

BOROUGH OF WOODSTOWN
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

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PART I

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Woodstown as of December 31, 2010 and 2009, the related statements of operations and changes in fund balance – regulatory basis for the year then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2010. These financial statements are the responsibility of the Borough of Woodstown's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the effects of preparing its financial statements on the basis of accounting, discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in

the United States of America, the financial position of the Borough of Woodstown as of December 31, 2010 and 2009, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Woodstown as of December 31, 2010 and 2009, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2010 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011 on our consideration of the Borough of Woodstown's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Woodstown. The accompanying supplemental schedules listed in the table of contents are not a required part of the financial statements of the Borough of Woodstown. The accompanying schedule of Federal awards and State Financial Assistance is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey Treasurer Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is not a required part of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



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

May 16, 2011

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Regular Fund</u>			
Cash - Chief Financial Officer	A-4	931,760	1,275,614
Cash - Certificates of Deposit	A-4	1,302,751	1,537,667
Cash - Payroll & Agency	A-4	41,956	23,214
Cash - Collector	A-6	10,988	16,751
Change Fund		25	25
		<u>2,287,480</u>	<u>2,853,271</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	269,063	253,341
Tax Title Liens Receivable	A-10	41,242	20,681
Property Acquired for Taxes - Assessed Valuation	A-11	107,000	107,000
Revenue Accounts Receivable	A-13	2,005	2,893
Due from Performance Bond Escrow Trust Fund			77
Due from Off-Duty Police Trust			1
Due from Water Operating Fund	D	180,000	14,536
Due from Public Defender Trust Fund	B	300	342
Due from Developer's Escrow Trust Fund	B	14	
		<u>599,624</u>	<u>398,871</u>
Deferred Charges:			
Expenditure Without Appropriation			6,400
Overexpenditure of Appropriation			50
Overexpenditure of Appropriation Reserve			3,983
Special Emergency	A-8	60,000	90,000
		<u>60,000</u>	<u>100,433</u>
Total Current Fund		<u>2,947,104</u>	<u>3,352,575</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-12	2,000	128,867
Due from Current Fund	A	40,998	48,148
		<u>42,998</u>	<u>177,015</u>
		<u>2,990,102</u>	<u>3,529,590</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-14	58,600	89,322
Encumbrances Payable	A-15	46,722	48,772
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-16	5,827	5,827
Prepaid Taxes	A-6	97,006	126,849
Regional School District Tax Payable	A-17	1,411,800	1,367,826
Due Election Workers		100	
Due Federal and State Grant Fund	A	40,998	48,148
Due Developer's Escrow Trust Fund			7
Due Municipal Open Space Trust			44,980
Due Unemployment Trust	B	2,626	4,527
Due General Capital Fund	C	115,274	254,996
Payroll Taxes Payable		39,376	21,432
Reserve for Unappropriated Revenue:			
Sale of Assets		128,000	128,000
Memorial Lake Dock Donations		1,463	1,190
Reserve for Veterans Walk Appropriated		3,963	3,963
Reserve for Revaluation		2,969	5,568
Reserve for P.E.R.S. Pension			50,000
Reserve for P.F.R.S. Pension			28,456
Due State of New Jersey:			
Construction DCA Fees		441	441
Marriage License Fees/Domestic Partnerships		50	235
		1,955,215	2,230,539
Reserve for Receivables		599,624	398,871
Fund Balance	A-1	392,265	723,165
		2,947,104	3,352,575
<u>Federal and State Grant Fund</u>			
Reserve for Grants - Appropriated	A-19	33,359	160,356
Reserve for Grants - Unappropriated	A-18	9,639	15,184
Encumbrances Payable			1,475
		42,998	177,015
		2,990,102	3,529,590

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	A-2	437,421	391,522
Miscellaneous Revenue Anticipated	A-2	1,392,122	1,335,117
Receipts from Delinquent Taxes	A-2	238,924	165,039
Receipts from Current Taxes	A-2	7,352,023	7,311,649
Non-Budget Revenue	A-2	37,638	25,934
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	63,383	61,610
Encumbrances Payable - Canceled	A-15	6,373	1,850
Grants Appropriated Canceled	A-19	142,000	12,620
Grant Receivable Adjustment	A-12	35,000	
Reserve for Pension Canceled		78,456	14,250
Interfund Loan Returned		12,655	19,627
Tax Overpayments Canceled		12	44
Total Income		<u>9,796,007</u>	<u>9,339,262</u>
<u>Expenditures</u>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,176,845	1,131,540
Other Expenses	A-3	885,152	870,600
Deferred Charges and Statutory Expenditures - Municipal	A-3	240,935	240,909
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	310,245	308,000
Other Expenses	A-3	247,588	181,288
Capital Improvements	A-3	182,000	101,000
Debt Service	A-3	132,513	158,241
Deferred Charges	A-3	40,841	43,383
County Taxes	A-9	2,540,279	2,623,554
County Open Space Tax	A-9	59,222	60,568
Due County for Added Taxes	A-9	9,390	15,153
Regional District School Tax	A-17	3,496,612	3,430,286
Municipal Open Space	A-9	44,704	44,980
Prior Year Deductions Disallowed	A-16	1,160	1,500
Grants Receivable Canceled	A-12	142,000	8,806
Interfund Loan Advanced		180,000	14,872
Expenditure Without Appropriation			6,400
Total Expenditures		<u>9,689,486</u>	<u>9,241,080</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

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Excess in Revenue		106,521	98,182
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			6,450
Statutory Excess to Fund Balance		106,521	104,632
<u>Fund Balance</u>			
Balance January 1	A	723,165	1,010,055
		829,686	1,114,687
Decreased by:			
Utilization as Anticipated Revenue	A-1	437,421	391,522
Balance December 31	A	392,265	723,165

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	437,421	437,421	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-13	3,300	3,928	628
Fees and Permits	A-13	30,000	43,695	13,695
Fines and Costs:				
Municipal Court	A-13	61,000	41,415	(19,585)
Interest and Costs on Taxes	A-13	40,000	56,605	16,605
Interest on Investments	A-13	55,000	26,806	(28,194)
Lease Payments - Cell Tower	A-13	43,000	47,937	4,937
Consolidated Municipal Property Tax Relief Act (N.J.S.A. 52:27D-118.34)	A-13	56,333	56,211	(122)
Energy Receipts Tax	A-13	192,729	192,729	
Garden State Trust PILOT		1,270		
Uniform Construction Code	A-13	48,000	57,581	9,581
Interlocal Agreement:				
Joint Court	A-13	83,070	88,295	5,225
Sewerage Authority	A-13	415,000	417,558	2,558
Utility Operating Surplus		180,000	180,000	
Tri-Co JIF Safety Incentive	A-13	2,274	3,775	1,501
Cable TV Franchise Fee	A-13	12,048	12,048	
NJ DOT	A-12	142,000	142,000	
Recycling Tonnage Grant	A-12	4,014	4,014	
Clean Communities Grant	A-12	6,805	6,805	
Click It or Ticket	A-12	4,000	4,000	
Over the Limit Under Arrest	A-12	6,000	6,000	
Police Body Armor	A-12	720	720	
Total Miscellaneous Revenues		1,386,563	1,392,122	6,829
Receipts from Delinquent Taxes	A-2	222,000	238,924	16,924
Subtotal General Revenues		1,608,563	1,631,046	23,753
Amount to be Raised by Taxation	A-2	1,478,300	1,497,246	18,946
Budget Totals		3,524,284	3,565,713	42,699
Non-Budget Revenue	A-2		37,638	
		3,524,284	3,603,351	
Ref.	A-3			

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Allocation of Current Tax Collections:	<u>Ref.</u>	
Revenue from Collections	A-9	7,352,023
Allocated to:		
School, County Taxes and Open Space	A-9	6,150,207
Balance for Support of Municipal Budget Appropriation		1,201,816
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	295,430
Amount for Support of Municipal Budget Appropriation	A-2	1,497,246
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-9	238,924

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:

DMV Inspection Fines	A-13	5,506
Uniform Fire Safety Act	A-13	6,584
Senior Citizen Administration Fee	A-13	867
FEMA Snow Removal	A-13	9,373
Refunds	A-13	10,115
Miscellaneous	A-13	588
Sale of Assets	A-13	4,605
	A-2	37,638

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries & Wages	37,240	35,340	35,280		60
Other Expenses	3,900	3,900	3,810		90
Borough Clerk					
Salaries & Wages	37,000	37,000	36,208		792
Other Expenses	12,700	12,700	12,369	195	136
Financial Administration					
Salaries & Wages	26,500	26,500	26,145		355
Other Expenses	9,800	10,300	10,067		233
Grant Consultant					
Other Expenses	2,900	100			100
Audit Services					
Other Expenses	14,700	13,200	10,980		2,220
Collection of Taxes					
Salaries & Wages	26,300	26,300	26,257		43
Other Expenses	4,900	4,900	4,443		457
Assessment of Taxes					
Salaries & Wages	21,200	21,200	21,163		37
Other Expenses	4,400	4,400	3,619		781
Legal Services and Costs					
Other Expenses	14,700	21,700	18,876		2,824
Engineering Services and Costs					
Other Expenses	4,900	4,900	2,809	316	1,775
LAND USE ADMINISTRATION					
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Planning Board					
Salaries and Wages	9,000	9,000	8,571		429
Other Expenses	9,800	6,800	4,607		2,193
Affordable Housing					
Other Expenses	14,700	7,700	5,643		2,057

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
CODE ENFORCEMENT & ADMINISTRATION						
Inspection of Housing						
Salaries and Wages	9,005	9,005	9,005			
Other Expenses	900	1,150	964		186	
INSURANCE						
Liability Insurance	26,000	25,200	25,122		78	
Surety Bond Premiums	500	50			50	
Workmen's Compensation	33,000	32,200	32,106		94	
Group Insurance	215,112	215,112	213,973		1,139	
Insurance Safety Program - Other Expenses	2,275	2,275	2,265		10	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries & Wages	766,000	766,000	764,201		1,799	
Other Expenses						
New Cars	500	500			500	
Miscellaneous Other Expenses	25,500	19,500	14,419	2,643	2,438	
Police Radio & Communications						
Other Expenses	22,000	22,000	18,000		4,000	
Office of Emergency Management						
Salaries & Wages	4,700	4,750	4,741		9	
Other Expenses	490	440	370		70	
First Aid Organization - Contribution	8,800	8,800	8,800			
Fire						
Other Expenses	6,800	7,000	6,930		70	
Uniform Fire Safety Act (P.L. 1983, c383)						
Salaries & Wages	8,200	8,200	8,160		40	
Other Expenses	1,950	1,950	1,596		354	
Prosecutor						
Other Expenses	13,325	13,325	13,000		325	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC WORKS FUNCTION						
Road Repairs & Maintenance						
Salaries & Wages	76,000	77,400	77,367		33	
Other Expenses	9,800	9,800	7,216	139	2,445	
Snow Removal						
Salaries & Wages	9,200	11,200	10,998		202	
Other Expenses	5,000	7,100	5,309	1,401	390	
Shade Tree						
Other Expenses	50	50			50	
Garbage & Trash Removal & Recycling						
Other Expenses						
Contractual	147,000	147,000	124,005	11,335	11,660	
Resource Recovery						
Salaries & Wages	22,000	22,000	20,281		1,719	
Other Expenses	10,700	10,700	9,813		887	
Public Buildings & Grounds						
Other Expenses	17,600	16,300	16,173		127	
Equipment Repair & Maintenance						
Other Expenses	7,800	9,800	8,755		1,045	
HEALTH & HUMAN SERVICES						
Registrar of Vital Statistics						
Other Expenses	250	250	148		102	
Environmental Commission						
Other Expenses	1,900	1,900	300		1,600	
Animal Control						
Salaries & Wages	50	50			50	
Other Expenses	50	50			50	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARK & RECREATION FUNCTIONS						
Maintenance of Parks & Playgrounds						
Other Expenses	26,900	24,100	23,081	975	44	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	800	800	754		46	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	30,000	32,800	32,090		710	
Street Lighting	40,000	38,000	33,578	4,200	222	
Telephone	9,500	9,500	8,915	22	563	
Gas (Natural or Propane)	22,000	27,000	26,711		289	
Gasoline	18,000	18,000	14,773	1,361	1,866	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Landfill Fees	40,200	41,200	37,260	2,887	1,053	
Sanitary Landfill						
Other Expenses	6,400	6,400	5,671	505	224	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	77,000	76,000	74,611		1,389	
Other Expenses	40,000	42,300	41,629		671	
Public Defender						
Salaries & Wages	2,900	2,900	2,000		900	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code						
Construction Officials						
Salaries & Wages	44,000	44,000	43,506		494	
Other Expenses	4,000	2,000	636	447	917	
Total Operations within "CAPS"	2,068,797	2,061,997	1,980,079	26,426	55,492	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

Detail:	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Salaries and Wages	1,176,295	1,176,845	1,168,494	8,351	
Other Expenses	892,502	885,152	811,585	26,426	47,141
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
DEFERRED CHARGES					
Overexpenditure of Appropriation	50	50	50		
Overexpenditure of Appropriation Reserves	3,983	3,983	3,983		
Expenditure Without Appropriation	6,400	6,400	6,400		
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (O.A.S.I)	86,000	86,000	84,119	1,881	
State Disability Insurance	1,000	1,000	963	37	
Public Employees' Retirement System	51,750	51,750	39,502		12,248
Police & Firemen's Retirement System	103,500	103,500	103,500		
Defined Contribution Retirement Program	500	500	221	279	
Total Deferred Charges & Statutory Expenditures within "CAPS"	253,183	253,183	238,738	2,197	12,248
Total General Appropriations for Municipal Purposes within "CAPS"	2,321,980	2,315,180	2,218,817	26,426	57,689
OPERATIONS EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Award Program (P.L. 1977, c.388)	20,000	20,000		20,000	
STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	8,211	8,211	8,211		
Police & Firemen's Retirement System	47,368	47,368	47,368		
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Recycling Tax	3,000	3,000	2,158	296	546
EDUCATION FUNCTIONS					
Aid to Library (N.J.S.A. 40:54-35)					
Other Expenses	6,400	6,400	6,400		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
Group Insurance	27,888	27,888	27,888			
Total Other Operations - Excluded from "CAPS"	112,867	112,867	92,025	20,296	546	
SHARED SERVICE AGREEMENTS						
Woodstown Sewerage Authority:						
Salaries and Wages	302,855	310,245	310,245			
Other Expenses	112,145	111,555	111,190		365	
Total Shared Service Agreements	415,000	421,800	421,435		365	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Municipal Alliance for Drug & Alcohol Abuse	1,627	1,627	1,627			
Police Body Armor	720	720	720			
Click It or Ticket	4,000	4,000	4,000			
Over the Limit Under Arrest	6,000	6,000	6,000			
Clean Communities	6,805	6,805	6,805			
NJ Recycling Tonnage Grant	4,014	4,014	4,014			
Total Public and Private Programs Offset by Revenues	23,166	23,166	23,166			
Total Operations Excluded from "CAPS"	551,033	557,833	536,626	20,296	911	
Detail:						
Salaries and Wages	302,855	310,245	310,245			
Other Expenses	248,178	247,588	226,381	20,296	911	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	40,000	40,000	40,000			
NJ Department of Transportation	142,000	142,000	142,000			
Capital Improvements Excluded from "CAPS"	182,000	182,000	182,000			

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	
DEBT SERVICE					
Payment of Bond Anticipation Notes	120,000	120,000	120,000		
Interest on Notes	13,000	13,000	12,513		487
Total Debt Service	133,000	133,000	132,513		487
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges:					
Special Emergency Authorization	30,000	30,000	30,000		
Transfer to Board of Education for Use of Local Schools	10,841	10,841	10,841		
Total Deferred Charges Excluded from "CAPS"	40,841	40,841	40,841		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	906,874	913,674	891,980	20,296 911	487
Subtotal General Appropriations	3,228,854	3,228,854	3,110,797	46,722	58,600
RESERVE FOR UNCOLLECTED TAXES	295,430	295,430	295,430		12,735
TOTAL GENERAL APPROPRIATIONS	3,524,284	3,524,284	3,406,227	46,722	58,600
	Ref. A-2	A-3		A-15	A
Reserve for Uncollected Taxes		Ref. A-2	295,430		
Deferred Charges:					
Overexpenditure of Appropriation			50		
Overexpenditure of Appropriation Reserve			3,983		
Expenditure Without Appropriation			6,400		
Special Emergency Authorization		A-3	30,000		
Reserve for Federal & State Grants - Appropriated		A-19	165,166		
Disbursed		A-4	2,905,198		
			3,406,227		

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

TRUST FUND

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	6,647	6,156
		<hr/>	<hr/>
<u>Developer's Escrow Trust Fund</u>			
Cash - Treasurer	B-1	39,878	51,610
Due from Current			7
		<hr/>	<hr/>
		39,878	51,617
		<hr/>	<hr/>
<u>Landfill Closure</u>			
Cash - Certificate of Deposit	B-1	87,093	85,898
		<hr/>	<hr/>
<u>Municipal Open Space</u>			
Cash - Treasurer	B-1	127,147	67,842
Due from Current			44,980
		<hr/>	<hr/>
		127,147	112,822
		<hr/>	<hr/>
<u>Outside Employment of Off-Duty Municipal Police Officers</u>			
Cash - Treasurer	B-1	5,402	10,038
		<hr/>	<hr/>
<u>Parking Offense Adjudication Act</u>			
Cash - Treasurer	B-1	1,217	1,129
		<hr/>	<hr/>
<u>Performance Bond Escrow Trust Fund</u>			
Cash - Treasurer	B-1	4,209	24,079
		<hr/>	<hr/>
<u>Public Defender Trust Fund</u>			
Cash - Treasurer	B-1	711	1,357
		<hr/>	<hr/>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS (CONTINUED)</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Small Cities Revolving Loan Fund</u>			
Cash - Treasurer	B-1	80,852	73,979
Loans Receivable		800	1,138
		<u>81,652</u>	<u>75,117</u>
 <u>Unemployment Compensation Fund</u>			
Cash - Treasurer	B-1	16,843	12,272
Investments - Certificate of Deposit		55,921	54,024
Due from Current - Payroll Agency	A	2,626	4,527
		<u>75,390</u>	<u>70,823</u>
		<u>429,346</u>	<u>439,036</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Dog Fund Expenditures	B-3	6,647	6,156
 <u>Developer's Escrow Trust Fund</u>			
Due Current Fund	A	14	
Reserve for Escrow Fees		39,864	51,617
		<u>39,878</u>	<u>51,617</u>
 <u>Landfill Closure</u>			
Reserve for Landfill Closure		87,093	85,898
 <u>Municipal Open Space</u>			
Reserve for Municipal Open Space		127,147	112,822
 <u>Outside Employment of Off-Duty Municipal Police Officers</u>			
Due Current Fund			1
Reserve for Off-Duty Police Fees		5,402	10,037
		<u>5,402</u>	<u>10,038</u>
 <u>Parking Offense Adjudication Act</u>			
Reserve for POAA Fees		1,217	1,129

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

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u> <u>(CONTINUED)</u>	Ref.	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Performance Bond Escrow Trust Fund</u>			
Reserve for Performance Bond Escrow Fees		4,209	24,002
Due Current Fund			77
		4,209	24,079
 <u>Public Defender Trust Fund</u>			
Due Current Fund	A	300	342
Reserve for Public Defender Trust		411	1,015
		711	1,357
 <u>Small Cities Revolving Loan Fund</u>			
Reserve for Loans Receivable		800	1,138
Reserve for Small Cities		80,852	73,979
		81,652	75,117
 <u>Unemployment Compensation Fund</u>			
Reserve for Unemployment Claims		75,390	70,823
		429,346	439,036

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

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Cash - Treasurer	C-2	39,455	77,137
Deferred Charges to Future Taxation:			
Unfunded	C-5	951,247	1,101,247
Grants Receivable	C-7	515,477	589,684
Due from Reliance Fire Company		1,932	6,000
Due from Pilesgrove Township		57,860	61,928
Due from Current Fund	A	115,274	254,996
		<u>1,681,245</u>	<u>2,090,992</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-9	898,000	1,048,000
Improvement Authorizations:			
Funded	C-8	387,432	706,768
Unfunded			33,482
Encumbrances Payable		67,511	19,386
Reserves for:			
Improvement to Municipal Building		2,719	2,719
Purchase of a Fire Truck		1,000	1,000
Purchase of Emergency Equipment		16,000	16,000
Purchase of Furniture & Fixtures		1,906	1,906
Preliminary Costs - Landfill		14,541	14,541
Capital Improvement Fund	C-6	266,007	221,061
Fund Balance	C-1	26,129	26,129
		<u>1,681,245</u>	<u>2,090,992</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2009	C	<u>26,129</u>
Balance December 31, 2010	C	<u>26,129</u>

WATER UTILITY FUND

EXHIBIT D

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	115,931	77,846
Cash - Certificate of Deposits	D-5	400,970	501,547
Cash - Change Fund		40	40
Due from Water Capital Fund			2
		<u>516,941</u>	<u>579,435</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-8	67,554	67,577
Total Operating Fund		<u>584,495</u>	<u>647,012</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	816,894	184,517
Fixed Capital	D-9	4,337,885	4,281,511
Fixed Capital Authorized and Uncompleted	D-10	1,430,000	655,000
Total Capital Fund		<u>6,584,779</u>	<u>5,121,028</u>
<u>Escrow Fund</u>			
Cash - Treasurer	D-5	5,406	11,801
		<u>7,174,680</u>	<u>5,779,841</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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-11	29,121	19,290
Encumbrances Payable	D-12	44,427	39,846
Accrued Interest on Bonds	D-14	30,269	30,915
Water Rent Overpayments		5,697	5,883
Due Current Fund	A	180,000	14,536
		289,514	110,470
Reserve for Receivables		67,554	67,577
Fund Balance	D-1	227,427	468,965
		584,495	647,012
Total Operating Fund		584,495	647,012
 <u>Capital Fund</u>			
Loan Payable	D-17	1,615,166	1,647,870
Bond Anticipation Notes Payable	D-18	700,000	
Improvement Authorizations:			
Funded	D-16	4,206	14,684
Unfunded	D-16	476,665	323,105
Encumbrances Payable	D-12	513,176	8,563
Capital Improvement Fund	D-13	137,792	188,108
Reserve for Amortization		2,772,719	2,683,641
Deferred Reserve for Amortization	D-15	365,000	255,000
Due Water Operating Fund			2
Fund Balance	D-2	55	55
		6,584,779	5,121,028
Total Capital Fund		6,584,779	5,121,028
 <u>Escrow Fund</u>			
Reserve for Escrow Fees		5,406	11,801
		7,174,680	5,779,841
		7,174,680	5,779,841

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	D-3	268,900	233,900
Rents	D-3	607,596	592,270
Miscellaneous	D-3	25,395	133,213
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	18,504	32,615
Encumbrances Canceled			2,623
Total Income		<u>920,395</u>	<u>994,621</u>
<u>Expenditures</u>			
Operating	D-4	472,000	444,000
Capital Improvements	D-4	100,000	80,000
Debt Service	D-4	107,633	128,107
Deferred Charges and Statutory Expenditures	D-4	213,400	197,900
Total Expenditures		<u>893,033</u>	<u>850,007</u>
Excess in Revenue		27,362	144,614
<u>Fund Balance</u>			
Balance January 1	D	468,965	558,251
		496,327	702,865
Decreased by:			
Utilization as Anticipated Revenue	D-1	268,900	233,900
Balance December 31	D	<u>227,427</u>	<u>468,965</u>

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

EXHIBIT D-2

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2009	D	55
Balance December 31, 2010	D	55

EXHIBIT D-3

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	268,900	268,900	
Rents	D-3	592,000	607,596	15,596
Miscellaneous	D-3	35,000	25,395	(9,605)
		<u>895,900</u>	<u>901,891</u>	<u>5,991</u>
	Ref.	D-4		

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

Collected	D-8	601,780
Overpayments Applied	D-8	5,816
		<u>607,596</u>

Miscellaneous:

Interest on Delinquent Rents		10,245
Miscellaneous/Searches/Application Fees		1,053
Water Meter		672
Connection Fees		3,804
Interest on Investments		9,621
	D-3:D-5	<u>25,395</u>

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

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operating:						
Salaries and Wages	232,000	232,000	224,990		7,010	
Other Expenses	240,000	240,000	210,100	13,426	16,474	
Capital Improvements:						
Capital Improvement Fund	50,000	50,000	50,000			
Capital Outlay	50,000	50,000	18,999	31,001		
Debt Service:						
Payment of Bond Principal	35,000	35,000	34,467			533
Interest on Bonds	75,500	75,500	73,166			2,334
Statutory Expenditures:						
Public Employees' Retirement	15,000	15,000	10,532		4,468	
Social Security System (O.A.S.I.)	18,000	18,000	16,969		1,031	
Unemployment Compensation	100	100			100	
Disability Insurance	300	300	262		38	
Surplus General Budget	180,000	180,000	180,000			
	<u>895,900</u>	<u>895,900</u>	<u>819,485</u>	<u>44,427</u>	<u>29,121</u>	<u>2,867</u>
Ref.	D-3			D-12	D	
	<u>Ref.</u>					
Interest on Bonds and Notes	D-14		73,166			
Due Current Fund			180,000			
Disbursed	D-5		566,319			
			<u>819,485</u>			

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

PUBLIC ASSISTANCE FUND

EXHIBIT E

COMPARATIVE BALANCE SHEET - PUBLIC ASSISTANCE FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
Cash - Treasurer	E-1	<u>3,460</u>	<u>3,460</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance		<u>3,460</u>	<u>3,460</u>

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

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
General Fixed Assets:		
Buildings	2,529,676	2,529,676
Land and Improvements	918,390	918,390
Machinery and Equipment	1,658,270	1,743,304
Vehicles	432,802	432,802
	<u>5,539,138</u>	<u>5,624,172</u>
Investment in General Fixed Assets	<u>5,539,138</u>	<u>5,624,172</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, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Description of Funds and Account Groups

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

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

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

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

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

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

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.

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.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.

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.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Long Term Debt – General Long Term Debt is accounted for in the General Capital 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 N.J.S.A. 54:5 et. seq.

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

Interest on Delinquent Taxes – It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 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.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Comparative Data

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

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per N.J.S.A. 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per N.J.S.A. 40A:4-87. There were no amendments during 2010.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2010 and 2009, the carrying amount of the Borough's deposits was \$4,039,635 and \$4,043,982, respectively. As of December 31, 2010 and 2009, \$0 of the municipality's bank balance of \$2,318,510 and \$1,992,885 respectively, was exposed to custodial credit risk.

NOTE 4: INVESTMENTS

As of December 31, 2010 and 2009, the Borough had investments totaling \$55,921 and \$54,024 respectively in Certificates of Deposits. The interest rate for Unemployment Trust is 3.45% for a 36 month certificate with a maturity date of May 28, 2011.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 4: INVESTMENTS (CONTINUED)

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

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

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

NOTE 5: FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2010	392,265	287,495
	2009	723,165	437,421
	2008	1,010,055	391,522
	2007	1,193,566	423,939
	2006	967,541	348,364
Water Operating Fund	2010	227,427	151,929
	2009	468,965	268,900
	2008	558,251	233,900
	2007	768,527	213,250
	2006	762,064	199,240

NOTE 6: 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, 2010 and 2009 for accrued unused vacation benefits is \$7,648 and \$19,755, respectively.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 6: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

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 7: TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Prepaid Taxes - Cash Liability	97,006	126,849

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2010.

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Public Defender Trust Fund	300	
Developer's Escrow Trust Fund	14	
Water Operating Fund	180,000	
Unemployment Trust Fund		2,626
General Capital Fund		115,274
Federal and State Grant Fund		40,997
Federal and State Grant Fund		
Current Fund	40,997	
Public Defender Trust Fund		
Current Fund		300
General Capital Fund		
Current Fund	115,274	
Developer's Escrow Trust Fund		
Current Fund		14
Unemployment Trust Fund		
Current Fund - Payroll Agency	2,626	
Water Operating Fund		
Current Fund		180,000
	<u>339,211</u>	<u>339,211</u>

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The amount due from Federal and State Grant Fund to Current is due to the fact that there is not a separate bank account for the Grant Fund. The amount due from General Capital Fund to Current Fund is due to the fact that there is a NJ Department of Transportation grant included in an ordinance. The amount due from Water Operating to Current Fund is due to recorded budget appropriation surplus general budget not being transferred prior to the end of the year. The majority of the other interfunds are for interest earned but not transferred.

NOTE 9: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2010:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Buildings	2,529,676			2,529,676
Land and Improvements	918,390			918,390
Infrastructure	432,802			432,802
Machinery and Equipment	1,743,304	7,220	92,254	1,658,270
	<u>5,624,172</u>	<u>7,220</u>	<u>92,254</u>	<u>5,539,138</u>

NOTE 10: ECONOMIC DEPENDENCY

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

NOTE 11: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In Woodstown's case, at December 31, 2010 and 2009, \$1,748,306 and \$1,715,143, 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. There was no change in the amount of school taxes deferred during 2010.

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

	<u>Regional District School Tax</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>
Balance of Tax	1,811,800	1,767,826
Deferred	400,000	400,000
Tax Payable	<u>1,411,800</u>	<u>1,367,826</u>

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 12: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2010, consisted of the following:

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>	
Bonds, Notes and Loans Issued	3,213,166	2,695,870	2,635,659	
Bonds and Notes Authorized but not Issued	<u>368,247</u>	<u>403,247</u>	<u>1,332,000</u>	
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u><u>3,581,413</u></u>	<u><u>3,099,117</u></u>	<u><u>3,967,659</u></u>	
	<u>Balance Dec. 31, 2009</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reduction</u>	<u>Balance Dec. 31, 2010</u>
<u>ISSUED:</u>				
General:				
Bond Anticipation Notes	1,048,000		150,000	898,000
Water:				
Bond Anticipation Notes		700,000		700,000
USDA - Loan Payable	<u>1,647,870</u>		<u>32,704</u>	<u>1,615,166</u>
Net Debt Issued	<u>2,695,870</u>	<u>700,000</u>	<u>182,704</u>	<u>3,213,166</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
General:				
Bond Anticipation Notes	53,247			53,247
Water:				
Bond Anticipation Notes	<u>350,000</u>	<u>665,000</u>	<u>700,000</u>	<u>315,000</u>
Authorized but not Issued	<u>403,247</u>	<u>665,000</u>	<u>700,000</u>	<u>368,247</u>
Total Debt Issued and Authorized but not Issued	<u><u>3,099,117</u></u>	<u><u>1,365,000</u></u>	<u><u>882,704</u></u>	<u><u>3,581,413</u></u>

\$2,000,000 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, 2010, was \$1,615,166.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 12: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

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

Year Ended December	Principal	Interest	Total
USDA Loan - Water			
2011	36,036	72,244	108,280
2012	37,676	70,604	108,280
2013	39,390	68,890	108,280
2014	41,183	67,097	108,280
2015	43,057	65,223	108,280
2016-2020	246,519	294,881	541,400
2021-2025	307,952	233,448	541,400
2026-2030	384,695	156,705	541,400
2031-2035	478,658	62,742	541,400
	<u>1,615,166</u>	<u>1,091,834</u>	<u>2,707,000</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .32%.

	Gross Debt	Deductions	Net Debt
Regional School District	None	None	
Water Debt	2,630,166	2,630,166	
General Debt	951,247		951,247
	<u>3,581,413</u>	<u>2,630,166</u>	<u>951,247</u>

Net Debt \$951,247/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$297,906,383 = .32%

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

3 1/2% of Equalized Valuation Basis (Municipal)	10,426,723
Net Debt	951,247
Remaining Borrowing Power	<u>9,475,476</u>

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 12: LONG-TERM DEBT (CONTINUED)

Summary of Statutory Debt Condition – Annual Debt Statement (Continued)

Calculation of “Self-Liquidating Purpose” Water Utility per N.J.S.A. 40:2-45

Cash Receipts from fees, rents, or other charges		901,891
Deductions:		
Operating and Maintenance Costs	505,400	
Debt Service per Water Account	107,633	
		613,033
Excess in Revenue		288,858

NOTE 13: NOTES PAYABLE

The Borough has outstanding at December 31, 2010, a General Capital and Utility Capital bond anticipation note in the amount of \$898,000 and \$700,000 payable to Pennsville National Bank. This note will mature on December 2, 2011 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, (P.E.R.S.), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

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

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

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 14: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. and P.F.R.S. provide for employee contributions of 5.5% and 8.5% respectively of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and P.F.R.S. The P.E.R.S. and P.F.R.S. rate in effect for 2010 is 8.95% and 25.88% respectively of covered payroll as reported on June 30, 2008. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's net contributions to P.E.R.S. for the years ending December 31, 2010, 2009 and 2008 were \$74,961, \$56,650, and \$44,394 respectively, equal to the required contributions for each year. The Borough's net contributions to P.F.R.S. for the years ending December 31, 2010, 2009 and 2008 were \$150,868, \$135,742, and \$111,625 respectively, equal to the required contributions for each year.

Defined Contribution Retirement Program (D.C.R.P.) – The Borough established the Defined Contribution Retirement Program by ordinance on July 8, 2008 as required by Chapter 92 of the Laws of 2007 and N.J.S.A. 43:15C-1 et. seq. D.C.R.P. provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to D.C.R.P. for the years ending December 31, 2010, 2009 and 2008 were \$215, \$330 and \$417 respectively, equal to the required contributions for each year.

NOTE 15: POST-RETIREMENT BENEFITS

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1978 the Borough of Woodstown authorized participation in the SHBP's post-retirement benefit program through resolution. The Borough's policies provide for health insurance and prescription coverage to eligible retirees and their spouses that participate in the SHBP's post-retirement benefit program with the local unit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 15: POST-RETIREMENT BENEFITS (CONTINUED)

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Woodstown on a monthly basis. Plan members receiving benefits are not required to make contributions.

The Borough of Woodstown contributions to SHBP for the years ended December 31, 2010, 2009 and 2008, were \$6,404, \$6,372, and \$5,688, respectively, which equaled the required contributions for each year. There was one retired participant eligible at December 31, 2010, 2009 and 2008, respectively.

NOTE 16: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. 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, if 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 2010.

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:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	None	2,626		75,390
2009	None	2,527	896	70,823
2008	None	2,490	None	65,314

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 17: LABOR CONTRACTS

As of December 31, 2010, the Borough's employees are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

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

NOTE 18: DEFERRED COMPENSATION

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

NOTE 19: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorization	<u>60,000</u>	<u>30,000</u>	<u>30,000</u>

NOTE 20: LENGTH OF SERVICE AWARD PROGRAM

The Borough's Length of Service Awards Program (LOSAP) was created by a Borough ordinance, which was adopted in 2003 in accordance with Chapter 338 of the Laws of 1997. The voters of the Borough of Woodstown approved the adoption of the LOSAP November 2003. LOSAP provides tax deferred income benefits to active volunteer firefighters and first aid squad members. Amounts deferred under section 457 plans must be held in trust for the exclusive benefit of the participating employees and not be accessible by the Borough or its creditors. Since the Borough, does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the Borough's financial statements. The Borough's budget appropriation for 2010, 2009 and 2008 are \$20,000, \$25,000 and \$24,000 respectively. The assets of the plan are held by an independent administrator, Lincoln Financial Advisors.

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 21: JOINT VENTURE

On December 13, 1994, Woodstown entered into a joint venture agreement with Mannington Borough to establish the Mid-Salem County Municipal Court effective January 1, 1995. The Borough of Elmer and the Borough of Quinton entered into the joint municipal court effective December 30, 1997 and March 1, 2003, 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.

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

NOTE 22: OPERATING LEASES

The Borough signed a commitment on April 7, 2010 to lease a postage machine with a term of 63 months. The monthly lease payments are \$44 per month for six months and the \$65 per month for fifty-seven months. The annual lease payments for 2010 were \$394. Future lease payments are as follows:

<u>Year</u>	<u>Payments</u>
2011	780
2012	780
2013	780
2014	780
2015	455
	<u>3,575</u>

NOTE 23: PROPERTY TAX INFORMATION

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate:	2.557	2.524	2.370
Apportionment of Tax Rate:			
Municipal	0.496	0.466	0.430
County	0.853	0.877	0.844
County Open Space	0.020	0.021	0.019
Regional School	1.174	1.145	1.057
Municipal Open Space	0.014	0.015	0.020
Assessed Valuation	298,031,311	299,377,045	299,963,174

BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 and 2009

NOTE 23: PROPERTY TAX INFORMATION (CONTINUED)

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.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Levy	7,648,138	7,598,707	7,149,977
Cash Collections	7,352,023	7,311,649	6,930,717
Percentage of Collections	96.13%	96.22%	96.93%

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Amount of Tax Title Liens	41,242	20,681	13,957
Delinquent Taxes	269,063	253,342	201,979
Total Delinquent	310,305	274,023	215,936
Percentage of Tax Levy	4.06%	3.61%	3.02%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Property Acquired for Taxes (Assessed Valuation)	107,000	107,000	107,000

NOTE 24: WATER RENT INFORMATION

WATER	<u>2010</u>	<u>2009</u>	<u>2008</u>
Balance January 1	67,577	60,216	65,796
Levy	607,573	599,631	577,323
Cash Collections	607,596	592,270	582,902
Percentage of Collections	89.99%	89.76%	90.64%

NOTE 25: LITIGATION

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

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

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

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

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

We have audited the financial statements – regulatory basis of the Borough of Woodstown, New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated May 16, 2011. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Woodstown, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”).

Internal Control over Financial Reporting

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

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

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

A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendations as item 2010-1 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Woodstown, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying schedule of findings and recommendations as item 2010-2 and 2010-3.

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

PETRONI & ASSOCIATES LLC



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

May 16, 2011

BOROUGH OF WOODSTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

State Funding Department/Program	Federal CFDA Number	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
						From	To		
Department of Law and Public Safety Click it or Ticket	20.602	N/A	4,000		4,000	05/18/10	06/30/10	4,000	4,000
Department of Housing & Urban Development Passed through State of New Jersey Department of Community Affairs Community Development Block Grant	14.228	2007-100-022-8020-078-F292-06SC-6150	200,000	40,000	43,722	02/01/07	01/31/09	25,233	240,000
		2007-100-022-8020-078-F292-06SC-6120	118,145	11,815	118,145	04/01/08	09/30/09	105,391	129,960
		2009-02292-0604-00	174,681	17,468	133,793	01/01/09	06/30/11	171,396	191,925
		2009-02292-0597-00	350,000	70,000	82,414	01/01/09	06/30/11	100,724	110,309
					382,074			406,744	676,194

BOROUGH OF WOODSTOWN
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs Joint Venture with Township of Pilesgrove Municipal Alliance on Alcoholism & Drug Abuse	N/A		1,627 1,627 1,627		01/01/10 01/01/09 01/01/05	12/31/10 12/31/09 12/31/05		1,282
Clean Communities	4900-765-042-4900-004-VCMC-6020	6,805 8,463 4,000 4,000		6,805	01/01/10 01/01/09 01/01/08 01/01/06	12/31/10 12/31/09 12/31/08 12/31/06	5,822 1,987	5,822 4,000 3,740
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	4,014 2,494		4,014	01/01/10 01/01/09	12/31/10 12/31/09	1,901	1,901
Recycling Tonnage Rebate		3,000			01/01/09	12/31/09	3,000	3,000
Department of Transportation N.J. Transportation Trust Fund	6320-480-078-6320-AJY-TCAP-6010	142,000			01/01/10	completed	146,139	146,139
Department of Law and Public Safety Police Body Armor	1020-718-066-1020-001-YCJS-6120	720 790 935 872		720	01/01/10 01/01/09 01/01/08 01/01/07	12/31/10 12/31/09 12/31/08 12/31/07	870 480	870 872
Drunk Driving Enforcement	1110-448-301020-60	3,915			01/01/09	12/31/09	1,479	1,862
Department of Environmental Protection Stormwater Management	100-042-4840-091	5,000			01/01/05	12/31/05		2,450
				<u>11,539</u>			<u>161,678</u>	<u>171,938</u>

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency
Balance December 31, 2009	A	2,813,281	23,214
Increased by Receipts:			
Tax Collector	A-6	7,580,000	
Grants Receivable	A-12	168,222	
Revenue Accounts Receivable	A-13	1,023,783	212
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-16	43,340	
Reserve for Grants - Unappropriated	A-18	9,639	
Reserve for Memorial Lake Donations		273	
Petty Cash		330	
Due from Performance Bond Escrow		77	
Due from Public Defender		343	
Due from Off-Duty Police Trust Fund		1	
Due from Water Operating Fund		14,535	
Due General Capital Fund		1,114,239	
Elections Payable		3,300	
Net Payroll			1,173,585
Employee Withholding			563,757
Employer Portion			733,864
Due from Payroll & Agency	A-4	7,273	
Due State of New Jersey - Marriage Licenses		565	
Due State of New Jersey - DCA Fees		6,610	
Total Receipts		9,972,530	2,471,418
		12,785,811	2,494,632
Decreased by Disbursements:			
2010 Budget Appropriations	A-3	2,905,198	
2009 Appropriation Reserves	A-14	25,939	
Encumbrances Payable	A-15	43,874	
Reserve for Grants - Appropriated	A-19	150,163	
Due State of New Jersey - Marriage Licenses		800	
Due State of New Jersey - DCA Fees		6,610	
Elections Payable		3,200	
County Taxes Payable	A-9	2,540,279	
County Open Space Tax	A-9	59,222	
Due County Added & Omitted Taxes	A-9	9,390	
Open Space Taxes	A-9	44,704	
Petty Cash		330	
Reserve for Revaluation		2,598	
Due General Capital Fund		1,255,798	
Due Open Space Trust Fund	B-1	44,980	
Due Unemployment Trust Fund	B-1	4,527	
Due from Public Defender Trust		1,050	
Due Current Fund	A-4		7,273
Net Payroll			1,173,585
Payroll Taxes Paid			1,271,818
Local District School Tax	A-17	3,452,638	
		10,551,300	2,452,676
Balance December 31, 2010	A	2,234,511	41,956
Cash		931,760	
Cash - Certificates of Deposit		1,302,751	
		2,234,511	

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Payroll & Agency</u>
Balance December 31, 2010	A-4	2,234,511	41,956
Increased by Receipts:			
Cash Receipts Record		2,187,272	794,445
		4,421,783	836,401
Decreased by Disbursements:			
Cash Disbursements Record		2,374,121	531,658
Balance March 31, 2011	A-5	<u>2,047,662</u>	<u>304,743</u>

Cash Reconciliation - March 31, 2011

Balance per Statement			
The Bank of Gloucester County		662,441	320,250
Pennsville National Bank		1,306,956	
Add: Deposit in Transit		80,000	
Less: Outstanding Checks		1,735	15,507
Balance March 31, 2011	A-5	<u>2,047,662</u>	<u>304,743</u>

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2009	<u>Ref.</u> A		16,751
Increased by Receipts:			
Taxes Receivable	A-9	7,419,598	
Prepaid Taxes		97,006	
Tax Overpayments		12	
Due Outside Lien Holder		172,789	
Revenue Accounts Receivable	A-13	57,621	
		<hr/>	7,747,026
			<hr/>
			7,763,777
Decreased by Disbursements:			
Paid to Treasurer	A-4	7,580,000	
Due Outside Lien Holder		172,789	
		<hr/>	7,752,789
			<hr/>
Balance December 31, 2010	A		<hr/> <hr/> 10,988

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - COLLECTOR

Balance December 31, 2010	<u>Ref.</u> A-6	10,988
Increased by Receipts:		
Cash Receipts Record		1,863,131
		1,874,119
Decreased by Disbursements:		
Cash Disbursements Record		1,862,789
		11,330
Balance March 31, 2011	A-7	11,330
<u>Cash Reconciliation - March 31, 2011</u>		
Balance per Statement		
The Bank of Gloucester County		91,330
Less: Outstanding Checks		80,000
		11,330
Balance March 31, 2011	A-7	11,330

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

<u>Date</u>	<u>Purpose</u>	<u>Net Amount</u>	<u>1/5 of</u>	<u>Balance</u>	<u>Reduced</u>	<u>Balance</u>
<u>Authorized</u>		<u>Authorized</u>	<u>Authorized</u>	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2010</u>
4/10/2007	Revaluation Program	150,000	30,000	90,000	30,000	60,000
	Ref.			A	A-3	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Transferred to Tax Title Liens	Canceled	Balance
	Dec. 31, 2009			2009	2010			Dec. 31, 2010
2001	688							688
2006	197				197			
2008	6,596				720			5,876
2009	245,860		1,185		238,007	6,303	528	2,207
	<u>253,341</u>		<u>1,185</u>		<u>238,924</u>	<u>6,303</u>	<u>528</u>	<u>8,771</u>
2010		7,648,138		126,849	7,225,174	12,879	22,944	260,292
	<u>253,341</u>	<u>7,648,138</u>	<u>1,185</u>	<u>126,849</u>	<u>7,464,098</u>	<u>19,182</u>	<u>23,472</u>	<u>269,063</u>
Ref.	A			A		A-10		A
				<u>Ref.</u>				
		Cash		A-6	7,419,598			
		Due State of New Jersey		A-16	44,500			
					<u>7,464,098</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		44,726	
General Property Tax		7,575,936	
		<hr/>	
			7,620,662
Added Taxes (54:4-63.1 et. seq.)			27,476
			<hr/>
			<u>7,648,138</u>

	<u>Ref.</u>		
<u>Tax Levied</u>			
Regional District School Tax (Abstract)	A-17		3,496,612
County Taxes:			
County Tax (Abstract)		2,540,279	
Due County for Open Space Tax		59,222	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)		9,390	
		<hr/>	
Total County Taxes			2,608,891
Local Tax for Municipal Purposes	A-2	1,478,300	
Municipal Open Space		44,704	
Add: Additional Taxes Levied		19,631	
		<hr/>	
			1,542,635
			<hr/>
			<u>7,648,138</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2009	A	20,681
Increased by:		
Transfers from Taxes Receivable	A-9	19,182
Interest and Costs on Sale		1,379
Balance December 31, 2010	A	<u>41,242</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance December 31, 2009	A	<u>107,000</u>
Balance December 31, 2010	A	<u>107,000</u>

SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Grants Unappropriated</u>	<u>Canceled</u>	<u>Prior Period Correction</u>	<u>Balance Dec. 31, 2010</u>
Federal Grants:							
Small Cities	8,650					(8,650)	
Small Cities - 2007	72		43,722			43,650	
Small Cities - 2008 Fire House	118,145		118,145				
Click It or Ticket		4,000		4,000			
Over the Limit Under Arrest		6,000		6,000			
State Grants:							
New Jersey Transportation Trust		142,000			142,000		
Clean Communities		6,805	5,635	1,170			
Recycling Tonnage Grant		4,014		4,014			
Smart Growth	2,000						2,000
Police Body Armor		720	720				
	<u>128,867</u>	<u>163,539</u>	<u>168,222</u>	<u>15,184</u>	<u>142,000</u>	<u>35,000</u>	<u>2,000</u>
Ref.	A	A-2	A-4	A-18	A-1	A-1	A

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2009		Treasurer	Collector	Dec. 31, 2010
<u>Miscellaneous Revenue Anticipated</u>					
Licenses:					
Alcoholic Beverages		3,928	3,928		
Fees and Permits		43,695	43,360	335	
Fines and Costs:					
Municipal Court	2,893	40,527	41,415		2,005
Interest and Costs on Taxes		56,605		56,605	
Interest on Investments		26,806	26,125	681	
Lease Payments - Cell Tower		47,937	47,937		
Consolidated Municipal Property Tax Relief		56,211	56,211		
Energy Receipts Tax		192,729	192,729		
Uniform Construction Code Official		57,581	57,581		
Interlocal Agreement - Joint Court		88,295	88,295		
Interlocal Agreement - Sewerage Authority		417,558	417,558		
Cable TV Franchise Fee		12,048	12,048		
Tri-County JIF Safety Incentive Program		3,775	3,775		
<u>Miscellaneous Revenue Not Anticipated</u>					
DMV Inspection Fines		5,506	5,506		
Uniform Fire Safety Act		6,584	6,584		
Senior Citizen Administration Fee		867	867		
FEMA Snow Removal		9,373	9,373		
Refunds		10,115	10,115		
Miscellaneous		588	588		
Sale of Assets		4,605	4,605		
	2,893	1,080,728	1,023,995	57,621	2,005
Ref.	A		A-4	A-6	A

SCHEDULE OF 2009 APPROPRIATION RESERVES

	Balance Dec. 31, 2009	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages				
Police	9,950	9,950	1,480	8,470
Other Expenses:				
Grant Consultant	300	150		150
Borough Clerk	199	349	345	4
Collection of Taxes	130	130	62	68
Legal Services and Costs	980	980	980	
Environmental Commission	1,711	1,711	1,650	61
Affordable Housing	680	680	680	
Group Insurance	4,448	4,448	2,051	2,397
Parks & Playgrounds	5,017	5,017	2,326	2,691
Street Lighting	2,947	2,947	765	2,182
Other Accounts - No Change	27,634	27,634		27,634
Operations within CAPS	<u>53,996</u>	<u>53,996</u>	<u>10,339</u>	<u>43,657</u>
Operations Excluded from "CAPS"				
Length of Service Award	25,000	25,000	15,600	9,400
Other Accounts - No Change	10,326	10,326		10,326
Operations Excluded from "CAPS"	<u>35,326</u>	<u>35,326</u>	<u>15,600</u>	<u>19,726</u>
	<u>89,322</u>	<u>89,322</u>	<u>25,939</u>	<u>63,383</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2009	A	48,772	1,475
Increased by:			
Charges to 2010 Appropriations	A-3	46,722	
		<u>95,494</u>	<u>1,475</u>
Decreased by:			
Payments	A-4	42,399	1,475
Canceled	A-1	6,373	
		<u>48,772</u>	<u>1,475</u>
Balance December 31, 2010	A	<u><u>46,722</u></u>	

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

	<u>Ref.</u>		
Balance December 31, 2009	A		5,827
Increased by:			
Receipts	A-4		43,340
			<u>49,167</u>
Decreased by:			
2010 Deductions Per Tax Duplicate		44,250	
2010 Deductions Allowed by Collector		250	
		<u>44,500</u>	
2009 Deductions Disallowed by Collector	A-9 A-1	(1,160)	
			<u>43,340</u>
Balance December 31, 2010	A		<u><u>5,827</u></u>

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2009			
School Tax Payable	A	1,367,826	
School Tax Deferred		<u>400,000</u>	
			1,767,826
Increased by:			
Levy School Year July 1, 2010 to June 30, 2011	A-9		<u>3,496,612</u>
			5,264,438
Decreased by:			
Payments	A-4		<u>3,452,638</u>
Balance December 31, 2010			
School Tax Payable	A	1,411,800	
School Tax Deferred		<u>400,000</u>	
			<u>1,811,800</u>
Tax Liability for Local District School Tax:			
Tax Payable 12-31-2009	A-17		(1,367,826)
Tax Payable 12-31-2010	A-17		1,411,800
Tax Paid	A-17		<u>3,452,638</u>
Amount Charged to Operations	A-1		<u>3,496,612</u>

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	<u>Balance</u>	<u>Received</u>	<u>Budgeted</u>	<u>Balance</u>
	<u>Dec. 31, 2009</u>		<u>Revenue</u>	<u>Dec. 31, 2010</u>
Click It or Ticket	4,000		4,000	
NJ Recycling Tonnage Grant	4,014	5,528	4,014	5,528
Clean Communities	1,170		1,170	
Police Body Armor		1,210		1,210
Drunk Driving Enforcement		2,901		2,901
Over the Limit Under Arrest	6,000		6,000	
	<u>15,184</u>	<u>9,639</u>	<u>15,184</u>	<u>9,639</u>
Ref.	A	A-4	A-12	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2009	Transferred from Budget Appropriation	Paid or Charged	Canceled	Balance Dec. 31, 2010
Federal Grants:					
Click It or Ticket		4,000	4,000		
Over the Limit Under Arrest		6,000			6,000
Small Cities - 2008 Firehouse	105,391		105,391		
Small Cities - 2007	25,233		25,233		
State Grants:					
New Jersey Transportation Trust		142,000		142,000	
Clean Communities - 2010		6,805			6,805
Clean Communities - 2009	8,462		5,822		2,640
Clean Communities - 2008	1,987		1,987		
Clean Communities - 2006	260				260
Drunk Driving Enforcement Fund 2009	3,532		1,479		2,053
Recycling Tonnage Grant - 2010		4,014			4,014
Recycling Tonnage Grant - 2009	2,494		1,901		593
Salem County Utilities Authority Recycling Grant	3,000		3,000		
Smart Growth - 2009	2,000				2,000
Municipal Alliance Program - 2010		1,627			1,627
Municipal Alliance Program - 2009	345				345
Municipal Alliance Program - 2005	1,627				1,627
Body Armor Grant - 2010		720			720
Body Armor Grant - 2009	790				790
Body Armor Grant - 2008	935		870		65
Body Armor Grant - 2007	480		480		
Municipal Stormwater Regulation Program	2,550				2,550
Domestic Violence	1,270				1,270
	<u>160,356</u>	<u>165,166</u>	<u>150,163</u>	<u>142,000</u>	<u>33,359</u>
Ref.	A	A-3	A-4	A-1	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust	Developer's Escrow Trust	Off-Duty Police Officers	Municipal Open Space	Municipal Public Defender	Parking Offense Adjudication	Performance Bond Escrow	Landfill Closure	Unemployment Compensation Fund	Small Cities Revolving Loan
Balance December 31, 2009	B	6,156	51,610	10,038	67,842	1,357	1,129	24,079	85,898	12,272	73,979
Increased by Receipts:											
Interest Earned		30	160	35	381	3	4	69	1,195	45	249
Dog License Fees:											
Municipal Share	B-3	8,180									
State Share		626									
Escrow Deposits			74,005								
Off-Duty Police				16,553							
Open Space Tax					44,704						
Public Defender						4,465					
POAA Fees							88				
Small Cities Loan Payments											6,624
Due from Current Fund	A-4				44,980					4,526	
Total Receipts		8,836	74,165	16,588	90,065	4,468	92	69	1,195	4,571	6,873
Decreased by Disbursements:											
Expenditures Under RS 4:19-15.11	B-3	7,689									
NJ State Department of Health		626									
Escrow Charges			85,758					19,597			
Off-Duty Police				21,188							
Municipal Open Space Note Principal					30,000						
Municipal Open Space Note Interest					760						
Public Defender Fees						5,112					
Due Current Fund		30	139	36		2	4	342			
Total Disbursements		8,345	85,897	21,224	30,760	5,114	4	19,939			
Balance December 31, 2010	B	6,647	39,878	5,402	127,147	711	1,217	4,209	87,093	16,843	80,852

SCHEDULE OF TRUST FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Developer's Escrow Trust</u>	<u>Off-Duty Police Officers</u>	<u>Municipal Open Space</u>	<u>Municipal Public Defender</u>	<u>Parking Offense Adjudication</u>	<u>Performance Bond Escrow</u>	<u>Landfill Closure</u>	<u>Unemployment Compensation Fund</u>	<u>Uniform Fire Safety Penalty</u>	<u>Affordable Housing</u>	<u>Small Cities Revolving Loan</u>
Balance December 31, 2010	B-1	6,647	39,878	5,402	127,147	711	1,217	4,209	87,093	16,843			80,852
Increased by Receipts:													
Cash Receipts Record		7,183	21,430	3,857	108	730	25	4	140	492	1	1	68
		13,830	61,308	9,259	127,255	1,441	1,242	4,213	87,233	17,335	1	1	80,920
Decreased by Disbursements:													
Cash Disbursements Record		2,537	45,380	4,952		1,192	1	4					
Balance March 31, 2011	B-2	11,293	15,928	4,307	127,255	249	1,241	4,209	87,233	17,335	1	1	80,920
<u>Cash Reconciliation - March 31, 2011</u>													
Balance per Statement													
The Bank of Gloucester County		11,327	15,928	4,307	127,255	249	1,241	4,209	87,233	73,256	1	1	80,920
Add: Deposit in Transit													
Balance March 31, 2011	B-2	11,327	15,928	4,307	127,255	249	1,241	4,209	87,233	73,256	1	1	80,920

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2009	<u>Ref.</u> B	6,156
Increased by:		
Municipal Share of Dog License Fees	B-1	8,180
		<hr/>
		8,180
		<hr/>
		14,336
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	7,689
		<hr/>
Balance December 31, 2010	B	6,647
		<hr/> <hr/>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	6,341
2009	12,490
	<hr/>
	18,831
	<hr/> <hr/>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2009	<u>Ref.</u> C		77,137
Increased by:			
Interest Earned		162	
Due from Current Fund		254,996	
Budget Appropriation			
Capital Improvement Fund	C-6	40,000	
		<hr/>	295,158
			<hr/>
			372,295
Decreased by:			
Improvement Authorizations	C-8	312,917	
Encumbrances Payable		17,893	
Due from Current Fund		2,030	
		<hr/>	332,840
			<hr/>
Balance December 31, 2010	C		<u><u>39,455</u></u>

SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

Balance December 31, 2010	<u>Ref.</u> C-2	39,455
Increased by:		
Cash Receipts Record		92,198
		<u>131,653</u>
Decreased by:		
Cash Disbursements Records		68,411
Balance March 31, 2011	C-3	<u>63,242</u>
<u>Cash Reconciliation - March 31, 2011</u>		
Balance Per Statement		
The Bank of Gloucester County	C-3	<u>63,242</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Receipts		Disbursements			Transfers		Balance Dec. 31, 2010
	Balance Dec. 31, 2009	Capital		Improvement		From	To	
		Improvement Fund	Miscellaneous	Authorization	Miscellaneous			
Fund Balance	26,129							26,129
Due Current Fund	(254,996)		255,158		2,030	216,208	102,802	(115,274)
Capital Improvement Fund	221,061	40,000				46,335	51,281	266,007
Encumbrances Payable	19,386				17,893		66,018	67,511
Grant Receivable	(589,684)					142,000	216,207	(515,477)
Due from Reliance Fire Company	(6,000)						4,068	(1,932)
Due from Pilesgrove Township	(61,928)						4,068	(57,860)
Reserve for:								
Furniture & Fixtures	1,906							1,906
Purchase of a Fire Truck	1,000							1,000
Improvements to Municipal Building	2,719							2,719
Purchase of Emergency Equipment	16,000							16,000
Preliminary Costs - Landfill	14,541							14,541
Improvement Authorizations:								
Ordinance								
Number								
540 Repairs to Memorial Lake Dam	(30,247)							(30,247)
597 Certain Street Improvements	27,500							27,500
608 Parking Lot Improvements	5,769							5,769
2007-3 Purchase Unimproved Land	(23,000)							(23,000)
2007-9 Upgrades Roads Mill and West Millbrook	13,732					13,732		
2007-13 Replace Roof at Fire House	12,202						12,202	
2009-2 Purchase of Recycling Containers	16,913					16,913		
2009-3 Purchase of Dump Truck	993							993
2009-12 Purchase of Street Sweepers	16,569					16,569		
2009-13 Capital Improvements to Borough Hall	4,003							4,003
2009-16 Improvements to Bailey Street Park	171,620			28,576		142,820		224
2009-17 Rehabilitation of Housing Units	410,415			100,724				309,691
2009-18 Improvements to the Firehouse	30,705			30,248			9,335	9,792
2009-23 Purchase of Capital Equipment	14,829			7,237				7,592
2009-24 Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot	15,000			8,075				6,925
2010-7 Upgrade to Liberty Avenue & Church Street				125,716		20,423	160,000	13,861
2010-12 Improvements to Borough Hall & Police Bldg.				8,341		5,577	15,000	1,082
2010-15 Major Repairs to a Firetruck				4,000			4,000	
	<u>77,137</u>	<u>40,000</u>	<u>255,158</u>	<u>312,917</u>	<u>19,923</u>	<u>632,779</u>	<u>632,779</u>	<u>39,455</u>
Ref.	C	C-2	C-2	C-8	C-2			C

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2009	Notes Paid by Budget Appropriation	Balance Dec. 31, 2010	Analysis of Balance Dec. 31, 2010	
					Financed By Bond Anticipation Notes	Expenditures
525	Certain Street Improvements	163,000	73,000	90,000	90,000	
540	Repairs to Memorial Lake Dam	91,247	22,000	69,247	39,000	30,247
596	Purchase of Certain Public Works Equipment	60,000	5,000	55,000	55,000	
625	Purchase Pumper Tanker	160,000	10,000	150,000	150,000	
637	Purchase Unimproved Land	264,000	10,000	254,000	254,000	
2007-3	Purchase Unimproved Land	23,000		23,000		23,000
2008-8	Purchase Green Acres Land	60,000	30,000	30,000	30,000	
2009-2	Purchase of Recycling Containers	70,000		70,000	70,000	
2009-12	Purchase of Street Sweepers	210,000		210,000	210,000	
		<u>1,101,247</u>	<u>150,000</u>	<u>951,247</u>	<u>898,000</u>	<u>53,247</u>
Ref.		C	C-9	C	C-9	C-4

EXHIBIT C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	221,061
Increased by:		
Budget Appropriation	C-2	40,000
Improvement Authorizations - Canceled	C-8	51,281
		<u>312,342</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-8	46,335
Balance December 31, 2010	C	<u><u>266,007</u></u>

EXHIBIT C-7

SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Federal Grants:				
Community Development Block Grant				
Bailey Street	174,681		133,793	40,888
Rehabilitation	350,000		82,414	267,586
State Grants:				
New Jersey Transportation Trust				
Mill & W. Millbrooke	65,003			65,003
Liberty & Church		142,000		142,000
	<u>589,684</u>	<u>142,000</u>	<u>216,207</u>	<u>515,477</u>
Ref.	C	C-8		C

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2009		2010 Authorizations					Balance Dec. 31, 2010
				Funded	Unfunded	Capital Improvement Fund	Grants Receivable	Paid or Charged	Encumbered	Canceled	Funded
597	Certain Street Improvements	05/25/04	190,000	27,500							27,500
608	Parking Lot Improvements	03/22/05	40,000	5,769							5,769
2007-9	Upgrades Roads Mill and West Millbrook	05/08/07	135,000	13,732						13,732	
2007-13	Replace Roof at Fire House	06/12/07	18,000	12,202						12,202	
2009-2	Purchase of Recycling Containers	02/10/09	80,000		16,913					16,913	
2009-3	Purchase of Dump Truck	02/24/09	10,215	993							993
2009-12	Purchase of Street Sweepers	05/26/09	230,000		16,569					16,569	
2009-13	Capital Improvements to Borough Hall	05/26/09	25,000	4,003							4,003
2009-16	Improvements to Bailey Street Park	07/28/09	192,149	171,620				131,378	40,018		224
2009-17	Rehabilitation of Housing Units	07/28/09	420,000	410,415				100,724			309,691
2009-18	Improvements to the Firehouse	08/25/09	30,705	30,705		9,335		30,248			9,792
2009-23	Purchase of Capital Equipment	11/10/09	15,000	14,829				7,237			7,592
2009-24	Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot	11/10/09	15,000	15,000				8,075			6,925
2010-7	Upgrade to Liberty Avenue & Church Street	02/28/10	160,000			18,000	142,000	125,716	20,423		13,861
2010-12	Improvements to Borough Hall & Police Bldg.	05/25/10	15,000			15,000		8,341	5,577		1,082
2010-15	Major Repairs to a Firetruck	06/22/10	4,000			4,000		4,000			
				<u>706,768</u>	<u>33,482</u>	<u>46,335</u>	<u>142,000</u>	<u>415,719</u>	<u>66,018</u>	<u>59,416</u>	<u>387,432</u>
		Ref.	C	C	C-6	C-7					C
							Ref.				
					Due Current Fund Disbursed			102,802			
							C-2	312,917			
								<u>415,719</u>			
									Ref.		
						Due from Pilesgrove Township				4,067	
						Due from Reliance Fire Company				4,068	
						Capital Improvement Fund			C-6	51,281	
										<u>59,416</u>	

EXHIBIT C-9

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance		Balance Dec. 31, 2010
		of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2009	Decreased	
525	Certain Street Improvements	12/15/00	12/3/10	12/2/11	0.97%	13,000	13,000	
540	Repairs to Memorial Lake Dam	12/15/00	12/3/10	12/2/11	0.97%	17,000	17,000	
525	Certain Street Improvements	12/14/01	12/3/10	12/2/11	0.97%	150,000	60,000	90,000
596	Purchase of Certain Public Works Equipment	12/12/04	12/3/10	12/2/11	0.97%	60,000	5,000	55,000
540	Repairs to Memorial Lake Dam	12/09/05	12/3/10	12/2/11	0.97%	44,000	5,000	39,000
637	Purchase Unimproved Land	12/08/06	12/3/10	12/2/11	0.97%	264,000	10,000	254,000
625	Purchase Pumper Tanker	12/07/07	12/3/10	12/2/11	0.97%	160,000	10,000	150,000
2008-8	Purchase Green Acres Land	12/05/08	12/3/10	12/2/11	0.97%	60,000	30,000	30,000
2009-2	Purchase of Recycling Containers	12/4/09	12/3/10	12/2/11	0.97%	70,000		70,000
2009-12	Purchase of Street Sweepers	12/4/09	12/3/10	12/2/11	0.97%	210,000		210,000
						1,048,000	150,000	898,000
Ref.						C		C

EXHIBIT C-10

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance	Balance
		Dec. 31, 2009	Dec. 31, 2010
540	Repairs to Memorial Lake Dam	30,247	30,247
637	Purchase Unimproved Land	23,000	23,000
		53,247	53,247

WATER UTILITY FUND

SCHEDULE OF WATER UTILITY FUND CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>	<u>Escrow</u>
Balance December 31, 2009	D	<u>579,393</u>	<u>184,517</u>	<u>11,801</u>
Increased by:				
Consumer Accounts Receivable	D-8	601,780		
Miscellaneous Revenues	D-3	24,712	659	24
Utility Rent Overpayments		5,694		
Escrow Deposits				4,525
Bond Anticipation Notes	D-18		700,000	
Due from Water Capital Fund	D-5	661		
Due from Water Escrow Fund	D-5	24		
Budget Appropriation				
Capital Improvement Fund	D-13		50,000	
		<u>632,871</u>	<u>750,659</u>	<u>4,549</u>
		<u>1,212,264</u>	<u>935,176</u>	<u>16,350</u>
Decreased by:				
Budget Appropriations	D-4	566,319		
Appropriation Reserves	D-11	786		
Encumbrances Payable	D-12	39,846	8,563	
Accrued Interest Paid	D-14	73,812		
Improvement Authorizations	D-16		109,058	
Due Woodstown Sewerage Authority		58		
Escrow Payments				10,920
Due from Current Fund		14,542		
Due Water Operating Fund	D-5		661	24
		<u>695,363</u>	<u>118,282</u>	<u>10,944</u>
Balance December 31, 2010	D	<u>516,901</u>	<u>816,894</u>	<u>5,406</u>
		Cash	115,931	
		Cash - Certificate of Deposits	400,970	
		<u>516,901</u>		

SCHEDULE OF WATER UTILITY FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>	<u>Escrow</u>
Balance December 31, 2010	D-5	516,901	816,894	5,406
Increased by:				
Cash Receipts Record		199,631	691	13,038
		<u>716,532</u>	<u>817,585</u>	<u>18,444</u>
Decreased by:				
Cash Disbursements Record		398,132	1,813	6,276
Balance March 31, 2011	D-6	<u>318,400</u>	<u>815,772</u>	<u>12,168</u>

Cash Reconciliation - March 31, 2011

Balance per Statement				
The Bank of Gloucester County		116,799	815,772	12,168
Pennsville National Bank		201,888		
Less: Outstanding Checks		287		
Balance March 31, 2011	D-6	<u>318,400</u>	<u>815,772</u>	<u>12,168</u>

ANALYSIS OF WATER UTILITY CAPITAL FUND CASH

	<u>Receipts</u>				<u>Disbursements</u>			<u>Balance Dec. 31, 2010</u>	
	<u>Balance Dec. 31, 2009</u>	<u>Budget Appropriation</u>	<u>Bond</u>		<u>Improvement Authorizations</u>	<u>Miscellaneous</u>	<u>Transfers</u>		
			<u>Anticipation Notes</u>	<u>Miscellaneous</u>			<u>From</u>		<u>To</u>
Fund Balance	55							55	
Capital Improvement Fund	188,108	50,000					110,000	9,684	137,792
Encumbrances Payable	8,563					8,563		513,176	513,176
Due Utility Operating Fund	2			659		661			
Improvement Authorizations:									
Ordinance									
<u>Number</u>									
583 Water Line Upgrades	9,675						9,675		
619 Construction New Well	9						9		
631 Well #6	(26,895)		100,000		31,212		4,803		37,090
2009-23 Capital Equipment	5,000				1,034				3,966
2010-5 Remote Water Meter Reading			600,000		5,497		504,928	35,000	124,575
2010-19 Water Main Realignment Project					71,315		3,445	75,000	240
	<u>184,517</u>	<u>50,000</u>	<u>700,000</u>	<u>659</u>	<u>109,058</u>	<u>9,224</u>	<u>632,860</u>	<u>632,860</u>	<u>816,894</u>
Ref.	D	D-13	D-18	D-5	D-16	D-5			D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2009	D	67,577
Increased by:		
Utility Rents Levied		607,573
		<hr/>
		675,150
Decreased by:		
Collections	D-5	601,780
Overpayments Applied	D-3	5,816
		<hr/>
		607,596
		<hr/>
Balance December 31, 2010	D	<u>67,554</u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2009	Capital Outlay	Balance Dec. 31, 2010
Springs and Wells	1,546,809		1,546,809
Pumping Station Structure	84,380		84,380
Power Supply Equipment	27,727		27,727
Storage Reservoirs & Tanks	33,389	56,374	89,763
Distribution Mains and Accessories	2,167,390		2,167,390
Service Pipes and Stops	65,042		65,042
Meters and Meter Boxes	93,701		93,701
General Equipment	17,624		17,624
Chlorinator	17,474		17,474
Computer	3,366		3,366
Backhoe	72,291		72,291
Utility Truck	17,995		17,995
Fire Hydrants	28,176		28,176
Miscellaneous	106,147		106,147
	<u>4,281,511</u>	<u>56,374</u>	<u>4,337,885</u>
Ref.	D		D
	Ref.		
Budget Appropriations	D-4	18,999	
Encumbrances Payable		37,375	
		<u>56,374</u>	

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2009	2010 Authorization		Balance Dec. 31, 2010
		Date	Amount		Deferred Reserve for Amortization	Deferred Charges to Future Revenue	
631	Well #6	5/23/06	650,000	650,000			650,000
2009-23	Capital Equipment	11/10/09	5,000	5,000			5,000
2010-5	Remote Water Meter Reading	02/23/10	700,000		35,000	665,000	700,000
2010-19	Water Main Realignment Project	08/01/10	75,000		75,000		75,000
				<u>655,000</u>	<u>110,000</u>	<u>665,000</u>	<u>1,430,000</u>
				Ref. D	D-16	D-16	D

SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2009</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Other Expenses	3,631	3,631	786	2,845
Other Accounts - No change	15,659	15,659		15,659
	<u>19,290</u>	<u>19,290</u>	<u>786</u>	<u>18,504</u>
Ref.	D		D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2009	D	39,846	8,563
Increased by:			
Charges to:			
2010 Appropriations	D-4	44,427	
Improvement Authorizations	D-16		513,176
		<u>84,273</u>	<u>521,739</u>
Decreased by:			
Payments	D-5	39,846	8,563
Balance December 31, 2010	D	<u>44,427</u>	<u>513,176</u>

EXHIBIT D-13

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	D	188,108
Increased by:		
Budget Appropriation	D-5	50,000
Improvement Authorizations Canceled	D-16	9,684
		<hr/>
		247,792
Decreased by:		
Improvement Authorizations	D-16	110,000
		<hr/>
Balance December 31, 2010	D	<u>137,792</u>

EXHIBIT D-14

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

	<u>Ref.</u>	<u>Bonds</u>
Balance December 31, 2009	D	30,915
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	73,166
		<hr/>
		104,081
Decreased by:		
Interest Paid	D-5	73,812
		<hr/>
Balance December 31, 2010	D	<u>30,269</u>

Analysis of Accrued Interest December 31, 2010

	<u>Principal</u> <u>Outstanding</u> <u>Dec. 31, 2010</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Days</u>	<u>Amount</u>
Bonds	<u>1,615,166</u>	4.500%	08/03/10	12/31/2010	150	<u>30,269</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorization</u>	<u>Balance Dec. 31, 2010</u>
631	Well #6	05/23/06	250,000.00		250,000.00
2009-23	Capital Equipment	11/10/09	5,000.00		5,000.00
2010-5	Remote Water Meter Reading	02/23/10		35,000.00	35,000.00
2010-19	Water Main Realignment Project	08/01/10		75,000.00	75,000.00
			<u>255,000.00</u>	<u>110,000.00</u>	<u>365,000.00</u>
		Ref.	D	D-16	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2009		2010 Authorization	Paid or Charged	Encumbered	Canceled	Balance Dec. 31, 2010	
				Funded	Unfunded					Funded	Unfunded
583	Water Line Upgrades	08/12/03	20,000	9,675					9,675		
619	Construction New Well	01/24/06	32,000	9					9		
631	Well #6	05/23/06	650,000		323,105		31,212	4,803			287,090
2009-23	Capital Equipment	11/10/09	5,000	5,000			1,034			3,966	
2010-5	Remote Water Meter Reading	02/23/10	700,000			700,000	5,497	504,928			189,575
2010-19	Water Main Realignment Project	08/01/10	75,000			75,000	71,315	3,445		240	
				<u>14,684</u>	<u>323,105</u>	<u>775,000</u>	<u>109,058</u>	<u>513,176</u>	<u>9,684</u>	<u>4,206</u>	<u>476,665</u>
		Ref.		D	D		D-5	D-12	D-13	D	D
					<u>Ref.</u>						
	Capital Improvement Fund				D-13	110,000					
	Deferred Charges to Future Revenue				D-10	665,000					
						<u>775,000</u>					

EXHIBIT D-17

SCHEDULE OF WATER CAPITAL FHA LOAN PAYABLE

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
8/3/95	Replacement of Various Water Mains	2,000,000	4.50%	1,647,870	32,704	1,615,166
			Ref.	D		D

EXHIBIT D-18

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2010</u>
631	Well #6	12/3/2010	12/3/2010	12/2/2011	0.97%	100,000	100,000
2010-5	Remote Water Meter Reading	12/3/2010	12/3/2010	12/2/2011	0.97%	600,000	600,000
						700,000	700,000
					Ref.	D-5	D

EXHIBIT D-19

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2009</u>	<u>Authorized</u>	<u>Issued</u>	<u>Balance Dec. 31, 2010</u>
631	Well #6	350,000		100,000	250,000
2010-5	Remote Water Meter Reading		665,000	600,000	65,000
		350,000	665,000	700,000	315,000
			Ref.	D-16	D-18

PUBLIC ASSISTANCE FUND

EXHIBIT E-1

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

Balance December 31, 2009	<u>Ref.</u> E	3,460
Increased by:		
Interest Earned		11
		<hr/>
		3,471
		<hr/>
Decreased by:		
Due Current Fund		11
		<hr/>
Balance December 31, 2010	E	<u>3,460</u>

EXHIBIT E-2

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

Balance December 31, 2010	<u>Ref.</u> E-1	3,460
Increased by:		
Interest Earned		3
		<hr/>
		3,463
Decreased by:		
Disbursements		3
		<hr/>
Balance March 31, 2011	E-2	<u>3,460</u>

Cash Reconciliation - March 31, 2011

Balance per Statement		
The Bank of Gloucester County	E-2	<u>3,460</u>

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

GENERAL COMMENTS

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

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

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

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

- Water Chemicals
- ADA improvements at Bailey Street Park
- New Water Meters
- Reconstruction of Liberty Avenue

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Borough Council of the Borough of Woodstown,
County of Salem, State of New Jersey, that in accordance with Chapter 435

Laws of 1979, approved February 14, 1980 that interest at the rate of 8% per annum be charged on the first \$1,500.00 said interest to be calculated from the date that tax was payable until the date of actual payment, 18% interest will be charged on amounts due over \$1,500.00, and will continue at 18% until the account is brought up to date, as per N.J.S.A. 54:4-67. A 6% penalty will be charged on any Municipal delinquency in excess of \$10,000 if not paid by the end of the year. N.J.S.A. 54:4-4-67 (Collective to date interest to be taken before any tax payment); and

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 10, 2010, 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>
2010	5
2009	3
2008	2

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

Verification of Delinquent Taxes and Other Charges

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

OTHER COMMENTS

Accounting Procedures:

Material Weaknesses

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

Noncompliance

- *2010-2: There are interfund loans existing as of the end of the year.
- 2010-3: The Developer's Escrow account only requires one signature. The resolution designating the official depositories indicates that three are required.
- 2010-4: Fiscal procedures for the Developer's Escrow account are not in compliance with N.J.S.A. 40A:5-16 and N.J.S.A. 40A:5-17. This was corrected effective January 2011.

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 and Quinton.

Corrective Action Plan

A corrective action plan for the year 2009 was filed with the Division of Local Government Services. Corrective action was not implemented for two of the findings, which are repeated this year.

STATUS OF PRIOR RECOMMENDATIONS

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

MATERIAL WEAKNESSES

- 2009-1 Finding: A general ledger has been established as required by N.J.A.C. 5:30-5.7, but does not contain many required journal entries. Entries to lapse appropriation reserve balances, cancel encumbrances, adjust interfund receivables and payables and tax entries were not made.
- 2009-4 Finding: There are interfund loans existing as of the end of the year.

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES

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

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

NONCOMPLIANCE

*2010-2 Finding: There are interfund loans existing as of the end of the year.

Recommendation: Disbursements be paid from the proper fund.

2010-3 Finding: The Developer's Escrow account only requires one signature. The resolution designating the official depositories indicates that three are required.

Recommendation: The Developer's Escrow account is changed to be in compliance with the resolution designating the official depositories.

* 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