., as provided by law:

Collection of Interest on Delinquent Taxes and Assessments (Continued)

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Westville, County of Gloucester, State of New Jersey that property taxes shall be due and payable quarterly on February 1st, May 1st, August 1st and November 1st of each year with a ten-day grace period, after which dates, if unpaid shall become delinquent with interest charged as set forth below and reverting back to the due date on any quarterly installment of taxes.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Westville, County of Gloucester, State of New Jersey, hereby fix the rate of interest 8% per annum on the first \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00.

BE IT FURTHER RESOLVED, that a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 15, 2016, and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2016	5
2015	7
2014	4

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

Comparison of Tax Levies and Collections Currently

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

	2016	2015	2014
Tax Levy	\$ 10,686,507.12	\$ 10,217,862.46	\$ 9,721,357.19
Cash Collections	10,258,130.43	9,829,239.21	9,227,622.42
Percentage of Collections	95.99%	96.20%	94.92%

Comparative Schedule of Tax Rate Information

	2016	2015	2014
Tax Rate	4.327	4.146	3.570
Apportionment of Tax Rate:			
Municipal	1.253	1.218	1.066
Library Tax	0.035	0.036	0.030
County	0.711	0.692	0.569
Local School	1.145	1.104	0.928
Regional High School	1.183	1.096	0.977
Assessed Valuation	236,840,836	237,243,583	261,358,759

Comparative Schedule of Delinquent Taxes and Tax Title Liens

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

	2016	2015	2014
Amount of Tax Title Liens	\$ 332,608.74	\$ 269,091.61	\$ 106,448.97
Delinquent Taxes	327,918.50	219,027.35	366,298.62
Total Delinquent	660,527.24	488,118.96	472,747.59
Percentage of Tax Levy	6.18%	4.78%	4.86%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation

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

	2016	2015	2014
Property Acquired for Taxes (Assessed Valuation)	\$ 237,450.00	\$ 237,450.00	\$ 237,450.00

OTHER COMMENTS

Accounting Procedures

A general ledger has been established as required by NJAC 5:30-5.7.

An encumbrance accounting system has been established as required by NJAC 5:30-5.2.

There was an expenditure without an appropriation made during the year in the amount of \$332.28 due to a prior year invoice received that was not anticipated. This deferred charge will be raised in the 2018 budget.

There are numerous interfund loans existing as of year-end. These interfunds are being researched by the Chief Financial Officer and will be cleared.

There are three ordinances with deficits in cash over five years old. These deficits will be cleared by the Chief Financial Officer in the year 2017.

Corrective Action Plan

A corrective action plan was not required for the year 2015.

FINDINGS AND RECOMMENDATIONS

None

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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