

**BOROUGH OF WOODSTOWN  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2011**

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**PART I**  
**INDEPENDENT AUDITOR'S REPORT**

# PETRONI & ASSOCIATES LLC

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Woodstown as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance – regulatory basis for the year then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2011. These financial statements are the responsibility of the Borough of Woodstown's management. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough of Woodstown prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of preparing its financial statements on the basis of accounting, discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Woodstown as of December 31, 2011 and 2010, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Woodstown as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2011, on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2012, on our consideration of the Borough of Woodstown's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Woodstown. The accompanying supplemental schedules listed in the table of contents are not a required part of the financial statements of the Borough of Woodstown. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES LLC

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

May 30, 2012

## **CURRENT FUND**

## EXHIBIT A

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Regular Fund:			
Cash - Chief Financial Officer	A-4	2,398,556.74	2,234,511.12
Cash - Payroll & Agency	A-4	41,029.40	41,955.84
Cash - Collector	A-5	15,877.15	10,988.13
Change Fund		25.00	25.00
		<u>2,455,488.29</u>	<u>2,287,480.09</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	205,421.27	269,063.51
Tax Title Liens Receivable	A-8	50,232.43	41,241.86
Property Acquired for Taxes - Assessed Valuation	A-9	107,000.00	107,000.00
Revenue Accounts Receivable	A-11	2,047.76	2,005.47
Due from Water Operating Fund			180,000.00
Due from Public Defender Trust Fund			300.00
Due from Developer's Escrow Trust Fund	B	13.50	13.50
		<u>364,714.96</u>	<u>599,624.34</u>
Deferred Charges:			
Special Emergency	A-6	70,000.00	60,000.00
		<u>70,000.00</u>	<u>60,000.00</u>
Total Current Fund		<u>2,890,203.25</u>	<u>2,947,104.43</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	121,120.00	2,000.00
Due from Current Fund	A	35,126.61	40,996.81
		<u>156,246.61</u>	<u>42,996.81</u>
		<u>3,046,449.86</u>	<u>2,990,101.24</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-12	18,372.00	58,599.84
Encumbrances Payable	A-13	41,938.06	46,722.15
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	5,576.95	5,826.95
Prepaid Taxes	A-6	89,321.53	97,006.27
Tax Overpayments		6,638.27	
Due Outside Lien Holders		19,505.43	
Regional School District Tax Payable	A-15	1,418,247.62	1,411,800.09
Due Election Workers		200.00	100.00
Due Federal and State Grant Fund	A	35,126.61	40,996.81
Due Unemployment Trust - Payroll Agency	B	2,575.60	2,626.27
Due Public Defender Trust Fund	B	2,158.71	
Due Tax Sale Premium Trust Fund	B	19,900.00	
Due General Capital Fund	C	200,702.51	115,273.65
Payroll Taxes Payable		38,883.79	39,375.35
Reserve for Unappropriated Revenue:			
Sale of Assets		103,000.00	128,000.00
Memorial Lake Dock Donations		1,463.50	1,463.50
Reserve for Veterans Walk Appropriated		3,933.26	3,963.26
Reserve for Revaluation		17,096.65	2,969.15
Reserve for Updating Borough Code		20,000.00	
Reserve for Tax Appeals Pending	A-1:A-2	40,779.66	
Due State of New Jersey:			
Construction DCA Fees		992.00	441.00
Marriage License Fees/Domestic Partnerships		100.00	50.00
		<u>2,086,512.15</u>	<u>1,955,214.29</u>
Reserve for Receivables		364,714.96	599,624.34
Fund Balance	A-1	438,976.14	392,265.80
		<u>2,890,203.25</u>	<u>2,947,104.43</u>
Federal and State Grant Fund:			
Reserve for Grants - Appropriated	A-17	62,183.52	33,358.08
Reserve for Grants - Unappropriated	A-16	9,167.84	9,638.73
Encumbrances Payable	A-13	84,895.25	
		<u>156,246.61</u>	<u>42,996.81</u>
		<u>3,046,449.86</u>	<u>2,990,101.24</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.	<u>Year 2011</u>	<u>Year 2010</u>
Fund Balance Utilized	A-2	287,495.10	437,420.92
Miscellaneous Revenue Anticipated	A-2	1,250,618.54	1,392,122.75
Receipts from Delinquent Taxes	A-2	268,042.20	238,923.54
Receipts from Current Taxes	A-2	7,529,213.70	7,352,022.12
Non-Budget Revenue	A-2	64,287.41	37,637.88
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	52,897.87	63,383.54
Encumbrances Payable - Canceled	A-13	7,237.89	6,373.13
Grants Appropriated Canceled			142,000.00
Grant Receivable Adjustment			35,000.00
Reserve for Pension Canceled			78,455.60
Interfund Loan Returned		180,300.00	12,655.00
Tax Overpayments Canceled		14.74	12.32
Total Income		<u>9,640,107.45</u>	<u>9,796,006.80</u>
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,069,163.00	1,176,845.00
Other Expenses	A-3	863,566.00	885,152.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	290,803.00	240,935.17
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	263,500.00	310,246.00
Other Expenses	A-3	261,660.34	247,586.49
Capital Improvements	A-3	181,032.00	182,000.00
Debt Service	A-3	145,377.13	132,513.13
Deferred Charges	A-3	40,958.00	40,841.00
County Taxes	A-7	2,619,901.59	2,540,278.75
County Open Space Tax	A-7	59,942.78	59,221.81
Due County for Added Taxes	A-7	10,284.85	9,389.81
Regional District School Tax	A-15	3,487,590.79	3,496,611.70
Municipal Open Space	A-7	29,819.00	44,704.00
Prior Year Deductions Disallowed	A-14	1,000.00	1,160.42
Grants Receivable Canceled			142,000.00
Interfund Loan Advanced		3,409.09	180,000.00
Prior Year Tax Appeals Pending	A	15,904.54	
Prior Year Refund	A-4	1,989.90	
Total Expenditures		<u>9,345,902.01</u>	<u>9,689,485.28</u>

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



## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Amended by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>287,495.10</u>		<u>287,495.10</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	3,300.00		4,902.00	1,602.00
Fees and Permits	A-11	43,700.00		39,096.80	(4,603.20)
Fines and Costs:					
Municipal Court	A-11	44,000.00		33,597.19	(10,402.81)
Interest and Costs on Taxes	A-11	56,000.00		74,280.26	18,280.26
Interest on Investments	A-11	25,000.00		16,379.55	(8,620.45)
Utility Operating Surplus	A-11	120,000.00		100,000.00	(20,000.00)
Lease Payments - Cell Tower	A-11	47,000.00		48,660.60	1,660.60
Consolidated Municipal Property Tax Relief Act (N.J.S.A. 52:27D-118.34)	A-11	51,518.00		51,518.00	
Energy Receipts Tax	A-11	197,544.00		197,544.00	
Uniform Construction Code	A-11	48,000.00		32,331.00	(15,669.00)
Interlocal Agreement:					
Joint Court	A-11	103,471.00		100,290.51	(3,180.49)
Sewerage Authority	A-11	455,000.00		375,987.70	(79,012.30)
Cable TV Franchise Fee	A-11	11,973.34		11,973.34	
Tri-Co JIF Safety Incentive	A-11	3,775.00		3,775.00	
Reserve for Sale of Assets - Unappropriated	A	25,000.00		25,000.00	
Small Cities	A-10	119,120.00		119,120.00	
Recycling Tonnage Grant	A-10	5,528.60		5,528.60	
Clean Communities Grant	A-10		5,877.37	5,877.37	
Recycling Enhancement	A-10	3,547.00		3,547.00	
Police Body Armor	A-10	1,209.62		1,209.62	
Total Miscellaneous Revenues		<u>1,364,686.56</u>	<u>5,877.37</u>	<u>1,250,618.54</u>	<u>(119,945.39)</u>
Receipts from Delinquent Taxes	A-2	<u>240,000.00</u>		<u>268,042.20</u>	<u>28,042.20</u>
Subtotal General Revenues		<u>1,604,686.56</u>	<u>5,877.37</u>	<u>1,518,660.74</u>	<u>(91,903.19)</u>
Amount to be Raised by Taxation	A-2	<u>1,559,700.00</u>		<u>1,624,251.38</u>	<u>64,551.38</u>
Budget Totals		<u>3,451,881.66</u>	<u>5,877.37</u>	<u>3,430,407.22</u>	<u>(27,351.81)</u>
Non-Budget Revenue	A-2			<u>64,287.41</u>	
		<u>3,451,881.66</u>	<u>5,877.37</u>	<u>3,494,694.63</u>	
	Ref.	A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	7,554,088.82
Less: Tax Appeals Pending	A	<u>24,875.12</u>
		7,529,213.70
Allocated to:		
School, County Taxes and Open Space	A-7	<u>6,207,539.01</u>
Balance for Support of Municipal Budget Appropriation		1,321,674.69
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>302,576.69</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>1,624,251.38</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	265,345.73
Tax Title Liens	A-8	<u>2,696.47</u>
	A-2	<u><u>268,042.20</u></u>
Analysis of Non-Budget Revenue		
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
DMV Inspection Fines	A-11	2,635.00
Payments in Lieu of Taxes	A-11	41,158.93
Uniform Fire Safety Act	A-11	6,221.14
Senior Citizen Administration Fee	A-11	1,027.00
FEMA Snow Removal	A-11	11,467.07
Refunds	A-11	400.00
Miscellaneous	A-11	663.27
Sale of Assets	A-11	<u>715.00</u>
	A-2	<u><u>64,287.41</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	
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Mayor and Council					
Salaries & Wages	35,940.00	36,040.00	36,035.63		4.37
Other Expenses	4,000.00	2,115.00	2,114.32		0.68
Borough Clerk					
Salaries & Wages	36,500.00	36,340.00	36,336.67		3.33
Other Expenses					
Miscellaneous Other Expenses	13,000.00	10,700.00	10,642.83		57.17
Updating of Borough Code		20,000.00	20,000.00		
Financial Administration					
Salaries & Wages	26,500.00	26,080.00	26,078.88		1.12
Other Expenses	10,000.00	11,200.00	11,136.90		63.10
Grant Consultant					
Other Expenses	2,900.00	1,750.00	1,746.75		3.25
Audit Services					
Other Expenses	14,000.00	14,000.00	14,000.00		
Collection of Taxes					
Salaries & Wages	26,300.00	26,300.00	26,256.96		43.04
Other Expenses	5,000.00	6,000.00	5,788.86	39.40	171.74
Assessment of Taxes					
Salaries & Wages	21,200.00	21,200.00	21,162.96		37.04
Other Expenses					
Miscellaneous Other Expenses	4,400.00	5,400.00	4,280.77	1,098.00	21.23
Revaluation Program		20,000.00	20,000.00		
Legal Services and Costs					
Other Expenses	15,000.00	17,000.00	16,490.00		510.00
Engineering Services and Costs					
Other Expenses	5,000.00	5,000.00	4,690.00	215.00	95.00
<b>LAND USE ADMINISTRATION</b>					
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Planning Board					
Salaries and Wages	9,000.00	7,670.00	7,660.58		9.42
Other Expenses	9,000.00	4,400.00	4,091.98		308.02

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	
Affordable Housing						
Other Expenses	5,000.00	6,000.00	5,678.00		322.00	
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Inspection of Housing						
Salaries and Wages	13,005.00	13,381.00	13,380.04		0.96	
Other Expenses	2,000.00	1,099.00	339.58	277.09	482.33	
<b>INSURANCE</b>						
Liability Insurance	25,000.00	22,840.00	22,836.55		3.45	
Surety Bond Premiums	400.00					
Workmen's Compensation	31,000.00	29,120.00	29,113.31		6.69	
Group Insurance	220,000.00	220,000.00	215,840.38		4,159.62	
Insurance Safety Program - Other Expenses	3,775.00	3,775.00	3,775.00			
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police						
Salaries & Wages	680,000.00	730,340.00	727,907.45		2,432.55	
Other Expenses						
New Cars	25,000.00	24,050.00	24,026.16		23.84	
Miscellaneous Other Expenses	26,000.00	30,000.00	27,980.30	1,416.74	602.96	
Police Radio & Communications						
Other Expenses	26,000.00	18,000.00	18,000.00			
Office of Emergency Management						
Salaries & Wages	4,700.00	5,200.00	5,111.18		88.82	
Other Expenses	500.00	500.00	339.00		161.00	
First Aid Organization - Contribution	8,800.00	8,800.00	8,800.00			
Fire						
Other Expenses	6,800.00	6,800.00	6,799.48		0.52	
Uniform Fire Safety Act (P.L. 1983, c383)						
Salaries & Wages	8,200.00	8,200.00	8,160.00		40.00	
Other Expenses	2,000.00	1,490.00	1,488.67		1.33	
Prosecutor						
Other Expenses	3,032.00	3,032.00	3,031.81		0.19	

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	
<b>PUBLIC WORKS FUNCTION</b>						
Road Repairs & Maintenance						
Salaries & Wages	69,000.00	76,215.00	76,184.63		30.37	
Other Expenses	9,000.00	9,000.00	7,925.96	253.34	820.70	
Snow Removal						
Salaries & Wages	5,000.00	4,325.00	4,323.90		1.10	
Other Expenses	3,000.00	1,660.00	1,653.04		6.96	
Shade Tree						
Other Expenses	50.00					
Garbage & Trash Removal & Recycling						
Other Expenses						
Contractual	143,000.00	137,920.00	126,913.14	10,991.67	15.19	
Resource Recovery						
Salaries & Wages	17,000.00	15,275.00	15,264.30		10.70	
Other Expenses	11,000.00	5,000.00	4,581.89	200.00	218.11	
Public Buildings & Grounds						
Other Expenses	16,000.00	9,850.00	9,687.10		162.90	
Equipment Repair & Maintenance						
Other Expenses	9,000.00	6,125.00	6,119.14		5.86	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Registrar of Vital Statistics						
Other Expenses	250.00	250.00	249.50		0.50	
Environmental Commission						
Other Expenses	2,000.00	500.00	470.00		30.00	
Animal Control						
Salaries & Wages	50.00					
Other Expenses	50.00	50.00			50.00	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Maintenance of Parks & Playgrounds						
Other Expenses	27,000.00	23,000.00	22,995.70		4.30	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	1,000.00	1,000.00	950.00		50.00	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	33,000.00	29,600.00	29,483.19		116.81	
Street Lighting	40,000.00	37,000.00	33,205.46	2,969.17	825.37	
Telephone	9,500.00	10,300.00	9,828.40	253.33	218.27	
Gas (Natural or Propane)	28,000.00	26,900.00	26,891.49		8.51	
Gasoline	19,000.00	19,000.00	18,104.16	894.09	1.75	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Landfill Fees	41,000.00	41,000.00	35,819.62	2,798.51	2,381.87	
Sanitary Landfill						
Other Expenses	6,400.00	5,790.00	3,430.62	2,351.87	7.51	
<b>MUNICIPAL COURT FUNCTIONS</b>						
Municipal Court						
Salaries & Wages	18,240.00	18,240.00	18,050.00		190.00	
Other Expenses	5,700.00	5,700.00	5,625.90		74.10	
Public Defender						
Salaries & Wages	1,007.00	1,007.00	1,007.00			
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>						
State Uniform Construction Code						
Construction Officials						
Salaries & Wages	44,000.00	43,350.00	43,339.68		10.32	
Other Expenses	4,000.00	850.00	824.79		25.21	
Total Operations within "CAPS"	1,891,199.00	1,932,729.00	1,894,049.61	23,758.21	14,921.18	
Detail:						
Salaries and Wages	1,015,642.00	1,069,163.00	1,066,259.86		2,903.14	
Other Expenses	875,557.00	863,566.00	827,789.75	23,758.21	12,018.04	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
<b>STATUTORY EXPENDITURES</b>						
Contribution to:						
Social Security System (O.A.S.I)	78,000.00	80,470.00	80,311.98		158.02	
State Disability Insurance	1,000.00	1,000.00	705.31		294.69	
Public Employees' Retirement System	41,371.00	37,371.00	37,234.00		137.00	
Police & Firemen's Retirement System	171,462.00	171,462.00	171,462.00			
Defined Contribution Retirement Program	500.00	500.00	214.38		285.62	
Total Deferred Charges & Statutory Expenditures within "CAPS"	<u>292,333.00</u>	<u>290,803.00</u>	<u>289,927.67</u>		<u>875.33</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>2,183,532.00</u>	<u>2,223,532.00</u>	<u>2,183,977.28</u>	<u>23,758.21</u>	<u>15,796.51</u>	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
<b>PUBLIC SAFETY FUNCTIONS</b>						
Length of Service Award Program (P.L. 1977, c.388)	18,000.00	18,000.00		18,000.00		
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Recycling Tax	3,000.00	3,000.00	2,289.75	179.85	530.40	
<b>EDUCATION FUNCTIONS</b>						
Aid to Library (N.J.S.A. 40:54-35)						
Other Expenses	6,400.00	6,400.00	6,400.00			
<b>SHARED SERVICE AGREEMENTS</b>						
Woodstown Sewerage Authority:						
Salaries and Wages	342,000.00	342,000.00	263,499.50		0.50	78,500.00
Other Expenses	113,000.00	113,000.00	112,696.24		303.76	
Mid Salem County Joint Court						
Court	88,310.00	88,310.00	86,684.02		1,625.98	
Prosecutor	11,368.00	11,368.00	11,294.44		73.56	
Public Defender	3,793.00	3,793.00	3,751.71		41.29	
Total Shared Service Agreements	<u>558,471.00</u>	<u>558,471.00</u>	<u>477,925.91</u>		<u>2,045.09</u>	<u>78,500.00</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	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Municipal Alliance for Drug & Alcohol Abuse	1,626.75	1,626.75	1,626.75		
Police Body Armor	1,209.62	1,209.62	1,209.62		
Recycling Enhancement	3,547.00	3,547.00	3,547.00		
Clean Communities		5,877.37	5,877.37		
NJ Recycling Tonnage Grant	5,528.60	5,528.60	5,528.60		
Total Public and Private Programs Offset by Revenues	11,911.97	17,789.34	17,789.34		
Total Operations Excluded from "CAPS"	597,782.97	603,660.34	504,405.00	18,179.85	2,575.49
Detail:					
Salaries and Wages	342,000.00	342,000.00	263,499.50		78,500.00
Other Expenses	255,782.97	261,660.34	240,905.50	18,179.85	2,575.49
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Improvement/Reconstruction of Municipal Roads	10,000.00	10,000.00	10,000.00		
Purchase of Fire Truck	20,000.00	20,000.00	20,000.00		
Removal of Barriers at Bailey Park - Small Cities Grant	131,032.00	131,032.00	131,032.00		
Capital Improvements Excluded from "CAPS"	181,032.00	181,032.00	181,032.00		
<b>DEBT SERVICE</b>					
Payment of Bond Anticipation Notes	137,000.00	137,000.00	137,000.00		
Interest on Notes	9,000.00	9,000.00	8,377.13		622.87
Total Debt Service	146,000.00	146,000.00	145,377.13		622.87

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>						
Deferred Charges:						
Special Emergency Authorization	30,000.00	30,000.00	30,000.00			
Transfer to Board of Education for Use of Local Schools	10,958.00	10,958.00	10,958.00			
Total Deferred Charges Excluded from "CAPS"	40,958.00	40,958.00	40,958.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	965,772.97	971,650.34	871,772.13	18,179.85	2,575.49	79,122.87
Subtotal General Appropriations	3,149,304.97	3,195,182.34	3,055,749.41	41,938.06	18,372.00	79,122.87
Reserve for uncollected taxes	302,576.69	302,576.69	302,576.69			
Total General Appropriations	3,451,881.66	3,497,759.03	3,358,326.10	41,938.06	18,372.00	79,122.87
	Ref.	A-2	A-3	A-13	A	
Budget		Ref.				
Budget Amendments per N.J.S.A. 40A:4-87		A-3	3,451,881.66			
Emergency Authorizations		A-2	5,877.37			
		A-6	40,000.00			
			3,497,759.03			
Reserve for Uncollected Taxes		Ref.				
Deferred Charges:		A-2	302,576.69			
Special Emergency Authorization		A-6	30,000.00			
Reserve for Revaluation			20,000.00			
Reserve for Updating of Borough Code			20,000.00			
Reserve for Federal & State Grants - Appropriated		A-17	148,821.34			
Disbursed		A-4	2,836,928.07			
			3,358,326.10			

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

## TRUST FUND

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Animal Control Trust Fund			
Cash - Treasurer	B-1	5,833.89	6,681.35
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	22,604.71	39,878.36
Landfill Closure			
Cash - Certificate of Deposit	B-1	87,694.65	87,092.97
Municipal Open Space			
Cash - Treasurer	B-1	127,138.72	127,147.47
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	5,027.06	5,401.63
Parking Offense Adjudication Act			
Cash - Treasurer	B-1	1,325.05	1,217.05
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	4,208.58	4,208.58
Public Defender Trust Fund			
Cash - Treasurer	B-1	233.59	711.11
Due from Current Fund	A	2,158.71	
		<u>2,392.30</u>	<u>711.11</u>
Tax Sale Premium			
Due from Current Fund	A	<u>19,900.00</u>	
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	<u>1.00</u>	
Affordable Housing			
Cash - Treasurer	B-1	<u>1.00</u>	

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS (CONTINUED)</b>	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Small Cities Revolving Loan Fund			
Cash - Treasurer	B-1	81,068.03	80,851.78
Loans Receivable		800.00	800.00
		<u>81,868.03</u>	<u>81,651.78</u>
Unemployment Compensation Fund			
Cash - Treasurer	B-1	74,740.49	16,843.11
Investments - Certificate of Deposit			55,920.57
Due from Current - Payroll Agency	A	2,575.60	2,626.37
		<u>77,316.09</u>	<u>75,390.05</u>
		<u>435,311.08</u>	<u>429,380.35</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Trust Fund			
Reserve for Dog Fund Expenditures	B-2	5,833.89	6,681.35
Developer's Escrow Trust Fund			
Due Current Fund	A	13.50	13.50
Reserve for Escrow Fees		22,591.21	39,864.86
		<u>22,604.71</u>	<u>39,878.36</u>
Landfill Closure			
Reserve for Landfill Closure		87,694.65	87,092.97
Municipal Open Space			
Reserve for Municipal Open Space		127,138.72	127,147.47
Outside Employment of Off-Duty Municipal Police Officers			
Reserve for Off-Duty Police Fees		5,027.06	5,401.63
Parking Offense Adjudication Act			
Reserve for POAA Fees		1,325.05	1,217.05

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
<b>(CONTINUED)</b>			
Performance Bond Escrow Trust Fund			
Reserve for Performance Bond Escrow Fees		4,208.58	4,208.58
Public Defender Trust Fund			
Due Current Fund			300.00
Reserve for Public Defender Trust		2,392.30	411.11
		<u>2,392.30</u>	<u>711.11</u>
Uniform Fire Safety Penalty Monies			
Reserve for Uniform Fire Safety		1.00	
Affordable Housing			
Reserve for Affordable Housing		1.00	
Small Cities Revolving Loan Fund			
Reserve for Loans Receivable		800.00	800.00
Reserve for Small Cities		81,068.03	80,851.78
		<u>81,868.03</u>	<u>81,651.78</u>
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-3	<u>19,900.00</u>	
Unemployment Compensation Fund			
Reserve for Unemployment Claims		77,316.09	75,390.05
		<u>77,316.09</u>	<u>75,390.05</u>
		<u>435,311.08</u>	<u>429,380.35</u>

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

**GENERAL CAPITAL FUND**

## EXHIBIT C

## COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Cash - Treasurer	C-2	45,731.44	39,455.27
Deferred Charges to Future Taxation:			
Unfunded	C-4	784,247.22	951,247.22
Grants Receivable	C-6	99,406.75	515,476.54
Due from Reliance Fire Company		1,932.78	1,932.78
Due from Pilesgrove Township		57,860.28	57,860.28
Due from Current Fund	A	200,702.51	115,273.65
		<u>1,189,880.98</u>	<u>1,681,245.74</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-8	731,000.00	898,000.00
Improvement Authorizations:			
Funded	C-7	150,984.40	387,432.39
Encumbrances Payable		809.15	67,510.84
Reserves for:			
Improvement to Municipal Building		2,719.60	2,719.60
Purchase of a Fire Truck		1,000.00	1,000.00
Purchase of Emergency Equipment		16,000.00	16,000.00
Purchase of Furniture & Fixtures		1,906.08	1,906.08
Preliminary Costs - Landfill		14,541.20	14,541.20
Capital Improvement Fund	C-5	234,006.82	266,006.82
Fund Balance	C-1	36,913.73	26,128.81
		<u>1,189,880.98</u>	<u>1,681,245.74</u>

EXHIBIT C-1

## STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2010	Ref. C	26,128.81
Increased by:		
Permanently Funded Improvement Authorizations - Canceled	C-7	10,784.92
Balance December 31, 2011	C	<u>36,913.73</u>

**WATER UTILITY FUND**

## EXHIBIT D

## COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Operating Fund			
Cash - Treasurer	D-5	340,369.95	115,930.61
Cash - Certificate of Deposits			400,969.90
Cash - Change Fund		40.00	40.00
		<u>340,409.95</u>	<u>516,940.51</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	81,992.23	67,554.24
Total Operating Fund		<u>422,402.18</u>	<u>584,494.75</u>
Capital Fund			
Cash - Treasurer	D-5	549,001.63	816,894.53
Fixed Capital	D-8	4,368,886.19	4,337,885.55
Fixed Capital Authorized and Uncompleted	D-9	1,430,000.00	1,430,000.00
Due from Water Operating Fund	D	100,000.00	
Total Capital Fund		<u>6,447,887.82</u>	<u>6,584,780.08</u>
Escrow Fund			
Cash - Treasurer	D-5	3,647.15	5,405.65
		<u>6,873,937.15</u>	<u>7,174,680.48</u>

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

EXHIBIT D  
(Continued)

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4:D-10	23,992.25	29,121.42
Encumbrances Payable	D-11	38,873.18	44,427.29
Accrued Interest on Bonds and Notes	D-13	30,197.45	30,268.78
Water Rent Overpayments		4,373.55	5,696.07
Due Water Capital Fund	D	100,000.00	
Due Current Fund			180,000.00
		<u>197,436.43</u>	<u>289,513.56</u>
Reserve for Receivables		81,992.23	67,554.24
Fund Balance	D-1	<u>142,973.52</u>	<u>227,426.95</u>
Total Operating Fund		<u>422,402.18</u>	<u>584,494.75</u>
<b>Capital Fund</b>			
Loan Payable	D-16	1,577,521.93	1,615,166.14
Bond Anticipation Notes Payable	D-17	700,000.00	700,000.00
Improvement Authorizations:			
Funded	D-15	4,206.00	4,206.00
Unfunded	D-15	466,715.70	476,665.15
Encumbrances Payable	D-11	225,232.40	513,175.85
Capital Improvement Fund	D-12	167,792.21	137,792.21
Reserve for Amortization		2,941,364.26	2,772,719.41
Deferred Reserve for Amortization	D-14	365,000.00	365,000.00
Fund Balance	D-2	<u>55.32</u>	<u>55.32</u>
Total Capital Fund		<u>6,447,887.82</u>	<u>6,584,780.08</u>
<b>Escrow Fund</b>			
Reserve for Escrow Fees		<u>3,647.15</u>	<u>5,405.65</u>
		<u><u>6,873,937.15</u></u>	<u><u>7,174,680.48</u></u>

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

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

Revenue and Other Income Realized	Ref.	<u>Year 2011</u>	<u>Year 2010</u>
Fund Balance Utilized	D-3	151,929.00	268,900.00
Rents	D-3	627,771.48	607,595.82
Miscellaneous	D-3	26,465.37	25,395.66
Woodstown Sewerage Authority	D-3	94,153.75	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	27,583.64	18,504.15
Total Income		<u>927,903.24</u>	<u>920,395.63</u>
Expenditures			
Operating	D-4	475,000.00	472,000.00
Capital Improvements	D-4	30,000.00	100,000.00
Debt Service	D-4	214,998.67	107,633.71
Deferred Charges and Statutory Expenditures	D-4	140,429.00	213,400.00
Total Expenditures		<u>860,427.67</u>	<u>893,033.71</u>
Excess in Revenue		67,475.57	27,361.92
Fund Balance			
Balance January 1	D	227,426.95	468,965.03
		294,902.52	496,326.95
Decreased by:			
Utilization as Anticipated Revenue	D-1	151,929.00	268,900.00
Balance December 31	D	<u>142,973.52</u>	<u>227,426.95</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, 2010	Ref. D	55.32
Balance December 31, 2011	D	<u>55.32</u>

## STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	151,929.00	151,929.00	
Rents	D-3	605,000.00	627,771.48	22,771.48
Woodstown Sewerage Authority	D-5	100,000.00	94,153.75	(5,846.25)
Miscellaneous	D-3	25,000.00	26,465.37	1,465.37
		<u>881,929.00</u>	<u>900,319.60</u>	<u>18,390.60</u>
	Ref.	D-4		

## Analysis of Realized Revenue

## Rents:

## Consumer Accounts Receivable:

Collected	D-7	622,075.41
Overpayments Applied	D-7	5,696.07
		<u>627,771.48</u>

## Miscellaneous:

Interest on Delinquent Rents		9,708.22
Miscellaneous/Searches/Application Fees		6,486.14
Water Meter		4,338.06
Interest on Investments		5,932.95
	D-3:D-5	<u>26,465.37</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	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operating:					
Salaries and Wages	215,000.00	215,000.00	212,250.05	2,749.95	
Other Expenses	260,000.00	260,000.00	201,189.82	38,873.18	19,937.00
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	20,000.00	20,000.00	20,000.00		
Debt Service:					
Payment of Bond Principal	36,100.00	36,100.00	36,035.81		64.19
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00		
Interest on Bonds	72,400.00	72,400.00	71,568.53		831.47
Interest on Notes	8,000.00	8,000.00	7,394.33		605.67
Statutory Expenditures:					
Public Employees' Retirement	23,029.00	23,029.00	23,029.00		
Social Security System (O.A.S.I.)	17,000.00	17,000.00	15,901.96	1,098.04	
Unemployment Compensation	100.00	100.00		100.00	
Disability Insurance	300.00	300.00	192.74	107.26	
Surplus General Budget	120,000.00	120,000.00	100,000.00		20,000.00
	<u>881,929.00</u>	<u>881,929.00</u>	<u>797,562.24</u>	<u>38,873.18</u>	<u>23,992.25</u>
					<u>21,501.33</u>
Ref.	D-3			D-11	D
	Ref.				
Interest on Bonds and Notes	D-13		78,962.86		
Disbursed	D-5		718,599.38		
			<u>797,562.24</u>		

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

**PUBLIC ASSISTANCE FUND**

## COMPARATIVE BALANCE SHEET - PUBLIC ASSISTANCE FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>ASSETS</b>			
Cash - Treasurer	E-1	3,460.01	3,460.01
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance		3,460.01	3,460.01

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

## **GENERAL FIXED ASSETS**

## STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Fixed Assets:		
Buildings	2,529,676.00	2,529,676.00
Land and Improvements	918,390.00	918,390.00
Machinery and Equipment	1,675,372.70	1,658,270.20
Vehicles	447,933.40	432,802.40
	<u>5,571,372.10</u>	<u>5,539,138.60</u>
Investment in General Fixed Assets	<u>5,571,372.10</u>	<u>5,539,138.60</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. Description of Funds and Account Groups**

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

**Current Fund** – Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

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

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

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Description of Funds and Account Groups (Continued)**

**General Fixed Assets** – To account for fixed assets used in governmental operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**C. Basis of Accounting**

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

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

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

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

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

**D. Comparative Data**

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. 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 N.J.S.A. 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 N.J.S.A. 40A:4-87. There were budget amendments during 2011 as follows:

Current Fund	
Special Item of Revenue:	
Clean Communities	5,877.37
Special Emergency:	
Updating Borough Code	20,000.00
Revaluation Program	20,000.00
	<u>45,877.37</u>

**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 (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2011 and 2010, the carrying amount of the Borough's deposits was \$3,807,615.24 and \$4,039,669.52, respectively. As of December 31, 2011 and 2010, \$0 of the municipality's bank balance of \$3,877,438.70 and \$4,109,237.97, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2011 and 2010, the Borough had investments totaling \$0 and \$55,920.57, respectively, in Certificates of Deposits. The interest rate for Unemployment Trust is 3.45% for a 36 month certificate, which matured on May 28, 2011.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 4: INVESTMENTS (CONTINUED)**

**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, New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - New Jersey Statutes N.J.S.A. 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: ACCUMULATED ABSENCE BENEFITS**

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

The value of these earned and unused employee benefits, has not been accrued by either charges to operations or to budgets of the prior years. The Borough's liability at December 31, 2011 and 2010, for accrued unused vacation benefits is \$9,324.36 and \$7,648.20, respectively.

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 6: FUND BALANCES APPROPRIATED**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2011	438,976.14	321,026.48
	2010	392,265.80	287,495.10
	2009	730,082.21	437,420.92
	2008	1,010,054.60	391,521.67
	2007	1,193,566.36	423,939.30
Water Operating Fund	2011	142,973.52	87,300.00
	2010	227,426.95	151,929.00
	2009	468,965.05	268,900.00
	2008	558,250.88	233,900.00
	2007	768,527.47	213,250.00

**NOTE 7: TAXES COLLECTED IN ADVANCE**

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

	Balance	
	12/31/2011	12/31/2010
Prepaid Taxes - Cash Liability	89,321.53	97,006.27

**NOTE 8: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2011:

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Land and Improvements	918,390.00			918,390.00
Buildings	2,529,676.00			2,529,676.00
Infrastructure	432,802.40	35,182.00	20,051.00	447,933.40
Machinery and Equipment	1,658,270.20	17,102.50		1,675,372.70
	5,539,138.60	52,284.50	20,051.00	5,571,372.10

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 9: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2011.

	Due	
	From	To
Current Fund		
Developer's Escrow Trust	13.50	
Tax Sale Premium Trust		19,900.00
General Capital Fund		200,702.51
Public Defender Trust		2,158.71
Federal and State Grant Fund		35,126.61
Unemployment Trust Fund		2,575.60
Public Defender Trust		
Current Fund	2,158.71	
Federal and State Grant Fund		
Current Fund	35,126.61	
Unemployment Trust Fund		
Payroll Agency Fund	2,575.60	
Developer's Escrow Trust		
Current Fund		13.50
Tax Sale Premium Trust		
Current Fund	19,900.00	
General Capital Fund		
Current Fund	200,702.51	
Water Capital Fund		
Water Operating Fund	100,000.00	
Water Operating Fund		
Water Capital Fund		100,000.00
	360,476.93	360,476.93

The amount due from Federal and State Grant Fund to Current is due to the fact that there is not a separate bank account for the Grant Fund. The amount due from General Capital Fund to Current Fund is due to the fact that there is a NJ Department of Transportation grant included in an ordinance. The amount due from Water Operating to Water Capital Fund is due to charging off a budget appropriation.

**NOTE 10: ECONOMIC DEPENDENCY**

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

**NOTE 11: SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In Woodstown's case, at December 31, 2011 and 2010, \$1,743,795.00 and \$1,748,306.00,

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 11: SCHOOL TAXES (CONTINUED)**

respectively, would be the maximum amount permitted to be deferred under these regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such deferrals amounts to \$400,000.00. There was no change in the amount of school taxes deferred during 2011 or 2010.

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

	Regional School District Tax	
	12/31/2011	12/31/2010
Balance of Tax	1,818,247.62	1,811,800.09
Deferred	400,000.00	400,000.00
	1,418,247.62	1,411,800.09

**NOTE 12: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

Long-term debt as of December 31, 2011, consisted of the following:

	Year		
	2011	2010	2009
Bonds, Notes and Loans Issued	3,008,521.93	3,213,166.14	2,695,869.84
Bonds and Notes Authorized But Not Issued	268,247.22	368,247.22	403,247.22
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	3,276,769.15	3,581,413.36	3,099,117.06

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**Summary of Municipal Debt Service (Continued)**

	Balance Dec. 31, 2010	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2011
<b>ISSUED</b>				
General:				
Bond Anticipation Notes	898,000.00		167,000.00	731,000.00
Water:				
Loan Payable	1,615,166.14		37,644.21	1,577,521.93
Bond Anticipation Notes	700,000.00	100,000.00	100,000.00	700,000.00
Net Debt Issued	<u>3,213,166.14</u>	<u>100,000.00</u>	<u>304,644.21</u>	<u>3,008,521.93</u>
<b>AUTHORIZED BUT NOT ISSUED</b>				
General:				
Bond Anticipation Notes	53,247.22			53,247.22
Water:				
Bond Anticipation Notes	315,000.00		100,000.00	215,000.00
Authorized But Not Issued	<u>368,247.22</u>	None	<u>100,000.00</u>	<u>268,247.22</u>
Total Debt Issued and Authorized But Not Issued	<u><u>3,581,413.36</u></u>	<u><u>100,000.00</u></u>	<u><u>404,644.21</u></u>	<u><u>3,276,769.15</u></u>

\$2,000,000.00 U.S. Department of Agriculture – Rural Development loan dated August 3, 1995, payable in semi-annual installments through August 2035. Interest is paid at a rate of 4.5% per annum. The balance remaining at December 31, 2011, was \$1,577,521.93.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

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

Year Ended December	Principal	Interest	Total
USDA Loan			
Water Operating Fund			
2012	37,675.66	70,604.34	108,280.00
2013	39,390.13	68,889.87	108,280.00
2014	41,182.63	67,097.37	108,280.00
2015	43,056.70	65,223.30	108,280.00
2016	45,016.05	63,263.95	108,280.00
2017-2021	257,737.12	283,662.88	541,400.00
2022-2026	321,966.10	219,433.90	541,400.00
2027-2031	402,201.16	139,198.84	541,400.00
2032-2035	389,296.38	43,823.62	433,120.00
	<u>1,577,521.93</u>	<u>1,021,198.07</u>	<u>2,598,720.00</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .27%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	None	None	
Water Debt	2,492,521.93	2,492,521.93	
General Debt	784,247.22		784,247.22
	<u>3,276,769.15</u>	<u>2,492,521.93</u>	<u>784,247.22</u>

Net Debt \$784,247.22/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$294,665,653.00 = .27%

**Borrowing Power Under N.J.S.A. 40:A2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	10,313,297.86
Net Debt	784,247.22
Remaining Borrowing Power	<u>9,529,050.64</u>

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**Summary of Statutory Debt Condition – Annual Debt Statement (Continued)  
Calculation of “Self-Liquidating Purpose” Water Utility Per N.J.S.A. 40:2-45**

Cash Receipts from Fees, Rents, or Other Charges		900,319.60
Deductions:		
Operating and Maintenance Costs	515,429.00	
Debt Service Per Water Account	214,998.67	
		730,427.67
Excess in Revenue		169,891.93

**NOTE 13: NOTES PAYABLE**

The Borough has outstanding at December 31, 2011, a General Capital and Utility Capital bond anticipation note in the amount of \$731,000.00 and \$700,000.00 payable to Pennsville National Bank. This note will mature on November 30, 2012, at an interest rate per annum of 1.11%.

**NOTE 14: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Borough are covered by the Public Employees' Retirement System, (P.E.R.S.), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

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

**Police and Firemen's Retirement System (P.F.R.S.)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 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.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 14: PENSION FUNDS (CONTINUED)**

**Funding Policy** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 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. P.E.R.S. provide for employee contributions of 5.5% through September 30, 2011, and 6.5% thereafter of employees' annual compensation, as defined. P.F.R.S. provide for employee contributions of 8.5% through September 30, 2011, and 10% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and P.F.R.S. The P.E.R.S. and P.F.R.S. rate in effect for 2011 is 11.05% and 29.36%, respectively, of covered payroll as reported on June 30, 2009. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's net contributions to P.E.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$91,568.00, \$74,961.00 and \$56,650.00, respectively, equal to the required contributions for each year. The Borough's net contributions to P.F.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$171,462.00, \$150,868.00 and \$135,742.00, respectively, equal to the required contributions for each year.

**Defined Contribution Retirement Program (D.C.R.P.)** - The Borough established the Defined Contribution Retirement Program by ordinance on July 8, 2008, as required by Chapter 92 of the Laws of 2007 and N.J.S.A. 43:15C-1 et. seq. D.C.R.P. provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to D.C.R.P. for the years ending December 31, 2011, 2010 and 2009, were \$361.00, \$215.00 and \$330.00, respectively, equal to the required contributions for each year.

**NOTE 15: POST-RETIREMENT BENEFITS**

**Plan Description** - The Borough of Woodstown contributes to the Southern New Jersey Regional Employee Benefits Fund (S.N.J.R.E.B.F.) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.N.J.R.E.B.F. was established in 1992 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.N.J.R.E.B.F. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 15: POST-RETIREMENT BENEFITS (CONTINUED)**

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

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Borough of Woodstown on a monthly basis. Retiree plan members receiving benefits are not required to make contributions.

The Borough of Woodstown contributions to S.H.B.P. for the years ended December 31, 2011, 2010 and 2009, were \$1,434.57, \$6,404.23 and \$6,372.00, respectively, which equaled the required contributions for each year. There was one retired participant eligible at December 31, 2011, 2010 and 2009, respectively.

For calendar year 2011, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$4,296.15 for premiums. The next actuarial valuation is expected to be performed for the year ending December 31, 2012.

**NOTE 16: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough of Woodstown is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund, in the event there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage during the year 2011.

**New Jersey Unemployment Compensation Insurance**

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

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2011	991.26	2,575.60	None	1,640.82	77,316.09
2010	1,940.76	2,626.37	None	None	75,390.05
2009	1,877.77	2,527.00	None	895.81	70,822.92

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 17: LABOR CONTRACTS**

As of December 31, 2011, the Borough's employees are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

	<u>Category</u>	<u>Expiration</u>	<u>Covers</u>
FOP Lodge #6	Police	12/31/2011	All Uniformed Police

**NOTE 18: DEFERRED COMPENSATION**

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, Pebsco of Columbus, Ohio.

**NOTE 19: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Budgets of Succeeding Years</u>
Current Fund:			
Special Emergency	70,000.00	38,000.00	32,000.00
	<u>70,000.00</u>	<u>38,000.00</u>	<u>32,000.00</u>

**NOTE 20: LENGTH OF SERVICE AWARD PROGRAM**

The Borough's Length of Service Awards Program (L.O.S.A.P.) was created by a Borough ordinance, which was adopted in 2003 in accordance with Chapter 338 of the Laws of 1997. The voters of the Borough of Woodstown approved the adoption of the L.O.S.A.P. November 2003. L.O.S.A.P. provides tax deferred income benefits to active volunteer firefighters and first aid squad members. Amounts deferred under section 457 plans must be held in trust for the exclusive benefit of the participating employees and not be accessible by the Borough or its creditors. Since the Borough, does not have a fiduciary relationship with the L.O.S.A.P., the balances and activities of the L.O.S.A.P. are not reported in the Borough's financial statements. The Borough's budget appropriation for 2011, 2010 and 2009, are \$18,000.00, \$20,000.00 and \$25,000.00, respectively. The assets of the plan are held by an independent administrator, Lincoln Financial Advisors.

**NOTE 21: JOINT VENTURE**

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 21: JOINT VENTURE (CONTINUED)**

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

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

**NOTE 22: OPERATING LEASES**

The Borough signed a commitment on April 7, 2010, to lease a postage machine with a term of 63 months. The monthly lease payments are \$44.00 per month for six months and the \$65.00 per month for fifty-seven months. The annual lease payments for 2011 were \$780.00. Future lease payments are as follows:

Year	Amount
2012	780.00
2013	780.00
2014	780.00
2015	455.00
	<u>2,795.00</u>

**NOTE 23: PROPERTY TAX INFORMATION**

	2011	2010	2009
Tax Rate	2.6020	2.5570	2.5240
Apportionment of Tax Rate			
Municipal	0.5230	0.496	0.466
County	0.8790	0.853	0.877
County Open Space	0.0210	0.020	0.021
Regional School	1.1690	1.174	1.145
Municipal Open Space	0.0100	0.014	0.015
Assessed Valuation	298,185,561	298,031,311	299,377,045

**COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 and 2010**

**NOTE 23: PROPERTY TAX INFORMATION (CONTINUED)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Levy	7,787,672.38	7,648,137.55	7,598,706.75
Cash Collections	7,554,088.82	7,352,022.12	7,311,649.24
Percentage of Collections	97.00%	96.13%	96.22%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Amount of Tax Title Liens	50,232.43	41,241.86	20,680.63
Delinquent Taxes	205,421.27	269,063.51	253,341.65
Total Delinquent	255,653.70	310,305.37	274,022.28
Percentage of Tax Levy	3.28%	4.06%	3.61%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property Acquired for Taxes (Assessed Valuation)	107,000.00	107,000.00	107,000.00

**NOTE 24: WATER RENT INFORMATION**

<b>WATER</b>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Balance January 1	67,554.24	67,576.84	60,215.76
Levy	642,209.47	607,573.22	599,631.40
Cash Collections	627,771.48	607,595.82	592,270.32
Percentage of Collections	88.45%	89.99%	89.76%

**NOTE 25: LITIGATION**

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

It is the Borough of Woodstown Counsel's opinion that there is not any pending litigation against the Borough.

**NOTE 26: SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through May 30, 2012, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

## **SUPPLEMENTARY INFORMATION**

# PETRONI & ASSOCIATES LLC

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Denise R. Nevico, 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

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

We have audited the financial statements – regulatory basis of the Borough of Woodstown, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated May 30, 2012. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Woodstown, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”).

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Borough of Woodstown's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements – regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Woodstown's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Woodstown's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a

deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendations as item 2011-1 to be a material weakness.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Woodstown, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying schedule of findings and recommendations as item 2011-2.

This report is intended solely for the information and use of management, the Borough Council, federal and state awarding agencies and pass-through entities and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC

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

May 30, 2012

**CURRENT FUND**

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency
Balance December 31, 2010	A	<u>2,234,511.12</u>	<u>41,955.84</u>
Increased by Receipts:			
Tax Collector	A-5	7,850,000.00	
Homestead Rebate	A-7	81,176.09	
Grants Receivable	A-10	9,424.37	
Revenue Accounts Receivable	A-11	1,037,597.97	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	39,500.00	
Reserve for Grants - Unappropriated	A-16	6,267.33	
Petty Cash		330.00	
Due from Water Operating Fund		180,000.00	
Due General Capital Fund		222,366.04	
Due Developer's Escrow		0.08	
Due Unemployment Trust Fund		1,640.82	
Due Public Defender Trust		3,854.61	
Elections Payable		3,100.00	
Net Payroll			1,112,910.28
Employee Withholding			735,240.54
Employer Portion			264,582.87
Due State of New Jersey - Marriage Licenses		530.00	
Due State of New Jersey - DCA Fees		2,427.00	
Total Receipts		<u>9,438,214.31</u>	<u>2,112,733.69</u>
		<u>11,672,725.43</u>	<u>2,154,689.53</u>
Decreased by Disbursements:			
2011 Budget Appropriations	A-3	2,836,928.07	
2010 Appropriation Reserves	A-12	5,701.97	
Encumbrances Payable	A-13	39,484.26	
Reserve for Grants - Appropriated	A-17	35,100.65	
Due State of New Jersey - Marriage Licenses		480.00	
Due State of New Jersey - DCA Fees		1,876.00	
Elections Payable		3,000.00	
County Taxes Payable	A-7	2,619,901.59	
County Open Space Tax	A-7	59,942.78	
Due County Added & Omitted Taxes	A-7	10,284.85	
Open Space Taxes	A-7	29,819.00	
Petty Cash		330.00	
Reserve for Revaluation		5,872.50	
Reserve for Veteran's Walk		30.00	
Due General Capital Fund		136,937.18	
Prior Year Refund		1,989.90	
Due Unemployment Trust Fund		4,267.19	
Due from Public Defender Trust		1,079.49	
Net Payroll			1,112,910.28
Payroll Taxes Paid			1,000,749.85
Local District School Tax	A-15	3,481,143.26	
		<u>9,274,168.69</u>	<u>2,113,660.13</u>
Balance December 31, 2011	A	<u>2,398,556.74</u>	<u>41,029.40</u>

## SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2010	Ref. A		10,988.13
Increased by Receipts:			
Taxes Receivable	A-7	7,600,502.19	
Tax Title Liens	A-8	2,696.47	
Prepaid Taxes		89,321.53	
Tax Overpayments		6,653.01	
Due Outside Lien Holder		148,858.45	
Tax Sale Premiums	B-3	32,700.00	
Revenue Accounts Receivable	A-11	116,310.39	
		<hr/>	7,997,042.04
			<hr/>
			8,008,030.17
Decreased by Disbursements:			
Paid to Treasurer	A-4	7,850,000.00	
Tax Sale Premiums	B-3	12,800.00	
Due Outside Lien Holder		129,353.02	
		<hr/>	7,992,153.02
			<hr/>
Balance December 31, 2011	A		<u><u>15,877.15</u></u>

SCHEDULE OF DEFERRED CHARGES  
N.J.S.A. 40A:4-55 SPECIAL EMERGENCY - REVALUATION PROGRAM

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Reduced</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
4/10/2007	Revaluation Program	150,000.00	30,000.00	60,000.00		30,000.00	30,000.00
8/23/2011	Update Republish Code	20,000.00	4,000.00		20,000.00		20,000.00
9/27/2011	Revaluation Program	20,000.00	4,000.00		20,000.00		20,000.00
				<u>60,000.00</u>	<u>40,000.00</u>	<u>30,000.00</u>	<u>70,000.00</u>
			Ref.	A	A-3	A-3	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Transferred to Tax Title Liens	Canceled	Balance
	Dec. 31, 2010			2010	2011			Dec. 31, 2011
2001	688.39					688.39		
2008	5,876.09				5,876.09			
2009	2,207.28							2,207.28
2010	260,291.75		1,861.48		259,469.64		2,683.59	
	<u>269,063.51</u>		<u>1,861.48</u>		<u>265,345.73</u>	<u>688.39</u>	<u>2,683.59</u>	<u>2,207.28</u>
2011		7,787,672.38		97,006.27	7,457,082.55	10,998.65	19,370.92	203,213.99
	<u>269,063.51</u>	<u>7,787,672.38</u>	<u>1,861.48</u>	<u>97,006.27</u>	<u>7,722,428.28</u>	<u>11,687.04</u>	<u>22,054.51</u>	<u>205,421.27</u>
Ref.	A			A		A-8		A
				Ref.				
		Cash - Collector		A-5	7,600,502.19			
		Cash - CFO		A-4	81,176.09			
		Due State of New Jersey		A-14	40,750.00			
					<u>7,641,252.19</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
Business Personalty Tax		41,711.65	
General Property Tax		<u>7,717,076.57</u>	
			7,758,788.22
Added Taxes (54:4-63.1 et. seq.)			<u>28,884.16</u>
			<u><u>7,787,672.38</u></u>
	Ref.		
Tax Levied			
Regional District School Tax (Abstract)	A-15		3,487,590.79
County Taxes:			
County Tax (Abstract)		2,619,901.59	
Due County for Open Space Tax		59,942.78	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)		<u>10,284.85</u>	
Total County Taxes			2,690,129.22
Local Tax for Municipal Purposes	A-2	1,559,700.00	
Municipal Open Space		29,819.00	
Add: Additional Taxes Levied		<u>20,433.37</u>	
			<u>1,609,952.37</u>
			<u><u>7,787,672.38</u></u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2010	A	41,241.86
Increased by:		
Transfers from Taxes Receivable	A-7	<u>11,687.04</u>
		52,928.90
Decreased by:		
Collected	A-5	<u>2,696.47</u>
Balance December 31, 2011	A	<u><u>50,232.43</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2010	A	<u>107,000.00</u>
Balance December 31, 2011	A	<u><u>107,000.00</u></u>

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2010	Budget Revenue Realized	Received	Transfer from Grants Unappropriated	Balance Dec. 31, 2011
<b>Federal Grants:</b>					
Small Cities		119,120.00			119,120.00
<b>State Grants:</b>					
Recycling Enhancement Grant		3,547.00	3,547.00		
Clean Communities		5,877.37	5,877.37		
Recycling Tonnage Grant		5,528.60		5,528.60	
Smart Growth	2,000.00				2,000.00
Police Body Armor		1,209.62		1,209.62	
	<u>2,000.00</u>	<u>135,282.59</u>	<u>9,424.37</u>	<u>6,738.22</u>	<u>121,120.00</u>
Ref.	A	A-2	A-4	A-16	A

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2010		Treasurer	Collector	Dec. 31, 2011
<b>Miscellaneous Revenue Anticipated</b>					
Licenses:					
Alcoholic Beverages		4,902.00	4,902.00		
Fees and Permits		39,096.80	38,776.80	320.00	
Fines and Costs:					
Municipal Court	2,005.47	33,639.48	33,597.19		2,047.76
Interest and Costs on Taxes		74,280.26		74,280.26	
Interest on Investments		16,379.55	15,828.35	551.20	
Utility Operating Surplus		100,000.00	100,000.00		
Lease Payments - Cell Tower		48,660.60	48,660.60		
Consolidated Municipal Property Tax Relief		51,518.00	51,518.00		
Energy Receipts Tax		197,544.00	197,544.00		
Uniform Construction Code Official		32,331.00	32,331.00		
Interlocal Agreement - Joint Court		100,290.51	100,290.51		
Interlocal Agreement - Sewerage Authority		375,987.70	375,987.70		
Cable TV Franchise Fee		11,973.34	11,973.34		
Tri-County JIF Safety Incentive Program		3,775.00	3,775.00		
<b>Miscellaneous Revenue Not Anticipated</b>					
DMV Inspection Fines		2,635.00	2,635.00		
Payments in Lieu of Taxes		41,158.93		41,158.93	
Uniform Fire Safety Act		6,221.14	6,221.14		
Senior Citizen/Homestead Administration Fee		1,027.00	1,027.00		
FEMA Reimbursement		11,467.07	11,467.07		
Refunds		400.00	400.00		
Miscellaneous		663.27	663.27		
Sale of Assets		715.00	715.00		
	<u>2,005.47</u>	<u>1,153,950.65</u>	<u>1,037,597.97</u>	<u>116,310.39</u>	<u>2,047.76</u>
Ref.	A		A-4	A-5	A

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Police	1,799.18	1,799.18	1,759.05	40.13
Prosecutor	325.00	325.00	325.00	
Other Expenses:				
Grant Consultant	100.00	800.00	525.50	274.50
Financial Administration	232.93	232.93	213.52	19.41
Assessment of Taxes	780.93	780.93	780.00	0.93
Collection of Taxes	456.62	456.62	28.00	428.62
Legal Services and Costs	2,824.00	2,124.00	1,024.00	1,100.00
Engineering	1,775.00	1,775.00	211.90	1,563.10
Planning Board	2,193.36	2,193.36	12.50	2,180.86
Affordable Housing	2,057.27	2,057.27	608.00	1,449.27
Resource Recovery	886.77	886.77	71.71	815.06
Road Repairs & Maintenance	2,444.87	2,444.87	18.48	2,426.39
Snow Removal	389.51	389.51	1.68	387.83
Gasoline	1,865.87	1,865.87	16.65	1,849.22
Municipal Court	671.56	671.56	105.98	565.58
Other Accounts - No Change	38,885.59	38,885.59		38,885.59
Operations within CAPS	<u>57,688.46</u>	<u>57,688.46</u>	<u>5,701.97</u>	<u>51,986.49</u>
Operations Excluded from "CAPS"				
Other Accounts - No Change	<u>911.38</u>	<u>911.38</u>		<u>911.38</u>
Operations Excluded from "CAPS"	<u>911.38</u>	<u>911.38</u>		<u>911.38</u>
	<u><u>58,599.84</u></u>	<u><u>58,599.84</u></u>	<u><u>5,701.97</u></u>	<u><u>52,897.87</u></u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2010	A	<u>46,722.15</u>	
Increased by:			
Charges to 2011 Appropriations	A-3	41,938.06	
Reserve for Grants Appropriated	A-17		84,895.25
		<u>88,660.21</u>	<u>84,895.25</u>
Decreased by:			
Payments	A-4	39,484.26	
Canceled	A-1	7,237.89	
		<u>46,722.15</u>	
Balance December 31, 2011	A	<u><u>41,938.06</u></u>	<u><u>84,895.25</u></u>

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

Balance December 31, 2010	Ref. A		5,826.95
Increased by:			
Receipts	A-4		<u>39,500.00</u>
			45,326.95
Decreased by:			
Current Year Deductions Per Tax Duplicate		42,000.00	
Current Year Deductions Allowed by Collector		500.00	
Deductions Disallowed by Collector		<u>(1,750.00)</u>	
	A-7	40,750.00	
Prior Year Deductions Disallowed by Collector	A-1	<u>(1,000.00)</u>	
			<u>39,750.00</u>
Balance December 31, 2011	A		<u><u>5,576.95</u></u>

## SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

	Ref.		
Balance December 31, 2010			
School Tax Payable	A	1,411,800.09	
School Tax Deferred		<u>400,000.00</u>	
			1,811,800.09
Increased by:			
Levy School Year July 1, 2011 to June 30, 2012	A-7		3,487,590.79
			<u>5,299,390.88</u>
Decreased by:			
Payments	A-4		3,481,143.26
Balance December 31, 2011			
School Tax Payable	A	1,418,247.62	
School Tax Deferred		<u>400,000.00</u>	
			<u>1,818,247.62</u>
Tax Liability for Local District School Tax:			
Tax Payable 12-31-2010	A-15		(1,411,800.09)
Tax Payable 12-31-2011	A-15		1,418,247.62
Tax Paid	A-15		3,481,143.26
Amount Charged to Operations	A-1		<u>3,487,590.79</u>

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2010	Received	Budgeted Revenue	Balance Dec. 31, 2011
NJ Recycling Tonnage Grant	5,528.60	5,170.88	5,528.60	5,170.88
Police Body Armor	1,209.62	1,096.45	1,209.62	1,096.45
Drunk Driving Enforcement	2,900.51			2,900.51
	<u>9,638.73</u>	<u>6,267.33</u>	<u>6,738.22</u>	<u>9,167.84</u>
Ref.	A	A-4	A-10	A

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grants	Balance Dec. 31, 2010	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Balance Dec. 31, 2011
<b>Federal Grants:</b>					
Over the Limit Under Arrest	6,000.00				6,000.00
Small Cities - 2011		131,032.00	23,259.15	84,895.25	22,877.60
<b>State Grants:</b>					
New Jersey Transportation Trust					
Clean Communities - 2011		5,877.37	1,305.84		4,571.53
Clean Communities - 2010	6,804.93		6,730.55		74.38
Clean Communities - 2009	2,640.59		2,640.59		
Clean Communities - 2006	260.00		260.00		
Drunk Driving Enforcement Fund 2009	2,052.73				2,052.73
Recycling Enhancement Grant		3,547.00			3,547.00
Recycling Tonnage Grant - 2011		5,528.60			5,528.60
Recycling Tonnage Grant - 2010	4,014.05		311.74		3,702.31
Recycling Tonnage Grant - 2009	592.78		592.78		
Smart Growth - 2009	2,000.00				2,000.00
Municipal Alliance Program - 2011		1,626.75			1,626.75
Municipal Alliance Program - 2010	1,626.75				1,626.75
Municipal Alliance Program - 2009	344.82				344.82
Municipal Alliance Program - 2005	1,626.75				1,626.75
Body Armor Grant - 2011		1,209.62			1,209.62
Body Armor Grant - 2010	719.76				719.76
Body Armor Grant - 2009	789.74				789.74
Body Armor Grant - 2008	65.18				65.18
Municipal Stormwater Regulation Program	2,550.00				2,550.00
Domestic Violence	1,270.00				1,270.00
	<u>33,358.08</u>	<u>148,821.34</u>	<u>35,100.65</u>	<u>84,895.25</u>	<u>62,183.52</u>
Ref.	A	A-3	A-4	A-13	A

## TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust	Developer's Escrow Trust	Off-Duty Police Officers	Municipal Open Space	Municipal Public Defender	Parking Offense Adjudication	Performance Bond Escrow	Landfill Closure	Unemployment Compensation Fund	Uniform Fire Safety Penalty Monies	Affordable Housing	Small Cities Revolving Loan
Balance December 31, 2010	B	6,681.35	39,878.36	5,401.63	127,147.47	711.11	1,217.05	4,208.58	87,092.97	16,843.11			80,851.78
Increased by Receipts:													
Interest Earned		25.01	74.50	16.61	463.25	1.26	3.40	11.25	601.68	991.26			216.25
Dog License Fees:													
Municipal Share	B-2	9,429.00											
State Share		618.00											
Escrow Deposits			63,665.62										
Off-Duty Police				15,897.61									
Open Space Tax					29,819.00								
Public Defender Fees						4,650.00							
POAA Fees							108.00						
Due from Payroll Agency										2,626.37			
Transfer from Investment										55,920.57			
Uniform Fire Safety											1.00		
Affordable Housing												1.00	
Total Receipts		10,072.01	63,740.12	15,914.22	30,282.25	4,651.26	111.40	11.25	601.68	59,538.20	1.00	1.00	216.25
Decreased by Disbursements:													
Expenditures Under RS 4:19-15.11	B-2	10,276.46											
NJ State Department of Health		618.00											
Escrow Charges			80,939.27										
Off-Duty Police				16,272.18									
Municipal Open Space Note Principal					30,000.00								
Municipal Open Space Note Interest					291.00								
Public Defender Fees						5,127.52							
Unemployment Claims										1,640.82			
Due Current Fund		25.01	74.50	16.61		1.26	3.40	11.25					
Total Disbursements		10,919.47	81,013.77	16,288.79	30,291.00	5,128.78	3.40	11.25		1,640.82			
Balance December 31, 2011	B	5,833.89	22,604.71	5,027.06	127,138.72	233.59	1,325.05	4,208.58	87,694.65	74,740.49	1.00	1.00	81,068.03

EXHIBIT B-2

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2010	Ref. B	6,681.35
Increased by:		
Municipal Share of Dog License Fees	B-1	9,429.00
		<u>9,429.00</u>
		16,110.35
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	10,276.46
Balance December 31, 2011	B	<u><u>5,833.89</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	12,490.00
2010	8,180.00
	<u>20,670.00</u>

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Increased by:	Ref.	
Tax Collector Receipts	A-5	32,700.00
Decreased by:		
Premiums Refunded	A-5	12,800.00
Balance December 31, 2011	B	<u><u>19,900.00</u></u>

**GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2010	Ref. C		39,455.27
Increased by:			
Interest Earned		159.34	
Due from Current Fund		115,273.65	
Grants Receivable		193,703.75	
Budget Appropriation Capital Improvement Fund	C-5	50,000.00	
		<hr/>	359,136.74
			<hr/>
			398,592.01
Decreased by:			
Improvement Authorizations	C-7	291,422.28	
Encumbrances Payable		46,337.35	
Preliminary Expenses - Memorial Lake Dam		14,941.60	
Due from Current Fund		159.34	
		<hr/>	352,860.57
			<hr/>
Balance December 31, 2011	C		<u><u>45,731.44</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
		Capital Improvement Fund	Miscellaneous	Improvement Authorization	Miscellaneous	From	To	
		Fund Balance	26,128.81					
Due Current Fund	(115,273.65)		115,432.99		159.34	222,366.04	21,663.53	(200,702.51)
Capital Improvement Fund	266,006.82	50,000.00				82,000.00		234,006.82
Encumbrances Payable	67,510.84				46,337.35	20,422.74	58.40	809.15
Grant Receivable - NJ DOT	(207,002.50)		193,703.75					(13,298.75)
Grant Receivable - Small Cities	(308,474.04)						222,366.04	(86,108.00)
Due from Reliance Fire Company	(1,932.78)							(1,932.78)
Due from Pilesgrove Township	(57,860.28)							(57,860.28)
Reserve for:								
Furniture & Fixtures	1,906.08							1,906.08
Purchase of a Fire Truck	1,000.00							1,000.00
Improvements to Municipal Building	2,719.60							2,719.60
Purchase of Emergency Equipment	16,000.00							16,000.00
Preliminary Costs - Landfill	14,541.20							14,541.20
Preliminary Costs - Memorial Lake Dam					14,941.60	58.40	15,000.00	
Improvement Authorizations:								
Ordinance								
Number								
540 Repairs to Memorial Lake Dam	(30,247.22)							(30,247.22)
597 Certain Street Improvements	27,500.24							27,500.24
608 Parking Lot Improvements	5,768.71							5,768.71
2007-3 Purchase Unimproved Land	(23,000.00)							(23,000.00)
2009-3 Purchase of Dump Truck	992.85					992.85		
2009-13 Capital Improvements to Borough Hall	4,002.85			3,218.97				783.88
2009-16 Improvements to Bailey Street Park	224.50			210.10				14.40
2009-17 Rehabilitation of Housing Units	309,690.90			248,900.00				60,790.90
2009-18 Improvements to the Firehouse	9,792.07					9,792.07		
2009-23 Purchase of Capital Equipment	7,592.02			389.97				7,202.05
2009-24 Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot	6,925.00							6,925.00
2010-7 Upgrade to Liberty Avenue & Church Street	13,861.25			1,152.50		1,240.79		11,467.96
2010-12 Improvements to Borough Hall & Police Bldg.	1,082.00							1,082.00
2011-3 Purchase of Various Computer Equipment & Automated License Plate Recorder System				24,268.94			25,000.00	731.06
2011-7 Improvements to Borough Hall & Public Works Bldg.				37.80			26,000.00	25,962.20
2011-12 Purchase of Public Safety Equipment, Portable Radar Speed Advisory System & Mesasage Trailer				13,244.00			16,000.00	2,756.00
	<u>39,455.27</u>	<u>50,000.00</u>	<u>309,136.74</u>	<u>291,422.28</u>	<u>61,438.29</u>	<u>336,872.89</u>	<u>336,872.89</u>	<u>45,731.44</u>
Ref.	C	C-2	C-2	C-7	C-2			C

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2010	Notes Paid by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance Dec. 31, 2011	
					Financed By Bond Anticipation Notes	Expenditures
525	Certain Street Improvements	90,000.00	90,000.00			
540	Repairs to Memorial Lake Dam	69,247.22	10,000.00	59,247.22	29,000.00	30,247.22
596	Purchase of Certain Public Works Equipment	55,000.00	10,000.00	45,000.00	45,000.00	
625	Purchase Pumper Tanker	150,000.00	10,000.00	140,000.00	140,000.00	
637	Purchase Unimproved Land	254,000.00	10,000.00	244,000.00	244,000.00	
2007-3	Purchase Unimproved Land	23,000.00		23,000.00		23,000.00
2008-8	Purchase Green Acres Land	30,000.00	30,000.00			
2009-2	Purchase of Recycling Containers	70,000.00	7,000.00	63,000.00	63,000.00	
2009-12	Purchase of Street Sweepers	210,000.00		210,000.00	210,000.00	
		<u>951,247.22</u>	<u>167,000.00</u>	<u>784,247.22</u>	<u>731,000.00</u>	<u>53,247.22</u>
Ref.		C	C-8	C	C-8	C-3

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2010	C	266,006.82
Increased by:		
Budget Appropriation	C-2	50,000.00
		<u>316,006.82</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	67,000.00
Appropriation to Finance Preliminary Expense		15,000.00
		<u>234,006.82</u>
Balance December 31, 2011	C	<u><u>234,006.82</u></u>

## SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
<b>Federal Grants:</b>			
Community Development Block Grant			
Bailey Street	40,888.04	40,888.04	
Rehabilitation	267,586.00	181,478.00	86,108.00
<b>State Grants:</b>			
New Jersey Transportation Trust			
Mill & W. Millbrooke	65,002.50	51,703.75	13,298.75
Liberty & Church	142,000.00	142,000.00	
	<u>515,476.54</u>	<u>416,069.79</u>	<u>99,406.75</u>
Ref.	C		C

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance	2011 Authorizations	Paid or Charged	Canceled	Balance
				Dec. 31, 2010	Capital Improvement Fund			Dec. 31, 2011
				Funded	Fund			Funded
597	Certain Street Improvements	05/25/04	190,000	27,500.24				27,500.24
608	Parking Lot Improvements	03/22/05	40,000	5,768.71				5,768.71
2009-3	Purchase of Dump Truck	02/24/09	10,215	992.85			992.85	
2009-13	Capital Improvements to Borough Hall	05/26/09	25,000	4,002.85		3,218.97		783.88
2009-16	Improvements to Bailey Street Park	07/28/09	192,149	224.50		210.10		14.40
2009-17	Rehabilitation of Housing Units	07/28/09	420,000	309,690.90		248,900.00		60,790.90
2009-18	Improvements to the Firehouse	08/25/09	30,705	9,792.07			9,792.07	
2009-23	Purchase of Capital Equipment	11/10/09	15,000	7,592.02		389.97		7,202.05
2009-24	Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot	11/10/09	15,000	6,925.00				6,925.00
2010-7	Upgrade to Liberty Avenue & Church Street	02/28/10	160,000	13,861.25		2,393.29		11,467.96
2010-12	Improvements to Borough Hall & Police Bldg.	05/25/10	15,000	1,082.00				1,082.00
2011-3	Purchase of Various Computer Equipment & Automated License Plate Recorder System	02/08/11	25,000		25,000.00	24,268.94		731.06
2011-7	Improvements to Borough Hall & Public Works Bldg.	05/24/11	26,000		26,000.00	37.80		25,962.20
2011-12	Purchase of Public Safety Equipment, Portable Radar Speed Advisory System & Mesasage Trailer	09/13/11	16,000		16,000.00	13,244.00		2,756.00
				<u>387,432.39</u>	<u>67,000.00</u>	<u>292,663.07</u>	<u>10,784.92</u>	<u>150,984.40</u>
Ref.				C	C-5		C-1	C
Due Current Fund					Ref.	1,240.79		
Disbursed					C-2	291,422.28		
						<u>292,663.07</u>		

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance		Balance Dec. 31, 2011
		of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2010	Decreased	
525	Certain Street Improvements	12/14/01	12/03/10	12/02/11	0.97%	90,000.00	90,000.00	
596	Purchase of Certain Public Works Equipment	12/12/04	12/02/11	11/30/12	1.11%	55,000.00	10,000.00	45,000.00
540	Repairs to Memorial Lake Dam	12/09/05	12/02/11	11/30/12	1.11%	39,000.00	10,000.00	29,000.00
637	Purchase Unimproved Land	12/08/06	12/02/11	11/30/12	1.11%	254,000.00	10,000.00	244,000.00
625	Purchase Pumper Tanker	12/07/07	12/02/11	11/30/12	1.11%	150,000.00	10,000.00	140,000.00
2008-8	Purchase Green Acres Land	12/05/08	12/03/10	12/02/11	0.97%	30,000.00	30,000.00	
2009-2	Purchase of Recycling Containers	12/4/09	12/02/11	11/30/12	1.11%	70,000.00	7,000.00	63,000.00
2009-12	Purchase of Street Sweepers	12/4/09	12/02/11	11/30/12	1.11%	210,000.00		210,000.00
						<u>898,000.00</u>	<u>167,000.00</u>	<u>731,000.00</u>
Ref.						C		C

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance	
		Dec. 31, 2010	Dec. 31, 2011
540	Repairs to Memorial Lake Dam	30,247.22	30,247.22
637	Purchase Unimproved Land	23,000.00	23,000.00
		<u>53,247.22</u>	<u>53,247.22</u>

**WATER UTILITY FUND**

## SCHEDULE OF WATER UTILITY FUND CASH - TREASURER

	Ref.	Operating	Capital	Escrow
Balance December 31, 2010	D	<u>516,900.51</u>	<u>816,894.53</u>	<u>5,405.65</u>
Increased by:				
Consumer Accounts Receivable	D-7	622,075.41		
Miscellaneous Revenues	D-3	24,313.28	2,137.56	14.53
Woodstown Sewerage Authority	D-3	94,153.75		
Utility Rent Overpayments		4,373.55		
Escrow Deposits				13,033.25
Bond Anticipation Notes	D-17	100,000.00		
Due from Water Capital Fund	D-5	2,137.56		
Due from Water Escrow Fund	D-5	14.53		
Budget Appropriation				
Capital Improvement Fund	D-12		30,000.00	
		<u>847,068.08</u>	<u>32,137.56</u>	<u>13,047.78</u>
		<u>1,363,968.59</u>	<u>849,032.09</u>	<u>18,453.43</u>
Decreased by:				
Budget Appropriations	D-4	718,599.38		
Appropriation Reserves	D-10	1,537.78		
Encumbrances Payable	D-11	44,427.29	224,084.55	
Accrued Interest Paid	D-13	79,034.19		
Improvement Authorizations	D-16		73,808.35	
Escrow Payments				14,791.75
Due from Current Fund		180,000.00		
Due Water Operating Fund	D-5		2,137.56	14.53
		<u>1,023,598.64</u>	<u>300,030.46</u>	<u>14,806.28</u>
Balance December 31, 2011	D	<u><u>340,369.95</u></u>	<u><u>549,001.63</u></u>	<u><u>3,647.15</u></u>

ANALYSIS OF WATER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts		Disbursements			Balance Dec. 31, 2011
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers From To	
Fund Balance	55.32						55.32
Capital Improvement Fund	137,792.21	30,000.00					167,792.21
Encumbrances Payable	513,175.85				224,084.55	101,096.00	225,232.40
Due Utility Operating Fund			2,137.56		2,137.56	100,000.00	(100,000.00)
Improvement Authorizations:							
Ordinance							
Number							
631 Well #6	37,090.15			73,808.35		37,237.10	26,044.70
2009-23 Capital Equipment	3,966.00						3,966.00
2010-5 Remote Water Meter Reading	124,575.00					101,096.00	225,671.00
2010-19 Water Main Realignment Project	240.00						240.00
	<u>816,894.53</u>	<u>30,000.00</u>	<u>2,137.56</u>	<u>73,808.35</u>	<u>226,222.11</u>	<u>238,333.10</u>	<u>549,001.63</u>
Ref.	D	D-12	D-5	D-15	D-5		D

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2010	Ref. D	67,554.24
Increased by:		
Utility Rents Levied		642,209.47
		<u>709,763.71</u>
Decreased by:		
Collections	D-5	622,075.41
Overpayments Applied	D-3	5,696.07
		<u>627,771.48</u>
Balance December 31, 2011	D	<u><u>81,992.23</u></u>

## SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2010	Capital Outlay	Balance Dec. 31, 2011
Springs and Wells	1,546,809.26		1,546,809.26
Pumping Station Structure	84,379.76		84,379.76
Power Supply Equipment	27,726.56		27,726.56
Storage Reservoirs & Tanks	89,763.36	31,000.64	120,764.00
Distribution Mains and Accessories	2,167,390.15		2,167,390.15
Service Pipes and Stops	65,042.45		65,042.45
Meters and Meter Boxes	93,701.12		93,701.12
General Equipment	17,624.34		17,624.34
Chlorinator	17,473.50		17,473.50
Computer	3,366.00		3,366.00
Backhoe	72,291.23		72,291.23
Utility Truck	17,994.50		17,994.50
Fire Hydrants	28,175.78		28,175.78
Miscellaneous	106,147.54		106,147.54
	<u>4,337,885.55</u>	<u>31,000.64</u>	<u>4,368,886.19</u>
Ref.	D		D
	Ref.		
Encumbrances Payable		<u>31,000.64</u>	

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Balance
		Date	Amount	Dec. 31, 2010	Dec. 31, 2011
631	Well #6	05/23/06	650,000.00	650,000.00	650,000.00
2009-23	Capital Equipment	11/10/09	5,000.00	5,000.00	5,000.00
2010-5	Remote Water Meter Reading	02/23/10	700,000.00	700,000.00	700,000.00
2010-19	Water Main Realignment Project	08/01/10	75,000.00	75,000.00	75,000.00
				1,430,000.00	1,430,000.00
				1,430,000.00	1,430,000.00
				Ref. D	D

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Other Expenses	16,474.07	16,474.07	1,537.78	14,936.29
Other Accounts - No change	12,647.35	12,647.35		12,647.35
	<u>29,121.42</u>	<u>29,121.42</u>	<u>1,537.78</u>	<u>27,583.64</u>
Ref.	D		D-5	D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2010	D	44,427.29	513,175.85
Increased by:			
Charges to:			
2011 Appropriations	D-4	38,873.18	
Improvement Authorizations	D-15		37,237.10
		<u>83,300.47</u>	<u>550,412.95</u>
Decreased by:			
Payments	D-5	44,427.29	224,084.55
Canceled to Improvement Authorization	D-15		101,096.00
Balance December 31, 2011	D	<u>38,873.18</u>	<u>225,232.40</u>

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2010	Ref. D	137,792.21
Increased by:		
Budget Appropriation	D-5	30,000.00
Balance December 31, 2011	D	<u>167,792.21</u>

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

	Ref.	<u>Bonds</u>	<u>Notes</u>
Balance December 31, 2010	D	30,268.78	
Increased by:			
Budget Appropriation for:			
Interest on Bonds and Notes	D-4	71,568.53	7,394.33
		<u>101,837.31</u>	<u>7,394.33</u>
Decreased by:			
Interest Paid	D-5	72,244.19	6,790.00
Balance December 31, 2011	D	<u>29,593.12</u>	<u>604.33</u>

## Analysis of Accrued Interest December 31, 2011

	Principal Outstanding <u>Dec. 31, 2011</u>	Interest Rate	From	To	Days	Amount
Bonds	1,577,521.93	4.50%	08/03/11	12/31/2011	150	29,593.12
Notes	700,000.00	1.11%	12/02/11	12/31/2011	28	604.33
						<u>30,197.45</u>

## SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2010	Balance Dec. 31, 2011
631	Well #6	05/23/06	250,000.00	250,000.00
2009-23	Capital Equipment	11/10/09	5,000.00	5,000.00
2010-5	Remote Water Meter Reading	02/23/10	35,000.00	35,000.00
2010-19	Water Main Realignment Project	08/01/10	75,000.00	75,000.00
			<u>365,000.00</u>	<u>365,000.00</u>
		Ref.	D	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2010		Paid or Charged	Encumbered	Encumbrance Canceled	Balance Dec. 31, 2011	
				Funded	Unfunded				Funded	Unfunded
631	Well #6	05/23/06	650,000.00		287,090.15	73,808.35	37,237.10			176,044.70
2009-23	Capital Equipment	11/10/09	5,000.00	3,966.00					3,966.00	
2010-5	Remote Water Meter Reading	02/23/10	700,000.00		189,575.00			101,096.00		290,671.00
2010-19	Water Main Realignment Project	08/01/10	75,000.00	240.00					240.00	
				<u>4,206.00</u>	<u>476,665.15</u>	<u>73,808.35</u>	<u>37,237.10</u>	<u>101,096.00</u>	<u>4,206.00</u>	<u>466,715.70</u>
		Ref.		D	D	D-5	D-11	D-11	D	D

## SCHEDULE OF WATER CAPITAL FHA LOAN PAYABLE

Date of Issue	Purpose	Original Issue	Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
8/3/95	Replacement of Various Water Mains	2,000,000	4.50%	1,615,166.14	37,644.21	1,577,521.93
			Ref.	D		D

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance			Balance Dec. 31, 2011
		Date of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2010	Increased	Decreased	
631	Well #6	12/3/2010	12/2/2011	11/30/2012	1.11%	100,000.00	100,000.00	10,000.00	190,000.00
2010-5	Remote Water Meter Reading	12/3/2010	12/2/2011	11/30/2012	1.11%	600,000.00		90,000.00	510,000.00
						700,000.00	100,000.00	100,000.00	700,000.00
					Ref.	D	D-5		D

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance		Balance Dec. 31, 2011
		Dec. 31, 2010	Issued	
631	Well #6	250,000.00	100,000.00	150,000.00
2010-5	Remote Water Meter Reading	65,000.00		65,000.00
		315,000.00	100,000.00	215,000.00
			Ref.	D-17

**PUBLIC ASSISTANCE FUND**

## SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

Balance December 31, 2010	Ref. E	3,460.01
Increased by:		
Interest Earned		9.25
		<u>3,469.26</u>
Decreased by:		
Due Current Fund		9.25
Balance December 31, 2011	E	<u><u>3,460.01</u></u>

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2011**

## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4**

N.J.S.A. 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:

Water Chemicals

New Water Meters

Installation of Water Meters

Filter Media replacement

ADA Curb Ramp Improvements

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 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 N.J.S.A. 40A:11-6.

N.J.S.A. 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 3, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 9, 2011, and was complete except for bankruptcies from prior years not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2011	4
2010	5
2009	3

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

**Verification of Delinquent Taxes and Other Charges**

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

## **OTHER COMMENTS**

### Accounting Procedures:

#### Material Weaknesses

- \*2011-1: A general ledger has been established as required by N.J.A.C. 5:30-5.7, but does not contain many required journal entries. Entries to lapse appropriation reserve balances, cancel encumbrances, adjust interfund receivables and payables and tax entries were not made.

#### Noncompliance

- \*2011-2: There are interfund loans existing as of the end of the year.

### **Municipal Court**

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

### **Corrective Action Plan**

A corrective action plan for the year 2010 was filed with the Division of Local Government Services. Corrective action was not implemented for two of the findings, which are repeated this year.

## **STATUS OF PRIOR RECOMMENDATIONS**

The following findings appeared in prior reports and corrective action has not been implemented.

- 2010-1 Finding: A general ledger has been established as required by N.J.A.C. 5:30-5.7, but does not contain many required journal entries. Entries to lapse appropriation reserve balances, cancel encumbrances, adjust interfund receivables and payables and tax entries were not made.
- 2010-2 Finding: There are interfund loans existing as of the end of the year.

## **FINDINGS AND RECOMMENDATIONS**

- \*2011-1 Finding: A general ledger has been established as required by N.J.A.C. 5:30-5.7, but does not contain many required journal entries. Entries to lapse appropriation reserve balances, cancel encumbrances, adjust interfund receivables and payables and tax entries were not made.

Recommendation: The Chief Financial Officer ensures that required journal entries are properly made to the general ledger.

- \*2011-2 Finding: There are interfund loans existing as of the end of the year.

Recommendation: Disbursements be paid from the proper fund.

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

\*\*\*\*\*

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

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

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC

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