

**BOROUGH OF WOODSTOWN
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015**

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PART I

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodstown, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Woodstown as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the Borough of Woodstown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Woodstown's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

June 16, 2016

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 2,607,288.86	\$ 2,150,580.94
Cash - Payroll	A-4	385.76	385.76
Cash - Collector	A-5	22,092.03	33,065.50
Change Fund		25.00	25.00
		<u>2,629,791.65</u>	<u>2,184,057.20</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	269,538.67	222,727.22
Tax Title Liens Receivable	A-8	9,559.32	5,252.50
Property Acquired for Taxes - Assessed Valuation	A-9	107,000.00	193,400.00
Revenue Accounts Receivable	A-11	4,039.96	2,714.78
Due from Public Defender	B	200.00	200.00
Due from General Capital Fund			419,492.82
		<u>390,337.95</u>	<u>843,787.32</u>
Deferred Charges:			
Special Emergency	A-6	28,000.00	41,000.00
Overexpenditure of Appropriation		3,094.00	3,094.00
Deficit in Operations		1,262.39	127,456.06
		<u>32,356.39</u>	<u>171,550.06</u>
		<u>3,052,485.99</u>	<u>3,199,394.58</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	287,236.76	1,489.96
Due from Current Fund	A	11,241.21	29,585.32
Grant Expenditures Without Appropriation			2,025.00
		<u>298,477.97</u>	<u>33,100.28</u>
		<u>\$ 3,350,963.96</u>	<u>\$ 3,232,494.86</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 17,711.99	\$ 49,006.55
Encumbrances Payable	A-13	49,990.22	33,945.00
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-14	6,201.95	5,761.29
Prepaid Taxes	A-5	114,644.55	101,082.56
Tax Overpayments			4,522.11
Due Outside Lien Holders		12,233.38	5,095.81
Regional School District Tax Payable	A-15	1,886,812.21	1,786,636.63
Due County - PILOT Revenue		2,267.12	1,886.49
Due Election Workers		698.79	598.79
Due Federal and State Grant Fund	A	11,241.21	29,585.32
Due Payroll Agency	B	4,444.82	4,444.82
Due Snow Removal Trust Fund			1,710.85
Due Tax Sale Premium Trust Fund	B	101,800.00	150,800.00
Due General Capital Fund	C	17,507.18	
Deposits on Sale of Property			100.00
Reserve for Unappropriated Revenue:			
Sale of Assets		35,000.00	35,000.00
Memorial Lake Dock Donations		1,463.50	1,463.50
Reserve for Police Forfeitures	A-4	26.00	
Reserve for Veterans Walk Appropriated		3,883.26	3,873.26
Reserve for Revaluation		11,008.15	23,193.15
Reserve for Updating Borough Code		2,390.80	6,513.80
Reserve for Local Grants - Appropriated	A-17	326.30	6,925.00
Due State of New Jersey:			
Construction DCA Fees		504.00	721.00
Marriage License Fees/Domestic Partnerships		50.00	75.00
		<u>2,280,205.43</u>	<u>2,252,940.93</u>
Reserve for Receivables		390,337.95	843,787.32
Fund Balance	A-1	381,942.61	102,666.33
		<u>3,052,485.99</u>	<u>3,199,394.58</u>
Federal and State Grant Fund:			
Reserve for Grants - Appropriated	A-18	103,037.22	25,131.16
Reserve for Grants - Unappropriated	A-16	1,973.55	7,675.61
Encumbrances Payable	A-13	176,328.42	293.51
Due Water Utility Operating Fund	D	17,138.78	
		<u>298,477.97</u>	<u>33,100.28</u>
		<u>\$ 3,350,963.96</u>	<u>\$ 3,232,494.86</u>

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

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

Revenue and Other Income Realized	Ref.	Year 2015	Year 2014
Fund Balance Utilized			\$ 165,451.01
Miscellaneous Revenue Anticipated	A-2	\$ 1,561,785.94	1,213,823.54
Receipts from Delinquent Taxes	A-2	213,766.17	222,147.24
Receipts from Current Taxes	A-2	8,608,334.80	8,223,520.16
Non-Budget Revenue	A-2	176,457.97	79,273.83
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	34,499.74	54,948.70
Encumbrances Payable - Canceled	A-13	6,769.16	209.99
Interfund Loan Returned		19,493.02	86,536.41
Grant Reserves Canceled	A-18	2,025.00	3,500.00
Total Income		10,623,131.80	10,049,410.88
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,159,297.00	1,148,769.00
Other Expenses	A-3	689,860.00	789,769.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	400,214.67	262,795.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	263,540.00	262,341.33
Other Expenses	A-3	535,508.67	416,746.45
Capital Improvements	A-3	85,000.00	50,000.00
Debt Service	A-3	105,339.48	105,675.49
Deferred Charges	A-3	24,436.00	19,100.00
County Taxes	A-7	2,688,860.27	2,588,383.75
County Open Space Tax	A-7	55,043.79	54,640.10
Due County for Added Taxes	A-7	21,218.14	2,113.43
Regional District School Tax	A-15	4,270,954.00	4,054,227.00
Municipal Open Space	A-7	43,333.50	29,172.00
Prior Year Deductions Disallowed	A-14	1,250.00	750.00
Interfund Loan Advanced			420,478.39
Total Expenditures		10,343,855.52	10,204,960.94

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

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

	Ref.	Year 2015	Year 2014
Excess in Revenue		279,276.28	
Deficit in Operations			155,550.06
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			28,094.00
Statutory Excess to Fund Balance		279,276.28	
Deficit in Operations			127,456.06
Fund Balance			
Balance January 1	A	102,666.33	268,117.34
		381,942.61	268,117.34
Decreased by:			
Utilization as Anticipated Revenue			165,451.01
Balance December 31	A	\$ 381,942.61	\$ 102,666.33

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Amended by NJSA 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	\$ 5,300.00		\$ 5,300.00	
Fees and Permits	A-11	16,000.00		17,597.00	\$ 1,597.00
Fines and Costs:					
Municipal Court	A-11	45,000.00		40,284.90	(4,715.10)
Interest and Costs on Taxes	A-11	53,000.00		56,768.93	3,768.93
Interest on Investments	A-11	4,500.00		4,514.94	14.94
Utility Operating Surplus	A-11	85,000.00		85,000.00	
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-11	31,976.00		31,976.00	
Energy Receipts Tax	A-11	217,086.00		217,086.00	
Uniform Construction Code	A-11	30,000.00		54,828.00	24,828.00
Shared Service Agreement:					
Joint Court	A-11	109,038.00		107,475.35	(1,562.65)
Sewerage Authority	A-11	395,000.00		375,544.15	(19,455.85)
General Capital Interfund Return	A-11	400,000.00		400,000.00	
Recycling Tonnage Grant	A-10	4,475.80		4,475.80	
Police Body Armor	A-10	1,174.81		1,174.81	
Clean Communities Grant	A-10		\$ 7,735.06	7,735.06	
Small Cities Rehabilitation	A-10	150,000.00		150,000.00	
Click it or Ticket	A-10	2,025.00		2,025.00	
Total Miscellaneous Revenues		1,549,575.61	7,735.06	1,561,785.94	4,475.27
Receipts from Delinquent Taxes	A-2	200,000.00		213,766.17	13,766.17
Subtotal General Revenues		1,749,575.61	7,735.06	1,775,552.11	18,241.44
Amount to be Raised by Taxation	A-2	1,781,627.52		1,784,556.95	2,929.43
Budget Totals		3,531,203.13	7,735.06	3,560,109.06	21,170.87
Non-Budget Revenue	A-2			176,457.97	
		\$ 3,531,203.13	\$ 7,735.06	\$ 3,736,567.03	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	<u>\$ 8,608,334.80</u>
Allocated to:		
School, County Taxes, and Open Space	A-7	<u>7,079,409.70</u>
Balance for Support of Municipal Budget Appropriation		1,528,925.10
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>255,631.85</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>\$ 1,784,556.95</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7:A-2	<u><u>\$ 213,766.17</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Cable TV Franchise Fee	A-11	\$ 13,482.91
Tri-County JIF Safety Incentive Program	A-11	3,775.00
Landlord Licensing	A-11	1,850.00
Lease Payments - Cell Tower	A-11	80,139.00
DMV Inspection Fines	A-11	1,200.00
Payments in Lieu of Taxes	A-11	47,579.74
Uniform Fire Safety Act	A-11	7,558.54
Senior Citizen/Homestead Administration Fee	A-11	998.61
Street Sweeper Rentals	A-11	1,600.00
Purchase of Trash and Recycle Containers	A-11	687.70
Clothing Drop	A-11	303.60
Oldmans Shared Service Construction Code	A-11	11,423.93
Recyclables	A-11	480.43
Miscellaneous Revenue	A-11	2,312.50
Property Maintenance	A-11	2,066.01
Sale of Foreclosed Property	A-9	1,000.00
	A-2	<u><u>\$ 176,457.97</u></u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries & Wages	\$ 30,000.00	\$ 29,860.00	\$ 29,847.74		\$ 12.26
Other Expenses	2,500.00	1,910.00	1,902.56		7.44
Borough Clerk					
Salaries & Wages	38,000.00	38,140.00	38,139.91		0.09
Other Expenses	8,000.00	7,175.00	6,683.78		491.22
Financial Administration					
Salaries & Wages	27,000.00	26,920.00	26,883.20		36.80
Other Expenses	10,500.00	12,600.00	11,983.62	\$ 51.74	564.64
Grant Consultant					
Other Expenses	500.00	20.00			20.00
Audit Services					
Other Expenses	14,000.00	14,000.00	12,200.00		1,800.00
Collection of Taxes					
Salaries & Wages	28,500.00	27,100.00	27,054.00		46.00
Other Expenses	5,000.00	5,325.00	5,290.68		34.32
Assessment of Taxes					
Salaries & Wages	15,350.00	15,350.00	15,300.00		50.00
Other Expenses	3,500.00	3,590.00	2,792.89	785.00	12.11
Legal Services and Costs					
Other Expenses	14,000.00	14,000.00	11,535.00		2,465.00
Engineering Services and Costs					
Other Expenses	500.00	25.00			25.00
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	9,500.00	7,350.00	7,334.09		15.91
Other Expenses	2,500.00	1,700.00	1,665.88		34.12
Affordable Housing					
Other Expenses	500.00	710.00	705.00		5.00

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
CODE ENFORCEMENT & ADMINISTRATION						
Inspection of Housing						
Salaries and Wages	19,000.00	16,950.00	16,924.99		25.01	
Other Expenses	1,200.00	1,570.00	1,452.62	62.97	54.41	
INSURANCE						
Liability Insurance	21,000.00	20,425.00	20,424.69		0.31	
Workmen's Compensation	39,000.00	37,900.00	37,834.37		65.63	
Group Insurance Plan for Employees	252,200.00	250,920.00	250,918.48		1.52	
Health Benefit Waiver	1,200.00	930.00	925.00		5.00	
Insurance Safety Program - Other Expenses	3,775.00	3,775.00	3,775.00			
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries & Wages	807,000.00	823,810.00	823,788.94		21.06	
Other Expenses	30,000.00	29,000.00	27,115.46	1,286.92	597.62	
Police Radio & Communications						
Other Expenses	32,500.00	32,000.00	32,000.00			
Office of Emergency Management						
Salaries & Wages	5,300.00	4,800.00	4,790.00		10.00	
Other Expenses	1,000.00	820.00	813.21		6.79	
First Aid Organization - Contribution	100.00	5.00			5.00	
Fire						
Other Expenses	30,000.00	30,000.00	30,000.00			
Uniform Fire Safety Act (P.L. 1983, c383)						
Salaries & Wages	8,350.00	8,325.00	8,322.00		3.00	
Other Expenses	700.00	550.00	525.00		25.00	
Prosecutor						
Other Expenses	2,640.00	2,640.00	2,640.00			

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PUBLIC WORKS FUNCTION					
Road Repairs & Maintenance					
Salaries & Wages	89,000.00	80,220.00	80,214.46		5.54
Other Expenses	6,500.00	7,500.00	7,457.46	23.39	19.15
Snow Removal					
Salaries & Wages	3,500.00	2,900.00	2,900.00		
Other Expenses	3,500.00	5,200.00	5,200.00		
Shade Tree					
Other Expenses	50.00	50.00			50.00
Resource Recovery					
Salaries & Wages	14,300.00	14,300.00	13,999.02		300.98
Other Expenses	5,200.00	5,200.00	4,982.04	213.66	4.30
Public Buildings & Grounds					
Other Expenses	8,000.00	8,400.00	8,360.72	37.26	2.02
Equipment Repair & Maintenance					
Other Expenses	8,000.00	6,780.00	6,755.69		24.31
HEALTH & HUMAN SERVICES					
Registrar of Vital Statistics					
Other Expenses	300.00	300.00	280.49		19.51
Environmental Commission					
Other Expenses	1,200.00	600.00	587.36		12.64
Animal Control					
Salaries & Wages	50.00				
Other Expenses	50.00	5.00			5.00
PARK & RECREATION FUNCTIONS					
Maintenance of Parks & Playgrounds					
Other Expenses	24,000.00	23,125.00	23,110.00		15.00
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	1,000.00	675.00	650.00		25.00

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	16,500.00	15,500.00	15,416.93		83.07
Street Lighting	42,000.00	44,375.00	40,072.30	4,294.77	7.93
Telephone	9,000.00	9,795.00	9,787.06		7.94
Gas (Natural or Propane)	14,000.00	12,725.00	12,684.78		40.22
Gasoline	22,000.00	14,700.00	12,291.77	2,396.43	11.80
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Landfill Fees	42,000.00	49,000.00	45,108.74	3,891.00	0.26
Sanitary Landfill Other Expenses	8,500.00	5,500.00	3,496.62		2,003.38
MUNICIPAL COURT FUNCTIONS					
Municipal Court Salaries & Wages	20,232.00	20,232.00	19,305.58		926.42
Other Expenses	7,260.00	7,340.00	7,338.34		1.66
Public Defender Salaries & Wages	615.00	615.00	440.00		175.00
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)					
State Uniform Construction Code Construction Officials Salaries & Wages	34,500.00	42,425.00	42,417.00		8.00
Other Expenses	1,500.00	1,500.00	496.15		1,003.85
Total Operations within "CAPS"	1,847,572.00	1,849,157.00	1,824,920.62	13,043.14	11,193.24
Detail:					
Salaries and Wages	1,150,197.00	1,159,297.00	1,157,660.93		1,636.07
Other Expenses	697,375.00	689,860.00	667,259.69	13,043.14	9,557.17
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
STATUTORY EXPENDITURES					
Deferred Charges:					
Deficit in Operations	126,193.67	126,193.67	126,193.67		
Grant Expenditure Without Appropriation	2,025.00	2,025.00	2,025.00		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Contribution to:					
Public Employees' Retirement System	33,000.00	32,695.00	32,689.00		6.00
Social Security System (OASI)	84,500.00	83,120.00	83,113.67		6.33
Police & Firemen's Retirement System	154,831.00	154,831.00	154,831.00		
State Disability Insurance	1,000.00	750.00	730.89		19.11
Defined Contribution Retirement Program	600.00	600.00	271.22		328.78
Total Deferred Charges & Statutory Expenditures within "CAPS"	402,149.67	400,214.67	399,854.45		360.22
Total General Appropriations for Municipal Purposes within "CAPS"	2,249,721.67	2,249,371.67	2,224,775.07	13,043.14	11,553.46
OPERATIONS EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Award Program (PL 1977, c.388)	18,000.00	18,000.00		18,000.00	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Recycling Tax	3,000.00	3,000.00	2,259.47	287.28	453.25
EDUCATION FUNCTIONS					
Aid to Library (NJSA 40:54-35)					
Other Expenses	5,700.00	5,700.00	5,700.00		
Total Other Operations Excluded from "CAPS"	26,700.00	26,700.00	7,959.47	18,287.28	453.25
SHARED SERVICE AGREEMENTS					
Woodstown Sewerage Authority:					
Salaries and Wages	274,800.00	274,800.00	263,537.61		2.39
Other Expenses	120,200.00	120,200.00	112,006.64		3.36
Logan Township - Solid Waste	122,000.00	122,000.00	111,375.00	10,125.00	500.00
Mid Salem County Joint Court					
Court	97,493.00	97,843.00	95,812.38		2,030.62
Prosecutor	9,360.00	9,360.00	9,360.00		
Public Defender	2,185.00	2,185.00	1,560.00		625.00
Total Shared Service Agreements	626,038.00	626,388.00	593,651.63	10,125.00	3,161.37
					19,450.00

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Click it or Ticket	2,025.00	2,025.00	2,025.00		
Small Cities Rehabilitation	150,000.00	150,000.00	150,000.00		
Clean Communities		7,735.06	7,735.06		
NJ Recycling Tonnage Grant	4,475.80	4,475.80	4,475.80		
Police Body Armor	1,174.81	1,174.81	1,174.81		
Total Public and Private Programs Offset by Revenues	157,675.61	165,410.67	165,410.67		
Total Operations Excluded from "CAPS"	810,413.61	818,498.67	767,021.77	28,412.28	3,614.62
Detail:					
Salaries and Wages	274,800.00	274,800.00	263,537.61		2.39
Other Expenses	535,613.61	543,698.67	503,484.16	28,412.28	3,612.23
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	37,000.00	37,000.00	37,000.00		
Purchase Emergency Equipment	48,000.00	48,000.00	40,524.29	4,931.80	2,543.91
Capital Improvements Excluded from "CAPS"	85,000.00	85,000.00	77,524.29	4,931.80	2,543.91
DEBT SERVICE					
Payment of Bond Anticipation Notes	101,000.00	101,000.00	101,000.00		
Interest on Notes	5,000.00	5,000.00	4,339.48		660.52
Total Debt Service	106,000.00	106,000.00	105,339.48		660.52

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
Special Emergency Authorization	13,000.00	13,000.00	13,000.00		
Transfer to Board of Education for Use of Local Schools	11,436.00	11,436.00	11,436.00		
Total Deferred Charges Excluded from "CAPS"	24,436.00	24,436.00	24,436.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,025,849.61	1,033,934.67	974,321.54	33,344.08	6,158.53
Subtotal General Appropriations	3,275,571.28	3,283,306.34	3,199,096.61	46,387.22	17,711.99
Reserve for uncollected taxes	255,631.85	255,631.85	255,631.85		
Total General Appropriations	<u>\$ 3,531,203.13</u>	<u>\$ 3,538,938.19</u>	<u>\$ 3,454,728.46</u>	<u>\$ 46,387.22</u>	<u>\$ 17,711.99</u>
	Ref.	A-2		A-13	A
		Ref.			
Budget		A-3	\$ 3,531,203.13		
Budget Amendments per NJSA 40A:4-87		A-2	7,735.06		
			<u>\$ 3,538,938.19</u>		
		Ref.			
Reserve for Uncollected Taxes		A-2	\$ 255,631.85		
Due General Capital Fund			37,000.00		
Deferred Charges:					
Special Emergency Authorization		A-6	13,000.00		
Grant Expenditure Without Appropriation		A	2,025.00		
Deficit in Operations		A	126,193.67		
Reserve for Federal & State Grants - Appropriated		A-18	165,410.67		
Disbursed		A-4	2,855,467.27		
			<u>\$ 3,454,728.46</u>		

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Animal Control Trust Fund			
Cash - Treasurer	B-1	\$ 8,660.30	\$ 9,191.80
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	7,603.00	6,643.50
Landfill Closure			
Cash - Certificate of Deposit	B-1	88,842.59	88,576.47
LOSAP (unaudited)			
Investment		422,600.64	383,858.79
Accounts Receivable			21,600.00
		<u>422,600.64</u>	<u>405,458.79</u>
Municipal Open Space			
Cash - Treasurer	B-1	343,738.52	189,076.88
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	9,362.98	7,934.42
Parking Offense Adjudication Act			
Cash - Treasurer	B-1	1,861.05	1,765.05
Payroll Agency Trust Fund			
Cash - Treasurer	B-1	26,470.94	31,032.97
Due from Current Fund	A	4,444.82	4,444.82
Due from Water Operating Fund	D	3,304.00	3,304.00
Due from Woodstown Sewerage Authority			6,607.98
		<u>34,219.76</u>	<u>45,389.77</u>
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	4,208.58	4,208.58
Public Defender Trust Fund			
Cash - Treasurer	B-1	45.79	803.66
Deficit in Public Defender		154.21	
		<u>200.00</u>	<u>803.66</u>
Tax Sale Premium			
Due from Current Fund	A	101,800.00	150,800.00

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS (CONTINUED)	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	1.00	1.00
Affordable Housing			
Cash - Treasurer	B-1	5,818.88	1.00
Small Cities Revolving Loan Fund			
Cash - Treasurer	B-1	150,843.01	154,543.48
Loans Receivable		800.00	800.00
		<u>151,643.01</u>	<u>155,343.48</u>
Snow Removal Trust Fund			
Cash - Treasurer	B-1	357.72	569.65
Due from Current Fund			1,710.85
		<u>357.72</u>	<u>2,280.50</u>
Unemployment Compensation Fund			
Cash - Treasurer	B-1	80,919.25	80,797.98
Due from Payroll Agency Fund	B	8,087.34	5,342.92
		<u>89,006.59</u>	<u>86,140.90</u>
		<u>\$ 1,269,924.62</u>	<u>\$ 1,153,615.80</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due State of New Jersey		\$ 4.80	\$ 3.60
Reserve for Dog Fund Expenditures	B-2	8,655.50	9,188.20
		<u>8,660.30</u>	<u>9,191.80</u>
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		<u>7,603.00</u>	<u>6,643.50</u>
Landfill Closure			
Reserve for Landfill Closure		<u>88,842.59</u>	<u>88,576.47</u>
LOSAP (unaudited)			
Reserve for LOSAP Benefits		<u>422,600.64</u>	<u>405,458.79</u>
Municipal Open Space			
Due General Capital Fund	C	315,256.40	
Reserve for Municipal Open Space		28,482.12	189,076.88
		<u>343,738.52</u>	<u>189,076.88</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Outside Employment of Off-Duty Municipal Police Officers Reserve for Off-Duty Police Fees		9,362.98	7,934.42
Parking Offense Adjudication Act Reserve for POAA Fees		1,861.05	1,765.05
Payroll Agency Trust Fund Due Unemployment Trust Fund	B	8,087.34	5,342.92
Reserve for Payroll Taxes Payable		26,132.42	40,046.85
		34,219.76	45,389.77
Performance Bond Escrow Trust Fund Reserve for Performance Bond Escrow Fees		4,208.58	4,208.58
		4,208.58	4,208.58
Public Defender Trust Fund Due Current Fund	A	200.00	200.00
Reserve for Public Defender Trust			603.66
		200.00	803.66
Uniform Fire Safety Penalty Monies Reserve for Uniform Fire Safety		1.00	1.00
Affordable Housing Reserve for Affordable Housing		5,818.88	1.00
Small Cities Revolving Loan Fund Reserve for Loans Receivable		800.00	800.00
Due General Capital Fund	C	7,624.00	7,624.00
Reserve for Small Cities		143,219.01	146,919.48
		151,643.01	155,343.48
Snow Removal Trust Fund Reserve for Snow Removal Trust		357.72	2,280.50

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)	Ref.	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2014</u>
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-3	101,800.00	150,800.00
Unemployment Compensation Fund			
Reserve for Unemployment Claims		89,006.59	86,140.90
		<u>\$ 1,269,924.62</u>	<u>\$ 1,153,615.80</u>

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

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance	
		Dec. 31, 2015	Dec. 31, 2014
ASSETS			
Cash - Treasurer	C-2	\$ 307,322.95	\$ 424,354.93
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,424,580.44	883,496.47
Grants Receivable	C-6	13,298.75	51,048.75
Due from Reliance Fire Company		1,932.78	1,932.78
Due from Pilesgrove Township		67,860.28	67,860.28
Due from Woodstown Sewerage Authority			145,894.65
Due from Current Fund	A	17,507.18	
Due from Small Cities Revolving Loan Trust	B	7,624.00	7,624.00
Due from Open Space Trust Fund	B	315,256.40	
		<u>\$ 2,155,382.78</u>	<u>\$ 1,582,211.86</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Bond Anticipation Notes Payable	C-8	\$ 945,000.00	\$ 596,000.00
Improvement Authorizations:			
Funded	C-7	49,275.46	95,326.26
Unfunded	C-7	160,613.95	306,228.12
Encumbrances Payable		850,517.24	17,050.53
Reserves for:			
Improvement to Municipal Building		2,719.60	2,719.60
Purchase of a Fire Truck			21,000.00
Purchase of Emergency Equipment		17,437.00	31,000.00
Reconstruction of Municipal Roads		10,000.00	10,000.00
Purchase of Furniture & Fixtures		1,906.08	1,906.08
Preliminary Costs - Landfill		14,541.20	14,541.20
Preliminary Costs - Memorial Lake Dam		6,558.40	58.40
Preliminary Costs - Safe Routes to Schools		10,000.00	
Due Current Fund			419,492.82
Capital Improvement Fund	C-5	49,900.12	29,975.12
Fund Balance	C-1	36,913.73	36,913.73
		<u>\$ 2,155,382.78</u>	<u>\$ 1,582,211.86</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2014	C	\$ 36,913.73
Balance December 31, 2015	C	<u>\$ 36,913.73</u>

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

WATER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Operating Fund			
Cash - Treasurer	D-5	\$ 167,962.59	\$ 138,673.14
Cash - Change Fund		40.00	40.00
Due from Federal and State Grant Fund	A	17,138.78	
		<u>185,141.37</u>	<u>138,713.14</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	77,020.39	85,460.49
Deferred Charges:			
Overexpenditure of Appropriation		3,299.00	3,299.00
		<u>3,299.00</u>	<u>3,299.00</u>
Total Operating Fund		<u>265,460.76</u>	<u>227,472.63</u>
Capital Fund			
Cash - Treasurer	D-5	32,881.64	264,630.04
Fixed Capital	D-8	5,625,458.48	4,964,333.39
Fixed Capital Authorized and Uncompleted			694,000.00
Due from Water Operating Fund	D	50,000.00	
Total Capital Fund		<u>5,708,340.12</u>	<u>5,922,963.43</u>
Escrow Fund			
Cash - Treasurer	D-5	1,879.90	5,277.40
		<u>\$ 5,975,680.78</u>	<u>\$ 6,155,713.46</u>

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

EXHIBIT D
(Continued)

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-10	\$ 14,978.77	\$ 3,760.69
Encumbrances Payable	D-11	22,904.35	21,012.98
Accrued Interest on Bonds and Notes	D-13	26,834.50	27,797.54
Due Payroll Agency Trust Fund	B	3,304.00	3,304.00
Water Rent Overpayments		2,700.74	2,155.62
Due Water Capital Fund	D	50,000.00	
		<u>120,722.36</u>	<u>58,030.83</u>
Reserve for Receivables		77,020.39	85,460.49
Fund Balance	D-1	67,718.01	83,981.31
Total Operating Fund		<u>265,460.76</u>	<u>227,472.63</u>
Capital Fund			
Loan Payable	D-16	1,415,898.59	1,458,805.88
Bond Anticipation Notes Payable	D-17	299,000.00	630,000.00
Improvement Authorizations:			
Funded			288.01
Unfunded			39,277.65
Encumbrances Payable			299.25
Capital Improvement Fund	D-12	77,226.66	22,066.18
Reserve for Amortization		3,910,559.89	3,329,148.38
Deferred Reserve for Amortization			438,000.00
Fund Balance	D-2	5,654.98	5,078.08
Total Capital Fund		<u>5,708,340.12</u>	<u>5,922,963.43</u>
Escrow Fund			
Reserve for Escrow Fees		1,879.90	5,277.40
		<u>\$ 5,975,680.78</u>	<u>\$ 6,155,713.46</u>

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

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

Revenue and Other Income Realized	Ref.	Year 2015	Year 2014
Fund Balance Utilized	D-3	\$ 63,800.00	
Rents	D-3	788,864.92	\$ 751,206.79
Miscellaneous	D-3	32,946.98	32,280.45
Small Cities	D-3	400,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	3,760.69	1,090.18
Encumbrances Payable - Canceled	D-11	46.00	
Total Income		<u>1,289,418.59</u>	<u>784,577.42</u>
Expenditures			
Operating	D-4	456,200.00	438,050.00
Capital Improvements	D-4	460,000.00	15,000.00
Debt Service	D-4	206,281.89	132,299.29
Deferred Charges and Statutory Expenditures	D-4	119,400.00	145,449.00
Total Expenditures		<u>1,241,881.89</u>	<u>730,798.29</u>
Excess in Revenue		47,536.70	53,779.13
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			<u>3,299.00</u>
Statutory Excess to Surplus		47,536.70	57,078.13
Fund Balance			
Balance January 1	D	83,981.31	26,903.18
		131,518.01	83,981.31
Decreased by:			
Utilization as Anticipated Revenue	D-1	63,800.00	
Balance December 31	D	<u>\$ 67,718.01</u>	<u>\$ 83,981.31</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, 2014	Ref. D	\$ 5,078.08
Increased by:		
Improvement Authorizations Canceled	D-15	576.90
Balance December 31, 2015	D	<u>\$ 5,654.98</u>

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 63,800.00	\$ 63,800.00	
Rents	D-3	750,000.00	788,864.92	\$ 38,864.92
Miscellaneous	D-3	30,000.00	32,946.98	2,946.98
Small Cities - CDBG - Alloway Road	A-10	400,000.00	400,000.00	
		<u>\$ 1,243,800.00</u>	<u>\$ 1,285,611.90</u>	<u>\$ 41,811.90</u>
	Ref. D-4			

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

Collected	D-7	\$ 786,709.30
Overpayments Applied	D-7	2,155.62
		<u>\$ 788,864.92</u>

Miscellaneous:

Interest on Delinquent Rents		\$ 12,927.74
Miscellaneous/Searches/Application Fees		251.41
Water Meter		8,362.60
Sale of Assets		2,476.40
Connection Fee		8,251.55
Interest on Investments		677.28
	D-3:D-5	<u>\$ 32,946.98</u>

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

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 210,000.00	\$ 210,000.00	\$ 201,529.88		\$ 8,470.12	
Other Expenses	246,200.00	246,200.00	221,952.17	\$ 22,904.35	1,343.48	
Capital Improvements:						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
Capital Outlay	10,000.00	10,000.00	6,990.00		3,010.00	
Small Cities CDBG - Alloway Road	400,000.00	400,000.00	400,000.00			
Debt Service:						
Payment of Bond Principal	43,100.00	43,100.00	42,907.29			\$ 192.71
Payment of Bond Anticipation Notes	95,000.00	95,000.00	94,379.13			620.87
Interest on Bonds	65,300.00	65,300.00	64,565.39			734.61
Interest on Notes	4,800.00	4,800.00	4,430.08			369.92
Statutory Expenditures:						
Public Employees' Retirement	18,000.00	18,000.00	17,540.00		460.00	
Social Security System (OASI)	16,000.00	16,000.00	14,507.24		1,492.76	
Unemployment Compensation	100.00	100.00			100.00	
Disability Insurance	300.00	300.00	197.59		102.41	
Surplus General Budget	85,000.00	85,000.00	85,000.00			
	<u>\$ 1,243,800.00</u>	<u>\$ 1,243,800.00</u>	<u>\$ 1,203,998.77</u>	<u>\$ 22,904.35</u>	<u>\$ 14,978.77</u>	<u>\$ 1,918.11</u>
Ref.	D-3			D-11	D	
	Ref.					
Interest on Bonds and Notes	D-13		\$ 68,995.47			
Due Utility Capital Fund			50,000.00			
Reserve for Grants Appropriated	A-18		400,000.00			
Deferred Charges:						
Overexpenditure of Appropriation						
Disbursed	D-5		685,003.30			
			<u>\$1,203,998.77</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, 2015	Balance Dec. 31, 2014
ASSETS			
Cash - Treasurer	E-1	\$ 3,460.01	\$ 3,460.01
LIABILITIES AND RESERVES			
Reserve for Public Assistance		\$ 3,460.01	\$ 3,460.01

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

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Fixed Assets:		
Buildings	\$ 2,529,676.00	\$ 2,529,676.00
Land and Improvements	1,038,390.00	918,390.00
Machinery and Equipment	1,652,204.91	1,539,614.17
Vehicles	466,172.24	433,693.24
	<u>\$ 5,686,443.15</u>	<u>\$ 5,421,373.41</u>
Investment in General Fixed Assets	<u>\$ 5,686,443.15</u>	<u>\$ 5,421,373.41</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, 2015 and 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Description of Funds and Account Groups

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

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

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

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

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

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

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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, 2015 and 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

D. Comparative Data

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

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

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

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will have an effect on the Borough's financial reporting. The impact of this statement on the Borough's financial reporting is not presently determinable.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 and 2014 budgets included a reserve for uncollected taxes in the amount of \$255,631.85 and \$306,595.39. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The Borough amended the budget during the year by the insertion of a Special Item of Revenue in the amount of \$7,735.06 for federal and state grants as detailed on Exhibit A-2.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2015 and 2014, the carrying amount of the Borough's deposits was \$3,872,072.35 and \$3,595,639.16, respectively. As of December 31, 2015 and 2014, \$0 of the municipality's bank balance of \$3,948,715.65 and \$3,655,895.82, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2015 and 2014, the Borough had no investments other than (LOSAP).

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

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

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

Unaudited Investments - As more fully described in Note 21, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014, amounted to \$422,600.64 and \$383,858.79, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is not available.

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, 2015 and 2014, for accrued unused vacation benefits is \$12,364.80 and \$11,741.04, 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.

NOTE 6: TAXES COLLECTED IN ADVANCE

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 6: TAXES COLLECTED IN ADVANCE (CONTINUED)

	Balance	
	Dec 31, 2015	Dec. 31, 2014
Prepaid Taxes - Cash Liability	\$ 114,644.55	\$ 101,082.56

NOTE 7: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding
			Year
Current Fund	2015	\$ 381,942.61	\$ 196,274.70
	2014	102,666.33	None
	2013	268,117.34	165,451.01
	2012	236,836.57	132,651.98
	2011	438,976.14	321,026.48
Water Operating Fund	2015	67,718.01	31,300.00
	2014	83,981.31	63,800.00
	2013	26,903.18	None
	2012	110,685.29	89,400.00
	2011	142,973.52	87,300.00

NOTE 8: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2015:

	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
	Land and Improvements	\$ 918,390.00	\$ 120,000.00	
Buildings	2,529,676.00			2,529,676.00
Machinery and Equipment	1,539,614.17	112,590.74		1,652,204.91
Vehicles	433,693.24	32,479.00		466,172.24
	\$ 5,421,373.41	\$ 265,069.74	None	\$ 5,686,443.15

NOTE 9: ECONOMIC DEPENDENCY

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2015:

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Tax Sale Premium Fund		\$ 101,800.00
General Capital Fund		17,507.18
Public Defender Trust Fund	\$ 200.00	
Federal and State Grant Fund		11,241.21
Payroll Agency		4,444.82
Payroll Agency		
Water Operating Fund	3,304.00	
Current Fund	4,444.82	
Unemployment Trust Fund		8,087.34
Federal and State Grant Fund		
Current Fund	11,241.21	
Water Operating Fund		17,138.78
Unemployment Trust Fund		
Payroll Agency	8,087.34	
General Capital Fund		
Small Cities Revolving Loan Trust	7,624.00	
Current Fund	17,507.18	
Municipal Open Space Trust	315,256.40	
Municipal Open Space Trust		
General Capital Fund		315,256.40
Public Defender Trust		
Current Fund		200.00
Tax Sale Premium		
Current Fund	101,800.00	
Small Cities Revolving Loan Trust		
General Capital Fund		7,624.00
Water Operating Fund		
Federal and State Grant Fund	17,138.78	
Payroll Agency		3,304.00
Water Capital Fund		50,000.00
Water Capital Fund		
Water Operating Fund	50,000.00	
	<u>\$ 536,603.73</u>	<u>\$ 536,603.73</u>

The amount due from Federal and State Grant Fund to Current Fund is due to the fact that there is not a separate bank account for the Grant Fund. The amount due General Capital Fund and Water Capital Fund is due to the fact that the Capital Improvement Funds were not transferred prior to the end of year. The amounts due Tax Sale Premium account are due to a separate bank account is not maintained for premiums.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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, 2015 and 2014, \$2,135,477.00 and \$2,027,113.50, 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 2015 or 2014.

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	
	12/31/2015	12/31/2014
Balance of Tax	\$ 2,286,812.21	\$ 2,186,636.63
Deferred	400,000.00	400,000.00
	\$ 1,886,812.21	\$ 1,786,636.63

NOTE 12: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2015, consisted of the following:

	Year		
	2015	2014	2013
Bonds, Notes, and Loans Issued	\$ 2,659,898.59	\$ 2,684,805.88	\$ 3,130,988.51
Bonds and Notes Authorized But Not Issued	479,580.44	407,496.47	173,247.22
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	\$ 3,139,479.03	\$ 3,092,302.35	\$ 3,304,235.73

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 12: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

	Balance Dec. 31, 2014	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2015	Due Within One Year
ISSUED					
General:					
Bond Anticipation Notes	\$ 596,000.00	\$ 520,000.00	\$ 171,000.00	\$ 945,000.00	\$ 102,000.00
Water:					
Loan Payable	1,458,805.88		42,907.29	1,415,898.59	45,100.00
Bond Anticipation Notes	630,000.00	11,000.00	342,000.00	299,000.00	74,000.00
Net Debt Issued	<u>2,684,805.88</u>	<u>531,000.00</u>	<u>555,907.29</u>	<u>2,659,898.59</u>	<u>221,100.00</u>
AUTHORIZED BUT NOT ISSUED					
General:					
Bond Anticipation Notes	357,496.47	670,000.00	547,916.03	479,580.44	
Water:					
Bond Anticipation Notes	50,000.00		50,000.00		
Authorized But Not Issued	<u>407,496.47</u>	<u>670,000.00</u>	<u>597,916.03</u>	<u>479,580.44</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 3,092,302.35</u>	<u>\$ 531,000.00</u>	<u>\$ 1,153,823.32</u>	<u>\$ 3,139,479.03</u>	<u>\$ 221,100.00</u>

\$2,000,000.00 U.S. Department of Agriculture – Rural Development loan dated August 3, 1995, payable in semi-annual installments through August 2035. Interest is paid at a rate of 4.5% per annum. The balance remaining at December 31, 2015, was \$1,415,898.59.

**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			
2016	\$ 45,016.05	\$ 63,263.95	\$ 108,280.00
2017	47,064.56	61,215.44	108,280.00
2018	49,206.29	59,073.71	108,280.00
2019	51,445.49	56,834.51	108,280.00
2020	53,786.58	54,493.42	108,280.00
2021-2025	307,952.34	233,447.66	541,400.00
2026-2030	384,695.13	156,704.87	541,400.00
2031-2035	476,732.15	64,667.85	541,400.00
	<u>\$ 1,415,898.59</u>	<u>\$ 749,701.41</u>	<u>\$ 2,165,600.00</u>

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 12: LONG-TERM DEBT (CONTINUED)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .508%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 8,276,774.93	\$ 8,276,774.93	
Water Debt	1,714,749.18	1,714,749.18	
General Debt	1,424,580.44		\$1,424,580.44
	<u>\$ 11,416,104.55</u>	<u>\$ 9,991,524.11</u>	<u>\$1,424,580.44</u>

Net Debt \$1,424,580.44/Equalized Valuation Basis per NJSA 40A:2-2 as amended \$274,889,224.33 = .508%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,621,122.85
Net Debt	1,424,580.44
Remaining Borrowing Power	<u>\$ 8,196,542.41</u>

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

Cash Receipts from Fees, Rents, or Other Charges	\$ 1,285,611.90
Deductions:	
Operating and Maintenance Costs	\$ 490,600.00
Debt Service Per Water & Sewer Account	206,281.89
	<u>696,881.89</u>
Excess in Revenue	<u>\$ 588,730.01</u>

NOTE 13: NOTES PAYABLE

The Borough has outstanding at December 31, 2015, a General Capital and Utility Capital bond anticipation note in the amount of \$945,000.00 and \$299,000.00, payable to TBGC Investments Inc. This note will mature on November 25, 2016, at an interest rate per annum of .97%.

NOTE 14: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by the Public Employees' Retirement System (PERS), or Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division).

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014

NOTE 14: PENSION FUNDS (CONTINUED)

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, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

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

Defined Contribution Retirement Program (DCRP) - The Borough established the Defined Contribution Retirement Program by ordinance on July 8, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to DCRP for the years ending December 31, 2015, 2014, and 2013, were \$271.22, \$382.80, and \$403.36, respectively, equal to the required contributions for each year.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.92% to 7.06% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provide for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2015 are 11.92% and 24.32%, respectively, of covered payroll, as reported on June 30, 2013. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's net contributions to PERS for the years ending December 31, 2015, 2014, and 2013, were \$79,727.00, \$74,974.00, and \$81,716.00, respectively, equal to the required contributions for each year. A portion of the pension costs are charged to the shared service agreements for Municipal Court and Woodstown Sewerage Authority. The Borough's net contributions to PFRS for the years ending December 31, 2015, 2014, and 2013, were \$154,831.00, \$132,727.00, and \$140,679.00, respectively, equal to the required contributions for each year.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 14: PENSION FUNDS (CONTINUED)

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

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 14: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued) - repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

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

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

Public Employee's Retirement System - At December 31, 2015, the Borough's liability of \$2,143,512 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014, the Borough's proportion was 0.0095487918% and 0.0112742147%, respectively.

For the year ended December 31, 2015, the Borough's pension expense would be \$112,646 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 51,137	
Changes of Assumptions	217,995	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 3,015
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		138,923
	\$ 269,132	\$ 141,938

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

Year Ended	Amount
June 30,	
2017	\$ 22,025
2018	22,025
2019	22,025
2020	53,474
2021	7,645
	\$ 127,194

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 588,743,291	\$ 2,946,265,815
Collective Deferred Inflows of Resources	1,115,773,278	360,920,604
Collective Net Pension Liability	18,722,735,003	22,447,996,119
Borough's Proportion	0.0112742147%	0.0095487918%

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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

Actuarial Assumptions

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% Based on Age
Thereafter	3.15 – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

Police and Firemen's Retirement System

At December 31, 2015, the Borough's liability of \$3,451,953 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014, the Borough's proportion was 0.0207243434% and 0.0201584736%, respectively.

For the year ended December 31, 2015, the Borough's pension expense would be \$347,230 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 619,816	
Differences Between Expected and Actual Experience		\$ 29,774
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,613	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	198,467	
	\$ 822,896	\$ 29,774

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

Year Ended	Amount
2017	\$ 155,464
2018	155,464
2019	155,464
2020	220,155
2021	106,575
	\$ 793,122

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 472,261,128	\$ 3,075,206,294
Collective Deferred Inflows of Resources:		
Difference Between Projected and Actual Earnings	1,283,652,103	289,891,980
Difference Between Expected and Actual Experience		143,667,728
Collective Net Pension Liability	13,933,627,178	18,117,234,618
 Borough's Proportion	 0.0201584736%	 0.0207243434%

Contributions

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

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

Actuarial Assumptions

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60 – 9.48% Based on Age
Thereafter	3.60 – 10.48% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2015 and June 30, 2014, special funding situation net pension liability amounts of \$302,725 and \$273,058 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual state contribution through the valuation date.

NOTE 16: POST-RETIREMENT BENEFITS

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 16: POST-RETIREMENT BENEFITS

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

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

For calendar year 2015, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$475,246.00 for premiums of employees and retirees.

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

Normal Cost	\$ 36,009.00
Actuarial Accrued Liability	2,474,616.00
Assets	None
UAAL	<u>2,474,616.00</u>
30 Year Amortization of UAAL at Discount	<u>151,920.00</u>
ARC	\$ 187,929.00

The Borough's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2015, based upon a 4.5% discount rate.

Funded Status and Funding Progress - As of December 31, 2015, the Borough is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

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

**BOROUGH OF WOODSTOWN
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 16: POST-RETIREMENT BENEFITS (CONTINUED)

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

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

NOTE 17: DEFERRED COMPENSATION

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

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

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

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

NOTE 18: LABOR CONTRACTS

As of December 31, 2015, the Borough's police officers are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 19: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough of Woodstown is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund, in the event there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage during the year 2015.

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
2015	\$ 121.27	\$ 2,744.42	None		\$ 89,006.59
2014	120.99	2,738.21	None		86,140.90
2013	348.53	2,604.71	None		83,281.70

NOTE 20: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2015	2016 Budget Appropriation	Budgets of Succeeding Years
Current Fund:			
Special Emergency	\$ 28,000.00	\$ 13,000.00	\$ 15,000.00
Overexpenditure of Appropriation	3,094.00	3,094.00	
Deficit in Operations	1,262.39	1,262.39	
Water Operating Fund:			
Overexpenditure of Appropriation	3,299.00	3,299.00	
Public Defender Trust Fund:			
Deficit in Operations	154.21	154.21	
	<u>\$ 35,809.60</u>	<u>\$ 20,809.60</u>	<u>\$ 15,000.00</u>

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 21: LENGTH OF SERVICE AWARD PROGRAM

During the year 2003 the voters of the Borough of Woodstown approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by the voters of the Borough of Woodstown by referendum at the general election in November of 2003. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The balance is subject to the general creditors of the Borough. Contributions by the Borough for qualified participants were \$12,400.00 and \$0 for 2014 and 2013, respectively. This payment is made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Lincoln Financial Advisors.

NOTE 22: TAX ABATEMENT PROGRAM

The tax abatement program was established to encourage development in the Borough to provide housing needs for the low and moderate income, population. There are three agreements in place, Project Freedom - "The Village at Woodstown," Bailey Corner, and Woodstown Development. Woodstown Development is a five year program where real estate taxes on the approved buildings are abated and payments are made in lieu. Specific qualifications for properties are delineated in the Code Book of the Borough. This qualifying property is tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years. The Borough also has long-term programs in accordance with the Local Redevelopment and Housing Law and the Long-Term Exemption Law, codified at NJSA 40A:20-1 et seq. The other two projects are charged annual service charges based on a percentage of annual gross revenue. During the 2015 and 2014 calendar years, the tax abatement program generated \$47,579.74 and \$22,971.45, respectively, in revenue for the Borough.

NOTE 23: JOINT VENTURE

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

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

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 23: JOINT VENTURE (CONTINUED)

On November 26, 2013, Woodstown entered into a joint venture agreement with the Township of Logan to participate in the Solid Waste Collection system. Woodstown is billed monthly on a per unit cost, but not less than 1300 units at a rate of 7.50 per unit per month. There will be a rate increase of 2% effective February 29, 2016, 2017, and 2018.

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

NOTE 24: SANITARY LANDFILL CLOSURE

The landfill has been closed since the mid 1980's. The Borough currently does not have a landfill closure plan. Certain actions were proposed to be implemented by the Borough in order to formally close the landfill site. A capital resolution was prepared in 1998 to fund Landfill Closure Costs of \$26,450.00. There have been no appropriations made since then. The balance in the Landfill Closure Trust Fund at December 31, 2015 and 2014, were \$88,842.59 and \$88,576.47, respectively.

NOTE 25: OPERATING LEASES

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

<u>Year</u>	<u>Amount</u>
2016	\$ 312.00
2017	312.00
2018	156.00
	<u>\$ 780.00</u>

NOTE 26: 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 no pending litigation against the Borough. There is a pending real property tax appeal that would not materially have an adverse effect on Borough if the result is a reduction in assessed valuation.

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 and 2014**

NOTE 26: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and June 16, 2016, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

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

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

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

Schedule of Borough Contributions - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 138,849	\$ 133,908	\$ 74,974
Contributions in Relation to the Contractually Required Contribution	138,849	133,908	74,974
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 707,605	\$ 636,888	\$ 681,742
Contributions as a Percentage of Covered-Employee Payroll	19.62%	21.03%	11.00%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

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

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0376045620%	0.0404907597%	0.0416845225%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,263,609	\$ 5,093,362	\$ 5,541,581
Borough's Covered-Employee Payroll	1,255,168	1,327,745	1,303,842
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	499.03%	383.61%	425.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%	58.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 305,669	\$ 310,997	\$ 304,121
Contributions in Relation to the Contractually Required Contribution	305,669	310,997	304,121
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,255,168	\$ 1,327,745	\$ 1,303,842
Contributions as a Percentage of Covered-Employee Payroll	24.35%	23.42%	23.32%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

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

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0376045620%	0.0404907597%	0.0416845225%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 549,298	\$ 548,469	\$ 516,543
Borough's Covered-Employee Payroll	1,255,168	1,327,745	1,303,842
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	43.76%	41.31%	39.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%	58.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

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

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

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

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 28,594	\$ 22,774	\$ 20,338
Contributions in Relation to the Contractually Required Contribution	28,594	22,774	20,338
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>
Borough's Covered-Employee Payroll	\$ 1,255,168	\$ 1,327,745	\$ 1,303,842
Contributions as a Percentage of Covered-Employee Payroll	2.28%	1.72%	1.56%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

SUPPLEMENTARY INFORMATION

Nick L. Petroni, CPA, RMA

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Woodstown, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough of Woodstown's basic financial statements, and have issued our report thereon dated June 16, 2016, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the Length of Service Award Program (LOSAP), financial statements as part of our audit of the Borough of Woodstown's financial statements.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2015-001 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Woodstown, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests 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 items 2015-002, 2015-003 and 2015-004.

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



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

June 16, 2016

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll Account
Balance December 31, 2014	A	\$ 2,150,580.94	\$ 385.76
Increased by Receipts:			
Tax Collector	A-5	8,730,000.00	
Sale of Foreclosed Property	A-9	900.00	
Grants Receivable	A-10	24,535.06	
Revenue Accounts Receivable	A-11	1,465,058.40	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	39,940.66	
Homestead Rebate	A-7	136,657.36	
Reserve for Grants - Unappropriated	A-16	1,973.55	
Reserve for Police Forfeitures	A	26.00	
Reserve for Veteran's Walk		70.00	
Due General Capital Fund		37,750.00	
Elections Payable		3,300.00	
Net Payroll			1,071,402.89
Due from Public Defender Trust		0.20	
Due from Water Operating Fund		247,453.20	
Due State of New Jersey - Marriage Licenses		350.00	
Due State of New Jersey - DCA Fees		4,746.00	
Total Receipts		10,692,760.43	1,071,402.89
		12,843,341.37	1,071,788.65
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	2,855,467.27	
Appropriation Reserves	A-12	14,506.81	
Encumbrances Payable	A-13	27,175.84	
Reserve for Local Grants - Appropriated	A-17	6,598.70	
Reserve for Grants - Appropriated	A-18	44,852.72	
Due State of New Jersey - Marriage Licenses		375.00	
Due State of New Jersey - DCA Fees		4,963.00	
Elections Payable		3,200.00	
County Taxes Payable	A-7	2,688,860.27	
County Open Space Tax	A-7	55,043.79	
Due County Added & Omitted Taxes	A-7	21,218.14	
Open Space Taxes	A-7	43,333.50	
Reserve for Revaluation		12,185.00	
Reserve for Updating Borough Code		520.00	
Reserve for Veteran's Walk		60.00	
Due General Capital Fund		37,750.00	
Due Snow Removal Trust Fund		1,710.85	
Due Water Operating Fund		247,453.20	
Net Payroll			1,071,402.89
Local District School Tax	A-15	4,170,778.42	
		10,236,052.51	1,071,402.89
Balance December 31, 2015	A	\$ 2,607,288.86	\$ 385.76

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2014	Ref. A		\$ 33,065.50
Increased by Receipts:			
Taxes Receivable	A-7	\$ 8,538,588.94	
Prepaid Taxes	A	114,644.55	
Tax Overpayments		846.99	
Due County - PILOT Revenue		380.63	
Due Outside Lien Holder		214,921.09	
Tax Sale Premiums	B-3	69,200.00	
Revenue Accounts Receivable	A-11	106,774.84	
			<u>9,045,357.04</u>
			9,078,422.54
Decreased by Disbursements:			
Paid to Treasurer	A-4	8,730,000.00	
Tax Sale Premiums	B-3	118,200.00	
Tax Overpayments		653.69	
Due Outside Lien Holder		207,476.82	
			<u>9,056,330.51</u>
Balance December 31, 2015	A		<u><u>\$ 22,092.03</u></u>

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

Date Authorized	Purpose	Net Amount Authorized	1/5 of Amount Authorized	Balance Dec. 31, 2014	Reduced	Balance Dec. 31, 2015
8/23/2011	Update Republish Code	\$ 20,000.00	\$ 4,000.00	\$ 8,000.00	\$ 4,000.00	\$ 4,000.00
9/27/2011	Revaluation Program	20,000.00	4,000.00	8,000.00	4,000.00	4,000.00
11/10/2014	Revaluation Program	25,000.00	5,000.00	25,000.00	5,000.00	20,000.00
				<u>\$ 41,000.00</u>	<u>\$ 13,000.00</u>	<u>\$ 28,000.00</u>
			Ref.	A	A-3	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayment Applied	Transferred to Tax Title Liens	Canceled	Balance
	Dec. 31, 2014			2014	2015				Dec. 31, 2015
2012	\$ 1,213.91				\$ 1,213.91				
2013	4,860.13				2,817.26				\$ 2,042.87
2014	216,653.18		\$ 1,339.96		209,735.00		\$ 1,227.15	\$ 500.00	6,530.99
	<u>222,727.22</u>		<u>1,339.96</u>		<u>213,766.17</u>		<u>1,227.15</u>	<u>500.00</u>	<u>8,573.86</u>
2015		\$ 8,908,485.92		\$ 101,082.56	8,502,230.13	\$ 5,022.11	2,790.72	36,395.59	260,964.81
	<u>\$ 222,727.22</u>	<u>\$ 8,908,485.92</u>	<u>\$ 1,339.96</u>	<u>\$ 101,082.56</u>	<u>\$ 8,715,996.30</u>	<u>\$ 5,022.11</u>	<u>\$ 4,017.87</u>	<u>\$ 36,895.59</u>	<u>\$ 269,538.67</u>
Ref.	A			A			A-8		A
				Ref.					
		Cash - Collector		A-5	\$ 8,538,588.94				
		Cash - Homestead Rebate		A-4	136,657.36				
		Due State of New Jersey		A-14	40,750.00				
					<u>\$ 8,715,996.30</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
Business Personalty Tax		\$ 35,955.24	
General Property Tax		8,804,348.28	
		<hr/>	
			\$ 8,840,303.52
Added Taxes (54:4-63.1 et. seq.)			<hr/> 68,182.40
			<hr/> <hr/> \$ 8,908,485.92
	Ref.		
Tax Levied			
Regional District School Tax (Abstract)	A-15		\$ 4,270,954.00
County Taxes:			
County Tax (Abstract)		\$ 2,688,860.27	
Due County for Open Space Tax		55,043.79	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)		21,218.14	
		<hr/>	
Total County Taxes			2,765,122.20
Local Tax for Municipal Purposes	A-2	1,781,627.52	
Municipal Open Space		43,333.50	
Add: Additional Taxes Levied		47,448.70	
		<hr/>	
			<hr/> 1,872,409.72
			<hr/> <hr/> \$ 8,908,485.92

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2014	A		\$ 5,252.50
Increased by:			
Transfers from Taxes Receivable	A-7	\$ 4,017.87	
Interest and Costs on Tax Sale		288.95	
		<u>4,306.82</u>	
Balance December 31, 2015	A		<u>\$ 9,559.32</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2014	A		\$ 193,400.00
Decreased by:			
Sale of Property	A-2:A-4	\$ 900.00	
Deposit on Sale	A:A-2	100.00	
Loss on Sale of Property		85,400.00	
		<u>86,400.00</u>	
Balance December 31, 2015	A		<u>\$ 107,000.00</u>

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2014	Budget Revenue Realized	Received	Transfer from Grants Unappropriated	Balance Dec. 31, 2015
Federal Grants:					
Small Cities		\$ 150,000.00	\$ 16,423.00		\$ 133,577.00
Small Cities - Alloway Road		400,000.00	247,453.20		152,546.80
Click it or Ticket		2,025.00		\$ 2,025.00	
State Grants:					
Safe Roadways	\$ 900.00				900.00
Clean Communities	114.96	7,735.06	7,735.06		114.96
NJ Environmental Commission	475.00		377.00		98.00
Recycling Tonnage Grant		4,475.80		4,475.80	
Police Body Armor		1,174.81		1,174.81	
	<u>\$ 1,489.96</u>	<u>\$ 565,410.67</u>	<u>\$ 271,988.26</u>	<u>\$ 7,675.61</u>	<u>\$ 287,236.76</u>
Ref.	A			A-16	A
	Ref.				
Cash - Current	A-4		\$ 24,535.06		
Cash - Water Operating	D-5		247,453.20		
Current Budget	A-2	\$ 165,410.67			
Water Operating Budget	D-3	400,000.00			
		<u>\$ 565,410.67</u>	<u>\$ 271,988.26</u>		

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2014		Treasurer	Collector	Dec. 31, 2015
Miscellaneous Revenue Anticipated					
Licenses:					
Alcoholic Beverages		\$ 5,300.00	\$ 5,300.00		
Fees and Permits		17,597.00	17,567.00	\$ 30.00	
Fines and Costs:					
Municipal Court	\$ 2,714.78	41,610.08	40,284.90		\$ 4,039.96
Interest and Costs on Taxes		56,768.93		56,768.93	
Interest on Investments		4,514.94	4,184.78	330.16	
Utility Operating Surplus		85,000.00	85,000.00		
Consolidated Municipal Property Tax Relief		31,976.00	31,976.00		
Energy Receipts Tax		217,086.00	217,086.00		
Uniform Construction Code Official		54,828.00	54,828.00		
Shared Service Agreement - Joint Court		107,475.35	107,475.35		
Shared Service Agreement - Sewerage Authority		375,544.15	375,544.15		
General Capital Interfund		400,000.00	400,000.00		
Miscellaneous Revenue Not Anticipated					
Cable TV Franchise Fee		13,482.91	13,482.91		
Tri-County JIF Safety Incentive Program		3,775.00	3,775.00		
Landlord Licensing		1,850.00	1,850.00		
Lease Payments - Cell Tower		80,139.00	80,139.00		
DMV Inspection Fines		1,200.00	1,200.00		
Payments in Lieu of Taxes		47,579.74		47,579.74	
Uniform Fire Safety Act		7,558.54	7,558.54		
Senior Citizen/Homestead Administration Fee		998.61	998.61		
Street Sweeper Rentals		1,600.00	1,600.00		
Purchase of Trash and Recycle Containers		687.70	687.70		
Clothing Drop		303.60	303.60		
Oldmans Shared Service Construction Code		11,423.93	11,423.93		
Recyclables		480.43	480.43		
Miscellaneous Revenue		2,312.50	2,312.50		
Property Maintenance		2,066.01		2,066.01	
	<u>\$ 2,714.78</u>	<u>\$ 1,573,158.42</u>	<u>\$ 1,465,058.40</u>	<u>\$ 106,774.84</u>	<u>\$ 4,039.96</u>
Ref.	A		A-4	A-5	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Planning Board	\$ 645.78	\$ 245.78		\$ 245.78
Police	5,981.59	5,031.59	\$ 4,435.78	595.81
Other Expenses:				
Borough Clerk	718.44	1,018.44	1,012.63	5.81
Assessment of Taxes	268.84	793.84	787.51	6.33
Legal Services and Costs	1,543.08	1,018.08	935.00	83.08
Planning Board	372.70	472.70	463.50	9.20
Group Insurance for Employees	3,113.69	1,538.69	40.30	1,498.39
Police	1,262.38	462.38		462.38
Environmental Commission	80.48	80.48	74.59	5.89
Sanitary Landfill	0.88	1,575.88	1,563.00	12.88
Public Buildings and Grounds	284.42	284.42	188.29	96.13
Landfill Fees	3,736.79	4,536.79	4,527.86	8.93
Gasoline	125.05	1,075.05	278.35	796.70
Other Accounts - No Change	13,580.90	13,580.90		13,580.90
Operations within "CAPS"	<u>31,715.02</u>	<u>31,715.02</u>	<u>14,306.81</u>	<u>17,408.21</u>
Operations Excluded from "CAPS"				
Public Defender	2,970.00	2,970.00	200.00	2,770.00
Other Accounts - No Change	14,321.53	14,321.53		14,321.53
Operations Excluded from "CAPS"	<u>17,291.53</u>	<u>17,291.53</u>	<u>200.00</u>	<u>17,091.53</u>
	<u>\$ 49,006.55</u>	<u>\$ 49,006.55</u>	<u>\$ 14,506.81</u>	<u>\$ 34,499.74</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2014	A	\$ 33,945.00	\$ 293.51
Increased by:			
Charges to Current Year Appropriations	A-3	46,387.22	
Reserve for Code Update		3,603.00	
Reserve for Grants Appropriated	A-18		176,328.42
		<u>83,935.22</u>	<u>176,621.93</u>
Decreased by:			
Payments	A-4	27,175.84	
Reserve for Grants Appropriated	A-18		293.51
Canceled	A-1	6,769.16	
		<u>33,945.00</u>	<u>293.51</u>
Balance December 31, 2015	A	<u>\$ 49,990.22</u>	<u>\$ 176,328.42</u>

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

Balance December 31, 2014	Ref. A		\$ 5,761.29
Increased by:			
Receipts	A-4		<u>39,940.66</u>
			45,701.95
Decreased by:			
Current Year Deductions Per Tax Duplicate		\$ 40,250.00	
Current Year Deductions Allowed by Collector		2,000.00	
Deductions Disallowed by Collector		<u>(1,500.00)</u>	
	A-7	40,750.00	
Prior Year Deductions Disallowed by Collector	A-1	<u>(1,250.00)</u>	
			<u>39,500.00</u>
Balance December 31, 2015	A		<u>\$ 6,201.95</u>

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2014	Received	Budgeted Revenue	Balance Dec. 31, 2015
NJ Recycling Tonnage Grant	\$ 4,475.80		\$ 4,475.80	
Police Body Armor	1,174.81	\$ 1,173.55	1,174.81	\$ 1,173.55
Click it or Ticket	2,025.00	800.00	2,025.00	800.00
	<u>\$ 7,675.61</u>	<u>\$ 1,973.55</u>	<u>\$ 7,675.61</u>	<u>\$ 1,973.55</u>
Ref.	A	A-4	A-10	A

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance Dec. 31, 2014	Paid or Charged	Balance Dec. 31, 2015
Comcast Technology Grant	\$ 6,925.00	\$ 6,598.70	\$ 326.30
Ref.	A	A-4	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grants	Balance Dec. 31, 2014	Transferred from Budget Appropriation	Paid or Charged	Canceled	Encumbrance Canceled	Encumbered	Balance Dec. 31, 2015
Federal Grants:							
Small Cities		\$ 150,000.00	\$ 31,321.50			\$ 61,507.50	\$ 57,171.00
Small Cities Rehabilitation					\$ 293.51		293.51
Small Cities - Alloway Road		400,000.00	264,591.98			114,820.92	20,587.10
Click it or Ticket		2,025.00		\$ 2,025.00			
State Grants:							
Clean Communities - 2015		7,735.06	5,364.24				2,370.82
Clean Communities - 2014	\$ 3,153.29		3,153.29				
Drunk Driving Enforcement Fund	3,618.02		1,090.62				2,527.40
Recycling Enhancement Grant	3,547.00						3,547.00
Recycling Tonnage Grant - 2015		4,475.80					4,475.80
Recycling Tonnage Grant - 2014	3,488.23						3,488.23
Recycling Tonnage Grant - 2013	2,355.65		1,847.50				508.15
Municipal Alliance Program - 2012	87.68		87.68				
Municipal Alliance Program - 2013	472.19		472.19				
Police Body Armor Grant - 2015		1,174.81					1,174.81
Police Body Armor Grant - 2013	2,289.10		748.50				1,540.60
Safe Roadways	900.00						900.00
NJ Environmental Commission	1,400.00		767.20				632.80
Municipal Stormwater Regulation Program	2,550.00						2,550.00
Domestic Violence	1,270.00						1,270.00
	<u>\$ 25,131.16</u>	<u>\$ 565,410.67</u>	<u>\$ 309,444.70</u>	<u>\$ 2,025.00</u>	<u>\$ 293.51</u>	<u>\$ 176,328.42</u>	<u>\$ 103,037.22</u>
Ref.	A			A-1	A-13	A-13	A
Cash - Current	A-4		44,852.72				
Cash - Water Operating	D-5		264,591.98				
Current Budget	A-3	165,410.67					
Water Operating Budget	D-4	400,000.00					
		<u>\$ 565,410.67</u>	<u>\$ 309,444.70</u>				

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust	Developer's Escrow Trust	Off-Duty Police Officers	Municipal Open Space	Municipal Public Defender	Parking Offense Adjudication	Payroll Agency Trust	Performance Bond Escrow	Landfill Closure	Snow Removal	Unemployment Compensation Fund	Uniform Fire Safety Penalty Monies	Affordable Housing	Small Cities Revolving Loan
Balance December 31, 2014	B	\$ 9,191.80	\$ 6,643.50	\$ 7,934.42	\$ 189,076.88	\$ 803.66	\$ 1,765.05	\$ 31,032.97	\$ 4,208.58	\$ 88,576.47	\$ 569.65	\$ 80,797.98	\$ 1.00	\$ 1.00	\$ 154,543.48
Increased by Receipts:															
Interest Earned		17.74	9.90	14.26	231.35	1.31	2.73	36.91	6.34	266.12	0.10	121.27		3.20	229.53
Dog License Fees:															
Municipal Share	B-2	10,621.80													
State Share		619.20													
Escrow Deposits			1,000.00												
Off-Duty Police				15,556.57											
Open Space Tax					43,333.50										
Public Defender Fees						4,705.00									
POAA Fees							96.00								
Payroll Withholdings								662,197.97							
Employer Payroll Taxes								361,792.18							
Snow Removal											\$ 282.62				
Affordable Housing														5,814.68	
Due from Current Fund	A-4										1,710.85				
Bond Anticipation Note					270,000.00										
Total Receipts		11,258.74	1,009.90	15,570.83	313,564.85	4,706.31	98.73	1,024,027.06	6.34	266.12	1,993.57	121.27		5,817.88	229.53
Decreased by Disbursements:															
Expenditures Under RS 4:19-15.11	B-2	11,154.50													
NJ State Department of Health		618.00													
Escrow Charges			40.50												
Off-Duty Police				14,128.01											
Municipal Open Space					158,903.21										
Public Defender Fees						5,462.87									
Payroll Deductions and Withholdings								1,028,552.18							
Snow Removal											2,205.50				
Small Cities Revolving Loan Fund															3,930.00
Due Current Fund		17.74	9.90	14.26		1.31	2.73	36.91	6.34						
Total Disbursements		11,790.24	50.40	14,142.27	158,903.21	5,464.18	2.73	1,028,589.09	6.34		2,205.50				3,930.00
Balance December 31, 2015	B	\$ 8,660.30	\$ 7,603.00	\$ 9,362.98	\$ 343,738.52	\$ 45.79	\$ 1,861.05	\$ 26,470.94	\$ 4,208.58	\$ 88,842.59	\$ 357.72	\$ 80,919.25	\$ 1.00	\$ 5,818.88	\$ 150,843.01

EXHIBIT B-2

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2014	Ref. B	\$ 9,188.20
Increased by:		
Municipal Share of Dog License Fees	B-1	10,621.80
		<u>10,621.80</u>
		19,810.00
Decreased by:		
Expenditures Under RS 4:19-15.11: Cash	B-1	11,154.50
Balance December 31, 2015	B	<u><u>\$ 8,655.50</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 12,872.60
2014	7,578.40
	<u>\$ 20,451.00</u>

EXHIBIT B-3

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2014	Ref. B	\$ 150,800.00
Increased by:		
Tax Collector Receipts	A-5	69,200.00
		<u>220,000.00</u>
Decreased by:		
Premiums Refunded	A-5	118,200.00
Balance December 31, 2015	B	<u><u>\$ 101,800.00</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2014	Ref. C		\$ 424,354.93
Increased by:			
Interest Earned		\$ 223.90	
Grants Receivable	C-6	37,750.00	
Due from Woodstown Sewerage Authority		108,238.34	
Bond Anticipation Notes	C-8	250,000.00	
			<u>396,212.24</u>
			820,567.17
Decreased by:			
Improvement Authorizations	C-7	11,589.73	
Encumbrances Payable		14,686.00	
Bond Anticipation Notes	C-8	70,000.00	
Preliminary Costs - Memorial Lake Dam	C-3	3,181.59	
Purchase of Emergency Equipment	C-3	13,563.00	
Due from Current Fund		400,223.90	
			<u>513,244.22</u>
Balance December 31, 2015	C		<u><u>\$ 307,322.95</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2015
	Balance Dec. 31, 2014	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Bond Anticipation Notes	Miscellaneous	From	To	
	Fund Balance	\$ 36,913.73							
Due Current Fund	419,492.82		\$ 223.90			\$ 400,223.90	\$ 37,000.00		(17,507.18)
Due from Open Space Trust							345,000.00	\$ 29,743.60	(315,256.40)
Due Woodstown Sewerage Authority	(145,894.65)		108,238.34					37,656.31	
Due Small Cities Revolving Loan Trust	(7,624.00)								(7,624.00)
Capital Improvement Fund	29,975.12						24,000.00	43,925.00	49,900.12
Encumbrances Payable	17,050.53					14,686.00	136.03	848,288.74	850,517.24
Grant Receivable - NJ DOT	(51,048.75)		37,750.00						(13,298.75)
Due from Reliance Fire Company	(1,932.78)								(1,932.78)
Due from Pilesgrove Township	(67,860.28)								(67,860.28)
Reserve for:									
Reconstruction of Municipal Roads	10,000.00								10,000.00
Furniture & Fixtures	1,906.08								1,906.08
Purchase of a Fire Truck	21,000.00						21,000.00		
Improvements to Municipal Building	2,719.60								2,719.60
Purchase of Emergency Equipment	31,000.00					13,563.00			17,437.00
Preliminary Costs - Landfill	14,541.20								14,541.20
Preliminary Costs - Memorial Lake Dam	58.40						318.41	10,000.00	6,558.40
Preliminary Costs - Safe Routes to Schools								10,000.00	10,000.00
Improvement Authorizations:									
Ordinance									
Number									
540 Repairs to Memorial Lake Dam	(29,496.47)								(29,496.47)
2007-3 Purchase Unimproved Land	(23,000.00)								(23,000.00)
2009-24 Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot	6,925.00						6,925.00		
2011-7 Improvements to Borough Hall & Public Works Bldg.	6,480.20								6,480.20
2012-5 Capital Improvements Green Street	83,921.36			\$ 10,441.01	\$ 70,000.00				3,480.35
2015-6 Reconstruct and Upgrade East Millbrooke								2.03	2.03
2012-9 Improvements to Borough Hall	35,385.00								35,385.00
2013-9 Sidewalk Small Cities	2,834.36								2,834.36
2014-05 Improvements to the Firehouse	1,228.12							134.00	1,362.12
2014-07 Reconstruct and Upgrade East Millbrooke	10,572.34						37,656.31		(27,083.97)
2014-11 Purchase Public Works Equipment	19,208.00	\$ 250,000.00		692.72			267,433.00		1,082.28
2015-03 Capital Improvements to Borough Hall							150,983.45	300,000.00	149,016.55
2015-07 Purchase a Fire Truck				456.00			415,391.00	25,000.00	(390,847.00)
2015-08 Improvements to the Borough Hall Complex							43,906.48	45,000.00	1,093.52
	<u>\$ 424,354.93</u>	<u>\$ 250,000.00</u>	<u>\$ 146,212.24</u>	<u>\$ 11,589.73</u>	<u>\$ 70,000.00</u>	<u>\$ 431,654.49</u>	<u>\$ 1,349,749.68</u>	<u>\$ 1,349,749.68</u>	<u>\$ 307,322.95</u>
Ref.	C	C-8	C-2	C-7	C-2:C-8	C-2			C

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Authorized	Notes Paid by Budget Appropriation	Cancelation	Balance Dec. 31, 2015	Analysis of Balance Dec. 31, 2015		
							Financed By Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
540	Repairs to Memorial Lake Dam	\$ 29,496.47				\$ 29,496.47		\$ 29,496.47	
625	Purchase Pumper Tanker	80,000.00		\$ 20,000.00		60,000.00	\$ 60,000.00		
637	Purchase Unimproved Land	125,000.00		60,000.00		65,000.00	65,000.00		
2007-3	Purchase Unimproved Land	23,000.00				23,000.00		23,000.00	
2009-2	Purchase of Recycling Containers	37,000.00		6,000.00		31,000.00	31,000.00		
2009-12	Purchase of Street Sweepers	169,000.00		15,000.00		154,000.00	154,000.00		
2013-15	Purchase of Trash Containers	70,000.00				70,000.00	70,000.00		
2014-05	Improvements to the Firehouse	45,000.00				45,000.00	45,000.00		
2014-07	Reconstruct and Upgrade East Millbrooke	55,000.00			\$ 27,916.03	27,083.97		27,083.97	
2014-11	Purchase Public Works Equipment	250,000.00				250,000.00	250,000.00		
2015-03	Capital Improvements to Borough Hall		\$ 270,000.00			270,000.00	270,000.00		
2015-07	Purchase a Fire Truck		400,000.00			400,000.00		390,847.00	\$ 9,153.00
		<u>\$ 883,496.47</u>	<u>\$ 670,000.00</u>	<u>\$ 101,000.00</u>	<u>\$ 27,916.03</u>	<u>\$ 1,424,580.44</u>	<u>\$ 945,000.00</u>	<u>\$ 470,427.44</u>	<u>\$ 9,153.00</u>
Ref.	C		C-7	C-8	C-7:C-9	C	C-8	C-3	C-7
Improvement Authorizations - Unfunded							Ref.		
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							C-7		\$ 160,613.95
Ordinance Number									
2014-05	Improvements to the Firehouse						C-3		1,362.12
2014-11	Purchase Public Works Equipment						C-3		1,082.28
2015-03	Capital Improvements to Borough Hall						C-3		149,016.55
									<u>\$ 9,153.00</u>

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2014	C	\$ 29,975.12
Increased by:		
Budget Appropriation		37,000.00
Improvement Authorizations - Canceled	C-7	6,925.00
		<u>43,925.00</u>
		73,900.12
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	4,000.00
Preliminary Costs:		
Memorial Lake Dam		10,000.00
Safe Routes to Schools		10,000.00
		<u>24,000.00</u>
Balance December 31, 2015	C	<u><u>\$ 49,900.12</u></u>

EXHIBIT C-6

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2014	Receipts	Balance Dec. 31, 2015
State Grants:			
New Jersey Transportation Trust			
Mill & W. Millbrooke	\$ 13,298.75		\$ 13,298.75
East Millbrooke	37,750.00	\$ 37,750.00	
	<u>\$ 51,048.75</u>	<u>\$ 37,750.00</u>	<u>\$ 13,298.75</u>
Ref.	C	C-2	C

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance			Balance Dec. 31, 2015
		of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2014	Increased	Decreased	
637	Purchase Unimproved Land	12/08/06	11/27/15	11/25/16	0.97%	\$ 125,000.00		\$ 60,000.00	\$ 65,000.00
625	Purchase Pumper Tanker	12/07/07	11/27/15	11/25/16	0.97%	80,000.00		20,000.00	60,000.00
2009-2	Purchase of Recycling Containers	12/4/09	11/27/15	11/25/16	0.97%	37,000.00		6,000.00	31,000.00
2009-12	Purchase of Street Sweepers	12/4/09	11/27/15	11/25/16	0.97%	169,000.00		15,000.00	154,000.00
2013-12	Green Street Improvements	11/29/13	11/27/15	11/25/16	0.97%	70,000.00		70,000.00	
2013-15	Purchase of Trash Containers	11/28/14	11/27/15	11/25/16	0.97%	70,000.00			70,000.00
2014-05	Improvements to the Firehouse	11/28/14	11/27/15	11/25/16	0.97%	45,000.00			45,000.00
2014-11	Purchase Public Works Equipment	11/27/15	11/27/15	11/25/16	0.97%		\$ 250,000.00		250,000.00
2015-03	Capital Improvements to Borough Hall	11/27/15	11/27/15	11/25/16	0.97%		270,000.00		270,000.00
						<u>\$ 596,000.00</u>	<u>\$ 520,000.00</u>	<u>\$ 171,000.00</u>	<u>\$ 945,000.00</u>
						Ref. C	C-9		C
Cash						Ref.			
Due Open Space Trust Fund						C-2	\$ 250,000.00	\$ 70,000.00	
Budget Appropriation						C-4	270,000.00		
								101,000.00	
						<u>\$ 520,000.00</u>	<u>\$ 171,000.00</u>		

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance	Authorized	Notes	Canceled	Balance
		Dec. 31, 2014		Issued		Dec. 31, 2015
540	Repairs to Memorial Lake Dam	\$ 29,496.47				\$ 29,496.47
637	Purchase Unimproved Land	23,000.00				23,000.00
2014-07	Reconstruct and Upgrade East Millbrooke	55,000.00			\$ 27,916.03	27,083.97
2014-11	Purchase Public Works Equipment	250,000.00		\$ 250,000.00		
2015-03	Capital Improvements to Borough Hall		\$ 270,000.00	270,000.00		
2015-07	Purchase a Fire Truck		400,000.00			400,000.00
		<u>\$ 357,496.47</u>	<u>\$ 670,000.00</u>	<u>\$ 520,000.00</u>	<u>\$ 27,916.03</u>	<u>\$ 479,580.44</u>
	Ref.		C-7	C-8	C-7	

WATER UTILITY FUND

SCHEDULE OF WATER UTILITY FUND CASH - TREASURER

	Ref.	Operating	Capital	Escrow
Balance December 31, 2014	D	\$ 138,673.14	\$ 264,630.04	\$ 5,277.40
Increased by:				
Consumer Accounts Receivable	D-7	786,709.30		
Miscellaneous Revenues	D-3	32,572.05	370.79	4.14
Utility Rent Overpayments		2,700.74		
Due Federal and State Grant Fund	A-10	247,453.20		
Bond Anticipation Notes	D-17		11,000.00	
Due from Water Capital Fund	D-5	370.79		
Due from Water Escrow Fund	D-5	4.14		
Refund	D-6		4,872.47	
		<u>1,069,810.22</u>	<u>16,243.26</u>	<u>4.14</u>
		<u>1,208,483.36</u>	<u>280,873.30</u>	<u>5,281.54</u>
Decreased by:				
Budget Appropriations	D-4	685,003.30		
Encumbrances Payable	D-11	20,966.98		
Accrued Interest Paid	D-13	69,958.51		
Due Federal and State Grant Fund	A-18	264,591.98		
Escrow Payments				3,397.50
Bond Anticipation Notes	D-17		247,620.87	
Due Water Operating Fund	D-5		370.79	4.14
		<u>1,040,520.77</u>	<u>247,991.66</u>	<u>3,401.64</u>
Balance December 31, 2015	D	\$ 167,962.59	\$ 32,881.64	\$ 1,879.90

ANALYSIS OF WATER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Bond Anticipation Notes	Miscellaneous	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 5,078.08						\$ 576.90	\$ 5,654.98
Capital Improvement Fund	22,066.18						55,160.48	77,226.66
Encumbrances Payable	299.25					\$ 299.25		
Due Utility Operating Fund Improvement Authorizations: Ordinance Number			\$ 370.79		\$ 370.79	50,000.00		(50,000.00)
631 Well #6	(10,722.35)	\$ 11,000.00				576.90	299.25	
2010-5 Remote Water Meter Reading	247,620.87			\$ 247,620.87				
2013-12 Green Street Improvements			4,872.47			4,872.47		
2013-13 Purchase of Two Public Works Vehicles	288.01					288.01		
	<u>\$ 264,630.04</u>	<u>\$ 11,000.00</u>	<u>\$ 5,243.26</u>	<u>\$ 247,620.87</u>	<u>\$ 370.79</u>	<u>\$ 56,036.63</u>	<u>\$ 56,036.63</u>	<u>\$ 32,881.64</u>
Ref.	D	D-17	D-5	D-17	D-5			D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014	Ref. D	\$ 85,460.49
Increased by:		
Utility Rents Levied		780,424.82
		<u>865,885.31</u>
Decreased by:		
Collections	D-5	786,709.30
Overpayments Applied	D-3	2,155.62
		<u>788,864.92</u>
Balance December 31, 2015	D	<u><u>\$ 77,020.39</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance	Additions by		Balance
	Dec. 31, 2014	Ordinance	Capital Outlay	Dec. 31, 2015
Springs and Wells	\$ 1,556,804.26	\$ 610,423.10		\$ 2,167,227.36
Pumping Station Structure	84,379.76			84,379.76
Power Supply Equipment	27,726.56			27,726.56
Storage Reservoirs & Tanks	120,764.00			120,764.00
Distribution Mains and Accessories	2,356,393.51			2,356,393.51
Service Pipes and Stops	65,042.45			65,042.45
Meters and Meter Boxes	481,080.25			481,080.25
General Equipment	23,769.05			23,769.05
Chlorinator	17,473.50			17,473.50
Computer/Software	3,366.00		\$ 6,990.00	10,356.00
Backhoe	72,291.23			72,291.23
Utility Truck	17,994.50	43,711.99		61,706.49
Fire Hydrants	28,175.78			28,175.78
Miscellaneous	109,072.54			109,072.54
	<u>\$ 4,964,333.39</u>	<u>\$ 654,135.09</u>	<u>\$ 6,990.00</u>	<u>\$ 5,625,458.48</u>
Ref.	D	D-9	D-4	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2014	Costs to Fixed Capital	Canceled
		Date	Amount			
631	Well #6	05/23/06	\$ 650,000.00	\$ 650,000.00	\$ 610,423.10	\$ 39,576.90
2013-13	Purchase of Two Public Works Vehicles	10/22/13	44,000.00	44,000.00	43,711.99	288.01
				<u>\$ 694,000.00</u>	<u>\$ 654,135.09</u>	<u>\$ 39,864.91</u>
				Ref. D	D-8	D-15

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance After Transfers	Balance Lapsed
Operating:			
Other Accounts - No Change	\$ 3,760.69	\$ 3,760.69	\$ 3,760.69
	<u>\$ 3,760.69</u>	<u>\$ 3,760.69</u>	<u>\$ 3,760.69</u>
Ref.	D		D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2014	D	\$ 21,012.98	\$ 299.25
Increased by:			
Charges to:			
Current Year Appropriations	D-4	22,904.35	
		<u>43,917.33</u>	<u>299.25</u>
Decreased by:			
Payments	D-5	20,966.98	
Canceled	D-1	46.00	
Canceled to Improvement Authorizations	D-15		299.25
Balance December 31, 2015	D	<u>\$ 22,904.35</u>	

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	Ref. D	\$ 22,066.18
Increased by:		
Budget Appropriation		50,000.00
Improvement Authorizations Canceled	D-15	5,160.48
Balance December 31, 2015	D	<u>\$ 77,226.66</u>

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

	Ref.	<u>Bonds</u>	<u>Notes</u>
Balance December 31, 2014	D	\$ 27,375.96	\$ 421.58
Increased by:			
Budget Appropriation for:			
Interest on Bonds and Notes	D-4	64,565.39	4,430.08
		<u>91,941.35</u>	<u>4,851.66</u>
Decreased by:			
Interest Paid	D-5	65,372.71	4,585.80
Balance December 31, 2015	D	<u>\$ 26,568.64</u>	<u>\$ 265.86</u>

Analysis of Accrued Interest December 31, 2015

	<u>Principal Outstanding Dec. 31, 2015</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Days</u>	<u>Amount</u>
Bonds	\$ 1,415,898.59	4.50%	8/3/2015	12/31/2015	150	\$ 26,568.64
Notes	299,000.00	0.97%	11/27/2015	12/31/2015	33	265.86
						<u>\$ 26,834.50</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2014	Transfer to Reserve for Amortization	Canceled
631	Well #6	05/23/06	\$ 394,000.00	\$ 354,423.10	\$ 39,576.90
2013-13	Purchase of Two Public Works Vehicles	10/22/13	44,000.00	43,711.99	288.01
			<u>\$ 438,000.00</u>	<u>\$ 398,135.09</u>	<u>\$ 39,864.91</u>
		Ref.	D		D-15

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2014		Refund	Encumbrance Canceled	Canceled
				Funded	Unfunded			
631	Well #6	05/23/06	\$ 650,000.00		\$ 39,277.65		\$ 299.25	\$ 39,576.90
2013-12	Green Street Improvements	10/22/13	70,000.00			\$ 4,872.47		4,872.47
2013-13	Purchase of Two Public Works Vehicles	10/22/13	44,000.00	\$ 288.01				288.01
				<u>\$ 288.01</u>	<u>\$ 39,277.65</u>	<u>\$ 4,872.47</u>	<u>\$ 299.25</u>	<u>\$ 44,737.38</u>
			Ref.	D	D	D-4	D-11	
	Fund Balance				Ref.			\$ 576.90
	Capital Improvement Fund				D-2			5,160.48
	Authorized But Not Issued				D-18			39,000.00
								<u>\$ 44,737.38</u>

SCHEDULE OF WATER CAPITAL FHA LOAN PAYABLE

Date of Issue	Purpose	Original Issue	Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
8/3/95	Replacement of Various Water Mains	\$ 2,000,000.00	4.50%	\$ 1,458,805.88	\$ 42,907.29	\$ 1,415,898.59
			Ref.	D		D

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
631	Well #6	12/3/2010	11/28/2014	11/27/2015	0.73%	\$ 38,000.00		\$ 38,000.00	
2010-5	Remote Water Meter Reading	12/3/2010	11/27/2015	11/25/2016	0.97%	424,000.00		250,000.00	\$ 174,000.00
631	Well #6	12/2/2011	11/27/2015	11/25/2016	0.97%	78,000.00		46,000.00	32,000.00
631	Well #6	11/30/2012	11/27/2015	11/25/2016	0.97%	90,000.00		8,000.00	82,000.00
631	Well #6	11/27/2015	11/27/2015	11/25/2016	0.97%		\$ 11,000.00		11,000.00
						<u>\$ 630,000.00</u>	<u>\$ 11,000.00</u>	<u>\$ 342,000.00</u>	<u>\$ 299,000.00</u>
					Ref.	D	D-5		D
					Cash		D-5	\$ 247,620.87	
					Budget Appropriation		D-4	94,379.13	
								<u>\$ 342,000.00</u>	

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Issued	Canceled
631	Well #6	\$ 50,000.00	\$ 11,000.00	\$ 39,000.00
	Ref.		D-17	D-15

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

Balance December 31, 2014	Ref. E	\$ 3,460.01
Increased by:		
Interest Earned		5.20
		<hr/>
		3,465.21
Decreased by:		
Due Current Fund		5.20
		<hr/>
Balance December 31, 2015	E	<u><u>\$ 3,460.01</u></u>

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015

GENERAL COMMENTS

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

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

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

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

Water Main and Roadway Improvements on Alloway Road	
Borough Hall Improvements	Electrical and Mechanical Improvements
HVAC and generator	Fire Escape

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 5, 2015, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 11, 2015, 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>
2015	2
2014	1
2013	5

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

Verification of Delinquent Taxes and Other Charges

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

PROPERTY TAX INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	3.0600	2.9020	2.7980
Apportionment of Tax Rate			
Municipal	0.6150	0.5960	0.5650
County	0.9310	0.8880	0.9020
County Open Space	0.0200	0.0190	0.0200
Regional School	1.4790	1.3890	1.3010
Municipal Open Space	0.0150	0.0100	0.0100
Assessed Valuation	288,898,808	291,719,375	295,109,549

Source: Abstract of Ratables

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2015	2014	2013
Tax Levy	\$ 8,908,485.92	\$ 8,472,227.19	\$ 8,263,059.94
Cash Collections	8,608,334.80	8,223,520.16	7,964,941.97
Percentage of Collections	96.63%	97.06%	96.39%

COMPARISON DELINQUENT TAXES AND TAX TITLE LIENS

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

	2015	2014	2013
Amount of Tax Title Liens	\$ 9,559.32	\$ 5,252.50	\$ 78,005.45
Delinquent Taxes	269,538.67	222,727.22	226,987.40
Total Delinquent	\$ 279,097.99	\$ 227,979.72	\$ 304,992.85
Percentage of Tax Levy	3.13%	2.69%	3.69%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	2015	2014	2013
Property Acquired for Taxes (Assessed Valuation)	107,000	193,400	107,000

ASSESSED VALUATION OF REAL PROPERTY AND BUSINESS PERSONAL PROPERTY BY CLASSIFICATION

	2015	2014	2013	2012
Vacant	2,513,500	2,505,700	3,618,700	3,937,600
Residential	236,296,300	238,666,400	240,784,300	242,195,000
Farm	149,500	149,600	149,500	149,500
Farm Qualified	46,900	46,900	46,900	46,900
Commercial	37,827,300	38,225,900	38,328,400	37,854,600
Apartment	10,890,300	10,990,300	10,990,300	11,047,900
	287,723,800	290,584,800	293,918,100	295,231,500
Telephone	1,175,008	1,134,675	1,191,449	1,548,318
Net Valuation Taxable	288,898,808	291,719,475	295,109,549	296,779,818
Assessed Value to True Value	105.49%	106.93%	104.83%	101.74%

Source: Abstract of Ratables

TOP TAXPAYERS

	Taxable Assessed Valuation	
	2015	2014
Hillcrest Gardens Apt.	4,600,000	4,600,000
Erdner's Busy Corner Warehouse Inc.	3,669,600	3,669,600
Hillcrest II Limited Partnership	2,782,200	2,782,200
ARHC SCWDSNJ 01, LLC	2,062,300	2,062,300
The Bank	1,716,000	1,716,000
Taxpayer #1	1,464,000	1,464,000
Warner Investment Co.		
Chestnut Run Golf Properties, Inc.	1,268,500	1,268,500
Bell Atlantic Property	1,175,008	1,134,675
JDKD Enterprises LP	1,093,900	1,093,900
Woodstown Development Group	1,068,400	1,068,400
	<u>20,899,908</u>	<u>20,859,575</u>

Source: Tax Assessor

WATER RENT INFORMATION

	2015	2014	2013	2012
Balance January 1	\$ 85,460.49	\$ 83,169.18	\$ 89,679.41	\$ 81,992.23
Levy	780,424.82	753,498.10	713,274.84	707,877.04
Cash Collections	788,864.92	751,206.79	719,785.07	700,189.86
Percentage of Collections	91.11%	89.79%	89.64%	88.65%

OTHER COMMENTS

Accounting Procedures:

Material Weaknesses

*2015-001: The required journal entries to lapse appropriation reserve, cancel encumbrances, and adjust interfund receivables/payables were not posted to the general ledger.

Noncompliance

*2015-002: There are interfund loans existing as of the end of the year.

2015-003: The Borough approved the purchase of a fire truck from a vendor approved as a national cooperative contract, at a cost of \$415,391.00. No documentation of the costs savings determination was made.

2015-004: Funds received for construction permits were not deposited within 48 hours in violation of NJSA40A:5-15.

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 2014 was filed with the Division of Local Government Services. Corrective action was not implemented for some of the findings, which are repeated this year.

STATUS OF PRIOR RECOMMENDATIONS

- *2014-001 Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances, and adjust interfund receivables/payables were not posted to the general ledger. In 2014, entries were made to record the tax levies, transfer delinquent taxes to tax title liens, record tax appeals, and recognize tax overpayments.
- Corrective action was not implemented.
- *2014-002 Finding: There are interfund loans existing as of the end of the year.
- Corrective action was taken, however additional interfunds were created during 2015.
- 2014-003 Finding: The cumulative legally payable installments made on the Ordinance 009-12 bond anticipation note totaled \$41,000.00. This amount does not meet the requirements of NJSA 40A:2-8.1. To be in compliance with the statute installment payments should have totaled \$42,000.00.
- Corrective action was taken.
- *2014-004 Finding: There was one line item in the 2014 current fund budget overexpended by a total of \$3,094.00. There was one line item in the 2014 water budget overexpended by a total of \$3,299.00. Both items were due to an item posted in payroll agency without the appropriate charge to the effected line item.
- Corrective action was taken.

FINDINGS AND RECOMMENDATIONS

- *2015-001 Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances and adjust interfund receivables/payables were not posted to the general ledger.
- Recommendation: The Chief Financial Officer ensure that all required journal entries are made to the general ledger.
- *2015-002 Finding: There are interfund loans existing as of the end of the year.
- Recommendation: The Chief Financial Officer clear all interfunds before the end of the year.

2015-003 Finding: The Borough approved the purchase a fire truck from a vendor approved as a national cooperative contract, at a cost of \$415,391.00. No documentation of the costs savings determination was made.

Recommendation: The Borough develop internal procedures for purchases made through a national cooperative contract to ensure compliance with P.L. 2011, c. 139.

2015-004 Finding: Funds received for construction permits were not deposited within 48 hours in violation of NJSA40A:5-15.

Recommendation: The Construction Official deposit all funds within 48 hours as Prescribed by NJSA40A:5-15.

* 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