

**BOROUGH OF WOODSTOWN  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2013**

## INDEX

	<b>Page</b>
PART I	1
Independent Auditor's Report	2-4
CURRENT FUND	5
A Comparative Balance Sheet - Current Fund - Regulatory Basis	6-8
A-1 Comparative Statement of Operations and Change in Fund Balance - Current Fund - Regulatory Basis	9-10
A-2 Statement of Revenues - Current Fund - Regulatory Basis	11-12
A-3 Statement of Expenditures - Current Fund - Regulatory Basis	13-19
TRUST FUND	20
B Comparative Balance Sheet - Trust Fund - Regulatory Basis	21-24
GENERAL CAPITAL FUND	25
C Comparative Balance Sheet - General Capital Fund - Regulatory Basis	26
C-1 Statement of Fund Balance - Regulatory Basis	26
WATER UTILITY FUND	27
D Comparative Balance Sheet - Water Utility Fund - Regulatory Basis	28-29
D-1 Comparative Statement of Operations and Change in Fund Balance - Water Utility Fund - Regulatory Basis	30
D-2 Statement of Fund Balance - Water Capital Fund - Regulatory Basis	31
D-3 Statement of Revenues - Water Utility Fund - Regulatory Basis	31
D-4 Statement of Expenditures - Water Utility Fund - Regulatory Basis	32
PUBLIC ASSISTANCE FUND	33
E Comparative Balance Sheet - Public Assistance Fund - Regulatory Basis	34
GENERAL FIXED ASSETS	35
F Statement of General Fixed Assets - Regulatory Basis	36
NOTES TO FINANCIAL STATEMENTS - Regulatory Basis	37-56
SUPPLEMENTARY INFORMATION	57
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	58-59
Report on Compliance for Each Major Federal; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	60-62
Schedule of Federal Awards – Schedule 1	63
Notes to the Schedules of Awards and Financial Assistance – Schedule 2	64
Schedule of Findings and Questioned Costs – Schedule 3	65-68
Summary Schedule of Prior Audit Findings – Schedule 4	69

**INDEX  
(CONTINUED)**

	<b>Page</b>
<b>CURRENT FUND</b>	<b>70</b>
A-4 Schedule of Current Fund Cash - Treasurer	71
A-5 Schedule of Current Fund Cash - Collector	72
A-6 Schedule of Deferred Charges NJSA 40A:4-55 Special Emergency - Revaluation Program	73
A-7 Schedule of Taxes Receivable and Analysis of Property Tax Levy	74-75
A-8 Schedule of Tax Title Liens Receivable	76
A-9 Schedule of Property Acquired for Taxes	76
A-10 Schedule of Grants Receivable	77
A-11 Schedule of Revenue Accounts Receivable	78
A-12 Schedule of Appropriation Reserves	79
A-13 Schedule of Encumbrances Payable	80
A-14 Schedule of Due to State of New Jersey-Senior Citizen and Veterans Deductions	80
A-15 Schedule of Regional District School Tax Payable	81
A-16 Schedule of Reserve for Grant - Unappropriated	81
A-17 Schedule of Reserve for Grants - Appropriated	82
<b>TRUST FUND</b>	<b>83</b>
B-1 Schedule of Trust Fund Cash - Treasurer	84
B-2 Schedule of Reserve for Dog Fund Expenditures	85
B-3 Schedule of Tax Sale Premiums	85
<b>GENERAL CAPITAL FUND</b>	<b>86</b>
C-2 Schedule of General Capital Cash - Treasurer	87
C-3 Analysis of General Capital Fund Cash	88
C-4 Schedule of Deferred Charges to Future Taxation - Unfunded	89
C-5 Schedule of Capital Improvement Fund	90
C-6 Schedule of Grants Receivable	90
C-7 Schedule of Improvement Authorizations	91
C-8 Schedule of Bond Anticipation Notes Payable	92
C-9 Schedule of Bonds and Notes Authorized But Not Issued	93

**INDEX  
(CONTINUED)**

	<b>Page</b>
WATER UTILITY FUND	94
D-5 Schedule of Water Utility Fund Cash - Treasurer	95
D-6 Analysis of Water Utility Capital Fund Cash	96
D-7 Schedule of Consumer Accounts Receivable	97
D-8 Schedule of Fixed Capital	98
D-9 Schedule of Fixed Capital Authorized and Uncompleted	99
D-10 Schedule of Appropriation Reserves	100
D-11 Schedule of Encumbrances Payable	100
D-12 Schedule of Capital Improvement Fund	101
D-13 Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	101
D-14 Schedule of Deferred Reserve for Amortization	102
D-15 Schedule of Improvement Authorizations	103
D-16 Schedule of Water Capital FHA Loan Payable	104
D-17 Schedule of Bond Anticipation Notes Payable	105
D-18 Schedule of Bonds and Notes Authorized But Not Issued	106
PUBLIC ASSISTANCE FUND	107
E-1 Schedule of Public Assistance Cash - Treasurer	108
PART II	109
General Comments	110-112
Other Comments	112
Status of Prior Recommendations	113
Findings and Recommendations	113-114

## PART I

# PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Woodstown  
PO Box 286  
Woodstown, New Jersey 08098

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodstown, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Woodstown as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Woodstown's basic financial statements. The supplementary information listed in the table of contents, the schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States*,

*Local Governments, and Non-Profit Organizations*, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

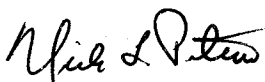
The supplemental information listed in the table of contents, the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2014, on our consideration of the Borough of Woodstown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Woodstown's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

April 2, 2014



## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance	Balance
		Dec. 31, 2013	Dec. 31, 2012
<b>Regular Fund:</b>			
Cash - Chief Financial Officer	A-4	2,776,978.91	2,017,699.00
Cash - Payroll	A-4	385.76	41,283.30
Cash - Collector	A-5	82,839.82	53,824.95
Change Fund		25.00	25.00
		<u>2,860,229.49</u>	<u>2,112,832.25</u>
<b>Receivables and Other Assets with Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-7	226,987.40	244,550.72
Tax Title Liens Receivable	A-8	78,005.45	64,812.88
Property Acquired for Taxes - Assessed Valuation	A-9	107,000.00	107,000.00
Revenue Accounts Receivable	A-11	3,017.08	1,383.84
Due from Unemployment Trust Fund			71.44
Due from Public Defender	B	200.00	
Due from Highbridge Performance Bond	B	62,380.29	
Due from Federal and State Grant Fund	A	24,053.23	
		<u>501,643.45</u>	<u>417,818.88</u>
<b>Deferred Charges:</b>			
Special Emergency	A-6	24,000.00	32,000.00
Emergency Authorization			40,000.00
Overexpenditure of Appropriation Reserve			579.66
		<u>24,000.00</u>	<u>72,579.66</u>
<b>Total Current Fund</b>		<u>3,385,872.94</u>	<u>2,603,230.79</u>
<b>Federal and State Grant Fund:</b>			
Grants Receivable	A-10	55,954.96	55,954.96
Due from Current Fund			22,971.18
Grant Expenditures Without Appropriation	A-4	5,525.00	
		<u>61,479.96</u>	<u>78,926.14</u>
		<u>3,447,352.90</u>	<u>2,682,156.93</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance <u>Dec. 31, 2013</u>	Balance <u>Dec. 31, 2012</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-12	67,474.90	58,190.25
Encumbrances Payable	A-13	31,947.54	43,549.92
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	5,844.42	576.95
Prepaid Taxes	A-5	89,685.93	95,640.60
Tax Overpayments		2,630.21	
Due Outside Lien Holders		23,027.18	
Regional School District Tax Payable	A-15	1,925,120.58	1,483,878.20
Due County - PILOT Revenue		1,318.71	768.19
Due Election Workers		500.00	300.00
Due Federal and State Grant Fund			22,971.18
Due Payroll Agency	B	1,245.50	
Due Snow Removal Trust Fund	B	1,710.85	
Due Unemployment Trust - Payroll Agency			2,581.96
Due Unemployment Trust Fund	B	71.44	
Due Tax Sale Premium Trust Fund	B	207,100.00	30,400.00
Due General Capital Fund	C	166,376.18	58,011.00
Payroll Taxes Payable			39,275.98
Reserve for Unappropriated Revenue:			
Sale of Assets		60,000.00	85,000.00
Memorial Lake Dock Donations		1,463.50	1,463.50
Comcast Technology Grant	A-4	10,000.00	
Reserve for Veterans Walk Appropriated		3,873.26	3,873.26
Reserve for Revaluation		9,697.15	11,805.15
Reserve for Updating Borough Code		6,513.80	9,725.20
Due State of New Jersey:			
Construction DCA Fees		411.00	509.00
Marriage License Fees/Domestic Partnerships		100.00	55.00
		<u>2,616,112.15</u>	<u>1,948,575.34</u>
Reserve for Receivables		501,643.45	417,818.88
Fund Balance	A-1	<u>268,117.34</u>	<u>236,836.57</u>
		<u>3,385,872.94</u>	<u>2,603,230.79</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Federal and State Grant Fund:			
Reserve for Grants - Appropriated	A-17	28,119.99	73,608.23
Reserve for Grants - Unappropriated	A-16	9,013.23	4,967.82
Encumbrances Payable	A-13	293.51	350.09
Due Current Fund	A	24,053.23	
		<u>61,479.96</u>	<u>78,926.14</u>
		<u>3,447,352.90</u>	<u>2,682,156.93</u>

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

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

Revenue and Other Income Realized	Ref.	Year 2013	Year 2012
Fund Balance Utilized	A-2	132,651.98	321,026.48
Miscellaneous Revenue Anticipated	A-2	1,194,274.63	1,041,459.29
Receipts from Delinquent Taxes	A-2	244,964.72	205,074.18
Receipts from Current Taxes	A-2	7,964,941.97	7,723,777.34
Non-Budget Revenue	A-2	143,810.84	199,564.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	47,483.20	10,648.03
Encumbrances Payable - Canceled	A-13	1,994.73	1,654.17
Interfund Loan Returned		81.74	2,311.17
Tax Overpayments Canceled			29.30
Grant Reserves Canceled	A-17	11,956.00	
Total Income		<u>9,742,159.81</u>	<u>9,505,544.95</u>
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,109,941.00	1,143,703.00
Other Expenses	A-3	838,167.00	846,944.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	260,858.66	303,733.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	235,526.19	244,786.38
Other Expenses	A-3	280,894.24	279,632.07
Capital Improvements	A-3	10,000.00	45,000.00
Debt Service	A-3	108,747.70	123,092.96
Deferred Charges	A-3	58,738.00	48,736.00
County Taxes	A-7	2,661,054.19	2,699,250.72
County Open Space Tax	A-7	56,491.60	58,707.03
Due County for Added Taxes	A-7	2,072.78	4,369.49
Regional District School Tax	A-15	3,837,142.00	3,597,379.91
Municipal Open Space	A-7	29,510.00	29,677.00
Prior Year Deductions Disallowed	A-14	1,500.00	750.00
Interfund Loan Advanced		87,583.70	216.41
Grants Expenditures without Appropriation			
Prior Year Refund			680.07
Total Expenditures		<u>9,578,227.06</u>	<u>9,426,658.04</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

	Ref.	<u>Year 2013</u>	<u>Year 2012</u>
Excess in Revenue		163,932.75	78,886.91
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			40,000.00
Statutory Excess to Fund Balance		<u>163,932.75</u>	<u>118,886.91</u>
Fund Balance			
Balance January 1	A	<u>236,836.57</u>	<u>438,976.14</u>
		400,769.32	557,863.05
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>132,651.98</u>	<u>321,026.48</u>
Balance December 31	A	<u><u>268,117.34</u></u>	<u><u>236,836.57</u></u>

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

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Amended by NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>132,651.98</u>		<u>132,651.98</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	5,500.00		5,300.00	(200.00)
Fees and Permits	A-11	17,000.00		16,388.70	(611.30)
Fines and Costs:					
Municipal Court	A-11	35,500.00		36,281.47	781.47
Interest and Costs on Taxes	A-11	45,500.00		63,079.91	17,579.91
Interest on Investments	A-11	11,500.00		6,085.37	(5,414.63)
Utility Operating Surplus	A-11	164,000.00		164,000.00	
Landlord Licensing	A-11	50,000.00		36,790.00	(13,210.00)
Lease Payments - Cell Tower	A-11	57,000.00		75,256.04	18,256.04
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-11	37,339.00		37,339.00	
Energy Receipts Tax	A-11	211,723.00		211,723.04	0.04
Uniform Construction Code	A-11	28,900.00		42,349.00	13,449.00
Interlocal Agreement:					
Joint Court	A-11	106,802.00		100,681.25	(6,120.75)
Sewerage Authority	A-11	390,000.00		345,167.78	(44,832.22)
Cable TV Franchise Fee	A-11	13,165.98		13,165.98	
Reserve for Sale of Assets - Unappropriated	A	25,000.00		25,000.00	
Recycling Tonnage Grant	A-10	3,767.29		3,767.29	
Clean Communities Grant	A-10		6,785.95	6,785.95	
Police Body Armor	A-10	1,200.53	1,413.32	2,613.85	
Drunk Driving Enforcement	A-10		2,500.00	2,500.00	
Total Miscellaneous Revenues		<u>1,203,897.80</u>	<u>10,699.27</u>	<u>1,194,274.63</u>	<u>(20,322.44)</u>
Receipts from Delinquent Taxes	A-2	<u>225,000.00</u>		<u>244,964.72</u>	<u>19,964.72</u>
Subtotal General Revenues		<u>1,428,897.80</u>	<u>10,699.27</u>	<u>1,439,239.35</u>	<u>(357.72)</u>
Amount to be Raised by Taxation	A-2	<u>1,670,450.00</u>		<u>1,676,329.95</u>	<u>5,879.95</u>
Budget Totals		<u>3,231,999.78</u>	<u>10,699.27</u>	<u>3,248,221.28</u>	<u>5,522.23</u>
Non-Budget Revenue	A-2			<u>143,810.84</u>	
		<u>3,231,999.78</u>	<u>10,699.27</u>	<u>3,392,032.12</u>	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	<u>7,964,941.97</u>
Allocated to:		
School, County Taxes and Open Space	A-7	<u>6,586,270.57</u>
Balance for Support of Municipal Budget Appropriation		1,378,671.40
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>297,658.55</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>1,676,329.95</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-7	<u><u>244,964.72</u></u>
Analysis of Non-Budget Revenue		
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Tri-County JIF Safety Incentive Program	A-11	3,755.00
DMV Inspection Fines	A-11	2,957.00
Payments in Lieu of Taxes	A-11	45,641.58
Uniform Fire Safety Act	A-11	8,581.62
Senior Citizen/Homestead Administration Fee	A-11	880.00
FEMA Reimbursement	A-11	10,177.12
Refunds	A-11	800.00
Miscellaneous	A-11	2,364.26
Recyclables	A-11	6,273.97
Due from Highbridge Performance Bond	B	<u>62,380.29</u>
	A-2	<u><u>143,810.84</u></u>



## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
Mayor and Council						
Salaries & Wages	21,600.00	21,600.00	21,204.95		395.05	
Other Expenses	2,500.00	800.00	754.00		46.00	
Borough Clerk						
Salaries & Wages	37,300.00	37,225.00	36,949.76		275.24	
Other Expenses	9,000.00	9,000.00	7,654.22	300.00	1,045.78	
Financial Administration						
Salaries & Wages	26,400.00	26,400.00	26,345.28		54.72	
Other Expenses	9,000.00	10,125.00	9,713.91	24.00	387.09	
Grant Consultant						
Other Expenses	1,500.00	1,105.00	1,100.00		5.00	
Audit Services						
Other Expenses	14,500.00	13,850.00	13,719.25		130.75	
Collection of Taxes						
Salaries & Wages	26,600.00	26,600.00	26,520.00		80.00	
Other Expenses	7,000.00	4,550.00	2,784.21		1,765.79	
Assessment of Taxes						
Salaries & Wages	15,000.00	15,000.00	15,000.00			
Other Expenses	4,000.00	4,170.00	4,150.02		19.98	
Legal Services and Costs						
Other Expenses	18,000.00	17,300.00	17,017.00		283.00	
Engineering Services and Costs						
Other Expenses	2,000.00	1,500.00	1,335.70		164.30	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	10,200.00	8,100.00	8,089.87		10.13	
Other Expenses	3,000.00	3,000.00	2,558.39		441.61	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Affordable Housing						
Other Expenses	1,000.00	500.00	493.00		7.00	
<b>CODE ENFORCEMENT &amp; ADMINISTRATION</b>						
Inspection of Housing						
Salaries and Wages	18,600.00	17,300.00	17,244.72		55.28	
Other Expenses	1,300.00	1,300.00	1,211.63		88.37	
<b>INSURANCE</b>						
Liability Insurance	23,000.00	22,100.00	22,029.22		70.78	
Workmen's Compensation	34,000.00	34,000.00	33,818.72		181.28	
Group Insurance Plan for Employees	279,760.00	264,760.00	248,432.66		16,327.34	
Insurance Safety Program - Other Expenses	3,775.00	3,775.00	3,775.00			
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police						
Salaries & Wages	766,000.00	790,000.00	779,310.50		10,689.50	
Other Expenses	30,000.00	30,500.00	28,845.77	1,284.02	370.21	
Police Radio & Communications						
Other Expenses	32,000.00	32,000.00	32,000.00			
Office of Emergency Management						
Salaries & Wages	4,800.00	4,800.00	4,706.00		94.00	
Other Expenses	800.00	850.00	748.90	70.25	30.85	
First Aid Organization - Contribution	6,800.00	6,800.00		6,800.00		
Fire						
Other Expenses	6,800.00	7,300.00	7,053.16		246.84	
Uniform Fire Safety Act (P.L. 1983, c383)						
Salaries & Wages	8,250.00	7,650.00	7,553.84		96.16	
Other Expenses	700.00	700.00	695.00		5.00	
Prosecutor						
Other Expenses	3,257.00	3,257.00	3,257.00			

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>PUBLIC WORKS FUNCTION</b>						
Road Repairs & Maintenance						
Salaries & Wages	86,000.00	86,200.00	86,120.33		79.67	
Other Expenses	6,000.00	6,000.00	5,954.20		45.80	
Snow Removal						
Salaries & Wages	1,500.00	1,500.00	1,500.00			
Other Expenses	3,000.00	3,000.00	3,000.00			
Shade Tree						
Other Expenses	50.00	50.00			50.00	
Garbage & Trash Removal						
Other Expenses - Contractual	62,000.00	62,225.00	57,008.37	5,210.17	6.46	
Recycling						
Other Expenses - Contractual	85,000.00	83,500.00	76,390.25	6,976.75	133.00	
Resource Recovery						
Salaries & Wages	13,600.00	13,750.00	13,728.00		22.00	
Other Expenses	5,000.00	5,000.00	4,751.86	225.00	23.14	
Public Buildings & Grounds						
Other Expenses	7,000.00	8,400.00	8,369.19		30.81	
Equipment Repair & Maintenance						
Other Expenses	8,000.00	8,200.00	8,092.02		107.98	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Registrar of Vital Statistics						
Other Expenses	250.00	200.00	127.50		72.50	
Environmental Commission						
Other Expenses	800.00	800.00	475.00		325.00	
Animal Control						
Salaries & Wages	50.00	50.00			50.00	
Other Expenses	50.00	50.00			50.00	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Maintenance of Parks & Playgrounds						
Other Expenses	21,500.00	21,700.00	21,600.00		100.00	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	1,000.00	800.00	650.00		150.00	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	27,000.00	25,800.00	25,722.95		77.05
Street Lighting	37,000.00	38,200.00	37,899.08	107.91	193.01
Telephone	10,000.00	9,375.00	9,347.11		27.89
Gas (Natural or Propane)	16,000.00	18,450.00	18,430.47		19.53
Gasoline	22,000.00	20,000.00	16,698.76	2,961.30	339.94
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Landfill Fees	38,000.00	38,000.00	35,201.86	2,798.14	
Sanitary Landfill Other Expenses	6,000.00	7,575.00	7,568.95		6.05
<b>MUNICIPAL COURT FUNCTIONS</b>					
Municipal Court Salaries & Wages	19,184.00	19,184.00	17,929.71		1,254.29
Other Expenses	6,600.00	6,600.00	6,283.06		316.94
Public Defender Salaries & Wages	1,082.00	1,082.00			1,082.00
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</b>					
State Uniform Construction Code Construction Officials Salaries & Wages	33,500.00	33,500.00	32,579.19		920.81
Other Expenses	2,500.00	1,000.00	868.59		131.41
Total Operations within "CAPS"	1,948,108.00	1,948,108.00	1,882,368.13	26,757.54	38,982.33
Detail:					
Salaries and Wages	1,089,666.00	1,109,941.00	1,094,782.15		15,158.85
Other Expenses	858,442.00	838,167.00	787,585.98	26,757.54	23,823.48
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
<b>STATUTORY EXPENDITURES</b>					
Deferred Charges:					
Overexpenditure of Appropriation Reserve	579.66	579.66	579.66		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Contribution to:					
Social Security System (OASI)	82,000.00	82,000.00	81,538.09		461.91
State Disability Insurance	1,000.00	1,000.00	719.49		280.51
Public Employees' Retirement System	36,000.00	36,000.00	35,139.00		861.00
Police & Firemen's Retirement System	140,679.00	140,679.00	140,679.00		
Defined Contribution Retirement Program	600.00	600.00	403.36		196.64
Total Deferred Charges & Statutory Expenditures within "CAPS"	260,858.66	260,858.66	259,058.60		1,800.06
Total General Appropriations for Municipal Purposes within "CAPS"	2,208,966.66	2,208,966.66	2,141,426.73	26,757.54	40,782.39
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
<b>PUBLIC SAFETY FUNCTIONS</b>					
Length of Service Award Program (PL 1977, c.388)	20,000.00	20,000.00			20,000.00
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Recycling Tax	3,000.00	3,000.00	2,155.80	190.00	654.20
<b>INSURANCE</b>					
Group Insurance Plan for Employees	13,240.00	13,240.00	13,240.00		
<b>EDUCATION FUNCTIONS</b>					
Aid to Library (NJSA 40:54-35)					
Other Expenses	5,000.00	5,000.00		5,000.00	
Total Other Operations Excluded from "CAPS"	41,240.00	41,240.00	15,395.80	5,190.00	20,654.20
<b>SHARED SERVICE AGREEMENTS</b>					
Woodstown Sewerage Authority:					
Salaries and Wages	274,290.00	274,290.00	235,526.19		38,763.81
Other Expenses	115,710.00	115,710.00	115,558.40		151.60
Mid Salem County Joint Court					
Court	91,416.00	91,416.00	88,215.69		3,200.31
Prosecutor	11,548.00	11,548.00	11,547.92		0.08
Public Defender	3,838.00	3,838.00	1,000.08		2,837.92
Total Shared Service Agreements	496,802.00	496,802.00	451,848.28		38,915.41

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Municipal Alliance for Drug & Alcohol Abuse	1,626.75	1,626.75	1,626.75		
Drunk Driving Enforcement		2,500.00	2,500.00		
Police Body Armor	1,200.53	2,613.85	2,613.85		
Clean Communities		6,785.95	6,785.95		
NJ Recycling Tonnage Grant	3,767.29	3,767.29	3,767.29		
Total Public and Private Programs Offset by Revenues	6,594.57	17,293.84	17,293.84		
Total Operations Excluded from "CAPS"	544,636.57	555,335.84	484,537.92	5,190.00	26,692.51
Detail:					
Salaries and Wages	274,290.00	274,290.00	235,526.19		38,763.81
Other Expenses	270,346.57	281,045.84	249,011.73	5,190.00	151.60
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Improvements Excluded from "CAPS"	10,000.00	10,000.00	10,000.00		
<b>DEBT SERVICE</b>					
Payment of Bond Anticipation Notes	105,000.00	105,000.00	105,000.00		
Interest on Notes	7,000.00	7,000.00	3,747.70		3,252.30
Total Debt Service	112,000.00	112,000.00	108,747.70		3,252.30

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>					
Deferred Charges:					
Special Emergency Authorization	8,000.00	8,000.00	8,000.00		
Emergency Authorization	40,000.00	40,000.00	40,000.00		
Transfer to Board of Education for Use of Local Schools	10,738.00	10,738.00	10,738.00		
Total Deferred Charges Excluded from "CAPS"	58,738.00	58,738.00	58,738.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	725,374.57	736,073.84	662,023.62	5,190.00 26,692.51	42,167.71
Subtotal General Appropriations	2,934,341.23	2,945,040.50	2,803,450.35	31,947.54	67,474.90 42,167.71
Reserve for uncollected taxes	297,658.55	297,658.55	297,658.55		
Total General Appropriations	3,231,999.78	3,242,699.05	3,101,108.90	31,947.54 67,474.90	42,167.71
	Ref.	A-2 A-3	A-3	A-13 A	
Budget		A-3	3,231,999.78		
Budget Amendments per NJSA 40A:4-87		A-2	10,699.27		
			3,242,699.05		
		Ref.			
Reserve for Uncollected Taxes		A-2	297,658.55		
Due Snow Removal Trust Fund		B	1,710.85		
Deferred Charges:					
Special Emergency Authorization		A-6	8,000.00		
Emergency Authorization		A	40,000.00		
Overexpenditure of Appropriation Reserve		A	579.66		
Reserve for Federal & State Grants - Appropriated		A-17	17,293.84		
Disbursed		A-4	2,735,866.00		
			3,101,108.90		

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

## TRUST FUND



## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Animal Control Trust Fund			
Cash - Treasurer	B-1	9,920.34	5,802.72
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	10,211.59	8,101.46
Landfill Closure			
Cash - Certificate of Deposit	B-1	88,311.15	88,046.61
LOSAP (unaudited)			
Investment		346,078.69	252,832.97
Accounts Receivable		16,400.00	
		<u>362,478.69</u>	<u>252,832.97</u>
Municipal Open Space			
Cash - Treasurer	B-1	177,618.21	156,468.58
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	12,513.01	7,805.56
Parking Offense Adjudication Act			
Cash - Treasurer	B-1	1,575.05	1,447.05
Payroll Agency Trust Fund			
Cash - Treasurer	B-1	41,697.18	
Due Current Fund	A	1,245.50	
		<u>42,942.68</u>	
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	66,588.87	4,208.58
Public Defender Trust Fund			
Cash - Treasurer	B-1	672.86	1,105.16
Tax Sale Premium			
Due from Current Fund	A	207,100.00	30,400.00

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>ASSETS (CONTINUED)</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	1.00	1.00
Affordable Housing			
Cash - Treasurer	B-1	1.00	1.00
Small Cities Revolving Loan Fund			
Cash - Treasurer	B-1	121,249.76	89,904.17
Loans Receivable		800.00	800.00
		<u>122,049.76</u>	<u>90,704.17</u>
Snow Removal Trust Fund			
Due from Current Fund	A	1,710.85	
Unemployment Compensation Fund			
Cash - Treasurer	B-1	80,605.55	77,817.94
Due from Current Fund	A	71.44	
Due from Payroll Agency Fund	B	2,604.71	2,581.96
		<u>83,281.70</u>	<u>80,399.90</u>
		<u>1,186,976.76</u>	<u>727,324.76</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Trust Fund			
Due State of New Jersey		57.60	1.20
Reserve for Dog Fund Expenditures	B-2	9,862.74	5,801.52
		<u>9,920.34</u>	<u>5,802.72</u>
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		10,211.59	8,101.46
Landfill Closure			
Reserve for Landfill Closure		88,311.15	88,046.61
LOSAP (unaudited)			
Reserve for LOSAP Benefits		362,478.69	252,832.97
Municipal Open Space			
Reserve for Municipal Open Space		177,618.21	156,468.58

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Outside Employment of Off-Duty Municipal Police Officers Reserve for Off-Duty Police Fees		12,513.01	7,805.56
Parking Offense Adjudication Act Reserve for POAA Fees		1,575.05	1,447.05
Payroll Agency Trust Fund Due Unemployment Trust Fund Reserve for Payroll Taxes Payable	B	2,604.71 40,337.97 42,942.68	
Performance Bond Escrow Trust Fund Due Current Fund Reserve for Performance Bond Escrow Fees	A	62,380.29 4,208.58 66,588.87	4,208.58 4,208.58
Public Defender Trust Fund Due Current Fund Reserve for Public Defender Trust	A	200.00 472.86 672.86	1,105.16 1,105.16
Uniform Fire Safety Penalty Monies Reserve for Uniform Fire Safety		1.00	1.00
Affordable Housing Reserve for Affordable Housing		1.00	1.00
Small Cities Revolving Loan Fund Reserve for Loans Receivable Due General Capital Fund Reserve for Small Cities		800.00 121,249.76 122,049.76	800.00 10,000.00 79,904.17 90,704.17
Snow Removal Trust Fund Reserve for Snow Removal Trust		1,710.85	

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-3	207,100.00	30,400.00
Unemployment Compensation Fund			
Due Current Fund			71.44
Reserve for Unemployment Claims		83,281.70	80,328.46
		83,281.70	80,399.90
		1,186,976.76	727,324.76

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

## **GENERAL CAPITAL FUND**

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Cash - Treasurer	C-2	658,718.59	169,747.97
Deferred Charges to Future Taxation:			
Unfunded	C-4	634,247.22	669,247.22
Grants Receivable	C-6	629,885.75	792,395.75
Due from Reliance Fire Company		1,932.78	1,932.78
Due from Pilesgrove Township		67,860.28	67,860.28
Due from Woodstown Sewerage Authority			40,000.00
Due from Water Capital Fund			35,000.00
Due from Small Cities Revolving Loan Trust			10,000.00
Due from Current Fund	A	166,376.18	58,011.00
		<u>2,159,020.80</u>	<u>1,844,195.00</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-8	981,000.00	616,000.00
Improvement Authorizations:			
Funded	C-7	298,742.21	930,252.87
Unfunded	C-7	70,750.75	
Encumbrances Payable		645,473.80	60,854.70
Reserves for:			
Improvement to Municipal Building		2,719.60	2,719.60
Purchase of a Fire Truck		11,000.00	11,000.00
Purchase of Emergency Equipment		31,000.00	31,000.00
Reconstruction of Municipal Roads		10,000.00	10,000.00
Purchase of Furniture & Fixtures		1,906.08	1,906.08
Preliminary Costs - Landfill		14,541.20	14,541.20
Preliminary Costs - Memorial Lake Dam		58.40	
Capital Improvement Fund	C-5	54,915.03	129,006.82
Fund Balance	C-1	36,913.73	36,913.73
		<u>2,159,020.80</u>	<u>1,844,195.00</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2012	Ref. C	36,913.73
Balance December 31, 2013	C	<u>36,913.73</u>

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

## **WATER UTILITY FUND**

## EXHIBIT D

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

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Operating Fund			
Cash - Treasurer	D-5	92,577.56	216,452.92
Cash - Change Fund		40.00	40.00
		<u>92,617.56</u>	<u>216,492.92</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	83,169.18	89,679.41
Deferred Charges:			
Overexpenditure of Appropriation	D-4	10,000.00	
		<u>10,000.00</u>	
Total Operating Fund		<u>185,786.74</u>	<u>306,172.33</u>
Capital Fund			
Cash - Treasurer	D-5	309,342.03	568,623.20
Fixed Capital	D-8	4,845,916.35	4,379,818.22
Fixed Capital Authorized and Uncompleted	D-9	804,000.00	1,430,000.00
Total Capital Fund		<u>5,959,258.38</u>	<u>6,378,441.42</u>
Escrow Fund			
Cash - Treasurer	D-5	2,777.40	1,879.65
		<u>6,147,822.52</u>	<u>6,686,493.40</u>

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



COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4:D-10	1,140.20	33,144.31
Encumbrances Payable	D-11	44,016.23	40,065.86
Accrued Interest on Bonds and Notes	D-13	28,575.69	29,259.97
Water Rent Overpayments		1,982.26	3,337.49
		<u>75,714.38</u>	<u>105,807.63</u>
Reserve for Receivables		83,169.18	89,679.41
Fund Balance	D-1	26,903.18	110,685.29
Total Operating Fund		<u>185,786.74</u>	<u>306,172.33</u>
<b>Capital Fund</b>			
Loan Payable	D-16	1,500,808.48	1,540,198.61
Bond Anticipation Notes Payable	D-17	650,000.00	750,000.00
Improvement Authorizations:			
Funded	D-15	5,427.43	4,206.00
Unfunded	D-15	45,277.65	316,365.05
Encumbrances Payable	D-11	43,894.58	176,136.65
Capital Improvement Fund	D-12	17,066.18	151,860.18
Reserve for Amortization		3,152,728.74	2,839,619.61
Deferred Reserve for Amortization	D-14	544,000.00	565,000.00
Due General Capital Fund			35,000.00
Fund Balance	D-2	55.32	55.32
Total Capital Fund		<u>5,959,258.38</u>	<u>6,378,441.42</u>
<b>Escrow Fund</b>			
Reserve for Escrow Fees		2,777.40	1,879.65
		<u>6,147,822.52</u>	<u>6,686,493.40</u>

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

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

Revenue and Other Income Realized	Ref.	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	D-3	89,400.00	87,300.00
Rents	D-3	700,000.00	700,189.86
Additional Rents	D-3	19,785.07	
Miscellaneous	D-3	27,478.48	16,768.35
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	32,512.13	21,251.68
Total Income		<u>869,175.68</u>	<u>825,509.89</u>
Expenditures			
Operating	D-4	439,000.00	456,000.00
Capital Improvements	D-4	25,000.00	30,000.00
Debt Service	D-4	212,157.79	165,098.12
Deferred Charges and Statutory Expenditures	D-4	197,400.00	119,400.00
Total Expenditures		<u>873,557.79</u>	<u>770,498.12</u>
Excess in Revenue			55,011.77
Deficit in Revenue		<u>4,382.11</u>	
Adjustments to Income Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-4	<u>10,000.00</u>	
Statutory Excess to Surplus		5,617.89	
Fund Balance			
Balance January 1	D	110,685.29	142,973.52
		116,303.18	197,985.29
Decreased by:			
Utilization as Anticipated Revenue	D-1	89,400.00	87,300.00
Balance December 31	D	<u>26,903.18</u>	<u>110,685.29</u>

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

## STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2012	Ref. D	55.32
Balance December 31, 2013	D	<u>55.32</u>

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

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	89,400.00	89,400.00	
Rents	D-3	700,000.00	700,000.00	
Additional Rents	D-3	61,000.00	19,785.07	(41,214.93)
Miscellaneous	D-3	15,000.00	27,478.48	12,478.48
		<u>865,400.00</u>	<u>836,663.55</u>	<u>(28,736.45)</u>
	Ref. D-4			

## Analysis of Realized Revenue

## Rents:

## Consumer Accounts Receivable:

Collected	D-7	716,447.58
Overpayments Applied	D-7	3,337.49
		<u>719,785.07</u>

## Miscellaneous:

Interest on Delinquent Rents		14,655.17
Miscellaneous/Searches/Application Fees		1,358.02
Water Meter		737.60
Connection Fee		9,519.66
Interest on Investments		1,208.03
	D-3:D-5	<u>27,478.48</u>

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

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended			Over-Expended	Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved		
Operating:							
Salaries and Wages	197,000.00	203,800.00	203,771.80		28.20		
Other Expenses	240,000.00	235,200.00	197,262.80	37,834.39	102.81		
Capital Improvements:							
Capital Improvement Fund	15,000.00	15,000.00	15,000.00				
Capital Outlay	10,000.00	10,000.00	2,925.00	6,181.84	893.16		
Debt Service:							
Payment of Bond Principal	40,000.00	40,000.00	39,390.13				609.87
Payment of Bond Anticipation Notes	90,000.00	90,000.00	100,000.00			10,000.00	
Interest on Bonds	69,000.00	69,000.00	68,159.28				840.72
Interest on Notes	5,000.00	5,000.00	4,608.38				391.62
Statutory Expenditures:							
Public Employees' Retirement	19,000.00	18,000.00	17,977.00		23.00		
Social Security System (OASI)	16,000.00	15,125.00	15,114.68		10.32		
Unemployment Compensation	100.00	25.00			25.00		
Disability Insurance	300.00	250.00	192.29		57.71		
Surplus General Budget	164,000.00	164,000.00	164,000.00				
	<u>865,400.00</u>	<u>865,400.00</u>	<u>828,401.36</u>	<u>44,016.23</u>	<u>1,140.20</u>	<u>10,000.00</u>	<u>1,842.21</u>
Ref.	D-3			D-11	D	D	
Interest on Bonds and Notes Disbursed	Ref. D-13		72,767.66				
	D-5		755,633.70				
			<u>828,401.36</u>				

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

## **PUBLIC ASSISTANCE FUND**

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

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>ASSETS</b>			
Cash - Treasurer	E-1	3,460.01	3,460.01
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance		3,460.01	3,460.01

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

## **GENERAL FIXED ASSETS**

## STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance <u>Dec. 31, 2013</u>	Balance <u>Dec. 31, 2012</u>
General Fixed Assets:		
Buildings	2,529,676.00	2,529,676.00
Land and Improvements	918,390.00	918,390.00
Machinery and Equipment	1,639,722.58	1,639,722.58
Vehicles	425,923.27	425,923.27
	<u>5,513,711.85</u>	<u>5,513,711.85</u>
Investment in General Fixed Assets	<u>5,513,711.85</u>	<u>5,513,711.85</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, 2013 and 2012**

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

**A. Reporting Entity**

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

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

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF WOODSTOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013 and 2012**

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

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

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

**C. Basis of Accounting**

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

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

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

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

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

**BOROUGH OF WOODSTOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013 and 2012**

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

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

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

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

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

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

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

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

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

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

**D. Comparative Data**

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

**E. Recent Accounting Pronouncements Not Yet Effective**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25." This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the Township's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations." This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This statement is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the Township's financial reporting is not presently determinable.

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 budgets included a reserve for uncollected taxes in the amount of \$297,658.55 and \$237,040.43. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. There were budget amendments during 2013 as follows:

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

Current Fund

Special Item of Revenue:

Drunk Driving Enforcement	2,500.00
Police Body Armor	1,413.32
Clean Communities	6,785.95
	<hr/>
	10,699.27
	<hr/> <hr/>

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2013 and 2012, the carrying amount of the Borough's deposits was \$4,538,110.65 and \$3,513,746.09, respectively. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$4,560,073.20 and \$3,600,976.46, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2013 and 2012, the Borough had no investments other than (LOSAP).

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

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

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 4: INVESTMENTS (CONTINUED)**

**Unaudited Investments** - As more fully described in Note 20, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the account on December 31, 2013 and 2012, amounted to \$346,078.69 and \$252,837.97, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is not available.

**NOTE 5: ACCUMULATED ABSENCE BENEFITS**

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

The value of these earned and unused employee benefits, has not been accrued by either charges to operations or to budgets of the prior years. The Borough's liability at December 31, 2013 and 2012, for accrued unused vacation benefits is \$12,112.00 and \$6,488.80, respectively.

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

**NOTE 6: TAXES COLLECTED IN ADVANCE**

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

	Balance	
	<u>12/31/2013</u>	<u>12/31/2012</u>
Prepaid Taxes - Cash Liability	<u>89,685.93</u>	<u>95,640.60</u>



**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 7: FUND BALANCES APPROPRIATED**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2013	268,117.34	165,451.01
	2012	236,836.57	132,651.98
	2011	438,976.14	321,026.48
	2010	392,265.80	287,495.10
	2009	730,082.21	437,420.92
Water Operating Fund	2013	26,903.18	0.00
	2012	110,685.29	89,400.00
	2011	142,973.52	87,300.00
	2010	227,426.95	151,929.00
	2009	468,965.05	268,900.00

**NOTE 8: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2013:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Land and Improvements	918,390.00			918,390.00
Buildings	2,529,676.00			2,529,676.00
Machinery and Equipment	1,639,722.58			1,639,722.58
Vehicles	425,923.27			425,923.27
	<u>5,513,711.85</u>	None	None	<u>5,513,711.85</u>

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 9: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2013.

	<u>Due From</u>	<u>Due To</u>
<b>Current Fund:</b>		
Tax Sale Premium Fund		207,100.00
General Capital Fund		166,376.18
Public Defender Trust Fund	200.00	
Performance Bond Escrow	62,380.29	
Federal and State Grant Fund	24,053.23	
Snow Removal Trust Fund		1,710.85
Unemployment Trust Fund		71.44
Payroll Agency		1,245.50
<b>Payroll Agency</b>		
Due Current	1,245.50	
Unemployment Trust Fund		2,604.71
<b>Federal and State Grant Fund:</b>		
Current Fund		24,053.23
<b>Unemployment Trust Fund:</b>		
Current Fund	71.44	
Payroll Agency	2,604.71	
<b>General Capital Fund:</b>		
Current Fund	166,376.18	
<b>Snow Removal Trust</b>		
Current Fund	1,710.85	
<b>Public Defender Trust</b>		
Current Fund		200.00
<b>Tax Sale Premium:</b>		
Current Fund	207,100.00	
<b>Performance Bond Escrow</b>		
Current Fund		62,380.29
	<u>465,742.20</u>	<u>465,742.20</u>

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 General Capital Fund is due to the fact that there is a Small Cities grant receipts were wired into Current Fund. The amounts due Tax Sale Premium account are due to a separate bank account is not maintained for premiums.

**NOTE 10: ECONOMIC DEPENDENCY**

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**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, 2013 and 2012, \$1,918,571.00 and \$1,798,689.96, respectively, would be the maximum amount permitted to be deferred under these regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such deferrals amounts to \$400,000.00. There was no change in the amount of school taxes deferred during 2013 or 2012.

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

	Regional School District Tax	
	12/31/2013	12/31/2012
Balance of Tax	2,325,120.58	1,883,878.20
Deferred	400,000.00	400,000.00
	1,925,120.58	1,483,878.20

**NOTE 12: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

Long-term debt as of December 31, 2013, consisted of the following:

	Year		
	2013	2012	2011
Bonds, Notes and Loans Issued	3,131,808.48	2,906,198.61	3,008,521.93
Bonds and Notes Authorized But Not Issued	173,247.22	168,247.22	268,247.22
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	3,305,055.70	3,074,445.83	3,276,769.15

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

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

	Balance Dec. 31, 2012	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2013	Due Within One Year
<b>ISSUED</b>					
General:					
Bond Anticipation Notes	616,000.00	470,000.00	105,000.00	981,000.00	100,000.00
Water:					
Loan Payable	1,540,198.61		39,390.13	1,500,808.48	41,500.00
Bond Anticipation Notes	750,000.00		100,000.00	650,000.00	20,000.00
Net Debt Issued	<u>2,906,198.61</u>	<u>470,000.00</u>	<u>244,390.13</u>	<u>3,131,808.48</u>	<u>161,500.00</u>
<b>AUTHORIZED BUT NOT ISSUED</b>					
General:					
Bond Anticipation Notes	453,247.22	140,000.00	470,000.00	123,247.22	
Water:					
Bond Anticipation Notes	115,000.00		65,000.00	50,000.00	
Authorized But Not Issued	<u>568,247.22</u>	<u>140,000.00</u>	<u>535,000.00</u>	<u>173,247.22</u>	
Total Debt Issued and Authorized But Not Issued	<u><u>3,474,445.83</u></u>	<u><u>470,000.00</u></u>	<u><u>779,390.13</u></u>	<u><u>3,305,055.70</u></u>	

\$2,000,000.00 U.S. Department of Agriculture – Rural Development loan dated August 3, 1995, payable in semi-annual installments through August 2035. Interest is paid at a rate of 4.5% per annum. The balance remaining at December 31, 2013, was \$1,500,808.48.

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

Year Ended December	Principal	Interest	Total
USDA Loan			
Water Operating Fund			
2014	41,182.63	67,097.37	108,280.00
2015	43,056.70	65,223.30	108,280.00
2016	45,016.05	63,263.95	108,280.00
2017	47,064.56	61,215.44	108,280.00
2018	49,206.29	59,073.71	108,280.00
2019-2023	281,728.15	259,671.85	541,400.00
2024-2028	351,935.78	189,464.22	541,400.00
2029-2033	439,639.37	101,760.63	541,400.00
2034-2035	201,978.95	14,581.05	216,560.00
	<u><u>1,500,808.48</u></u>	<u><u>881,351.52</u></u>	<u><u>2,382,160.00</u></u>

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .391%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	None	None	
Water Debt	2,200,808.48	2,200,808.48	
General Debt	1,104,247.22		1,104,247.22
	<u>3,305,055.70</u>	<u>2,200,808.48</u>	<u>1,104,247.22</u>

Net Debt \$1,104,247.22/Equalized Valuation Basis per NJSA 40A:2-2 as amended \$282,669,561.33 = .391%. The debt reflects a \$470,000.00 grant, which debt was authorized for.

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

3 1/2% of Equalized Valuation Basis (Municipal)	9,893,434.65
Net Debt	<u>1,104,247.22</u>
Remaining Borrowing Power	<u>8,789,187.43</u>

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

Cash Receipts from Fees, Rents, or Other Charges	836,663.55
Deductions:	
Operating and Maintenance Costs	472,400.00
Debt Service per Water & Sewer Account	<u>212,157.79</u>
	684,557.79
Excess in Revenue	<u>152,105.76</u>

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

**NOTE 13: NOTES PAYABLE**

The Borough has outstanding at December 31, 2013, a General Capital and Utility Capital bond anticipation note in the amount of \$581,000.00 and \$650,000.00, payable to Pennsville National Bank. This note will mature on November 28, 2014, at an interest rate per annum of .74%.

There is also a General Capital bond anticipation note in the amount of \$400,000.00 payable to Pennsville National Bank. This note will mature on May 29, 2014, at an interest rate per annum of .70%.

**BOROUGH OF WOODSTOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 14: PENSION FUNDS**

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

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

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

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% to 6.78% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provide for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2013 are 11.21% and 25.14%, respectively, of covered payroll, as reported on June 30, 2011. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's net contributions to PERS for the years ending December 31, 2013, 2012 and 2011, were \$81,716, \$93,941 and \$91,568, respectively, equal to the required contributions for each year. The Borough's net contributions to PFRS for the years ending December 31, 2013, 2012 and 2011, were \$140,679, \$174,933 and \$171,462, respectively, equal to the required contributions for each year.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

**Defined Contribution Retirement Program (DCRP)** - The Borough established the Defined Contribution Retirement Program by ordinance on July 8, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to DCRP for the years ending December 31, 2013, 2012 and 2011, were \$403.36, \$474.14 and \$361.00, respectively, equal to the required contributions for each year.

**NOTE 15: POST-RETIREMENT BENEFITS**

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

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

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

For calendar year 2013, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$431,481.00 for premiums of employees and retirees. The amount paid for retirees was \$7,356.00.

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

The Borough's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2012 based upon a 4.5% discount rate. The next actuarial valuation is expected to be performed for the year ended December 31, 2015. GASB 45 permits the calculation of ARC in the intervening years to be based on the annual rate of inflation. In

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

determining the ARC for the year ended 2013, the Borough utilized the US Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 2.5% or \$311,612.00.

**Funded Status and Funding Progress** - As of December 31, 2013, the Borough is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

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

The Actuarial Accrued Liability ("AAL") is the present value of all future expected postretirement medical payments and administrative costs which are attributable to past service. The Borough's unfunded AAL is calculated to be \$3,779,114 as of December 31, 2012.

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

The December 31, 2012, actuarial valuation, utilized assumptions based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the December 31, 2012, report from UHY Advisors, for a period of 30 years.

**NOTE 16: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough of Woodstown is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund, in the event there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage during the year 2013.

**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



**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 16: RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance (Continued)**  
and previous two years:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2013	348.53	2,604.71	0.00		83,281.70
2012	501.85	2,581.96	0.00	71.44	80,328.46
2011	991.26	2,575.60	0.00	1,640.82	77,316.09

**NOTE 17: LABOR CONTRACTS**

As of December 31, 2013, the Borough's police officers are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

	Category	Expiration	Covers
FOP Lodge #6	Police	12/31/2014	All Uniformed Police

**NOTE 18: DEFERRED COMPENSATION**

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

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

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

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

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

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

	Balance Dec. 31, 2013	2014 Budget Appropriation	Budgets of Succeeding Years
Current Fund:			
Special Emergency	24,000.00	8,000.00	16,000.00
Federal and State Grant Fund:			
Grant Expenditure Without Appropriation	5,525.00	3,500.00	2,025.00
Water Operating Fund:			
Overexpenditure of Appropriation	10,000.00	10,000.00	
	39,525.00	21,500.00	18,025.00

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

During the year 2003 the voters of the Borough of Woodstown approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by the voters of the Borough of Woodstown by referendum at the general election in November of 2003. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The balance is subject to the general creditors of the Borough. Contributions by the Borough for qualified participants were \$16,400.00 and \$17,200.00 for 2012 and 2011, respectively. This payment is made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Lincoln Financial Advisors.

**NOTE 21: TAX ABATEMENT PROGRAM**

The tax abatement program was established to encourage development in the Borough to provide housing needs for the low and moderate income, population. There are three agreements in place, Project Freedom – “The Village at Woodstown,” Bailey Corner and Woodstown Development. Woodstown Development is a five year program where real estate taxes on the approved buildings are abated and payments are made in lieu. Specific qualifications for properties are delineated in the Code Book of the Borough. This qualifying property is tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years. The Borough also has long-term programs in accordance with the Local Redevelopment and Housing Law and the Long-Term Exemption Law, codified at NJSA 40A:20-1 et seq. The other two projects are charged annual service charges based on a percentage of annual gross revenue. During the 2013 and 2012 calendar years, the tax abatement program generated \$45,641.58 and \$56,928.12, respectively, in revenue for the Borough.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 22: JOINT VENTURE**

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

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

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

**NOTE 23: SANITARY LANDFILL CLOSURE**

The landfill has been closed since the mid 1980's. The Borough currently does not have a landfill closure plan. Certain actions were proposed to be implemented by the Borough in order to formally close the landfill site. A capital resolution was prepared in 1998 to fund Landfill Closure Costs of \$26,450.00. There have been no appropriations made since then. The balance in the Landfill Closure Trust Fund at December 31, 2013 and 2012, were \$88,311.15 and \$88,046.61, respectively.

**NOTE 24: OPERATING LEASES**

The Borough signed a commitment on April 7, 2010, to lease a postage machine with a term of 63 months. The monthly lease payments are \$44.00 per month for six months and the \$65.00 per month for fifty-seven months. The annual lease payments for 2013 were \$780.00. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	780.00
2015	<u>455.00</u>
	<u><u>1,235.00</u></u>

**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. However, the Borough is currently defending multiple real property tax appeals that are likely to result in reductions in assessed valuations.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 and 2012**

**NOTE 26: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2013 and April 2, 2014, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

## **SUPPLEMENTARY INFORMATION**

Nick L. Petroni, CPA, RMA

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Woodstown, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough of Woodstown's basic financial statements, and have issued our report thereon dated April 2, 2014, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

***Internal Control over Financial Reporting***

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

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

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

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendations as item 2013-001 to be a material weakness.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Woodstown, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying schedule of findings and recommendations as item 2013-002.

### ***Purpose of this Report***

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

PETRONI & ASSOCIATES LLC



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

April 2, 2014

*Nick L. Petroni, CPA, RMA*

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

**Independent Auditor's Report**

Honorable Mayor and Members  
of the Borough Council  
Borough of Woodstown  
1 South Main Street  
Woodstown, New Jersey 08028

***Report on Compliance for Each Major Federal Program***

We have audited the Borough of Woodstown's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Woodstown's major federal programs for the year ended December 31, 2013. The Borough of Woodstown's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Woodstown's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, *Single Audit Policy for Recipients of Federal Grants*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Woodstown's compliance with those requirements and performing such other procedures as we considered



necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Woodstown's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Borough of Woodstown complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### ***Report on Internal Control Over Compliance***

Management of the Borough of Woodstown is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Woodstown's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Woodstown's internal control over compliance.

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


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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the accompanying balance sheets – regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance – regulatory basis, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Borough of Woodstown as of and for the year ended December 31, 2013, and have issued our report thereon dated April 2, 2014, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



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

April 2, 2014

BOROUGH OF WOODSTOWN  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

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 Housing & Urban Development Passed through State of New Jersey Department of Community Affairs Community Development Block Grant	14.228	2011-02292-0351-01	119,120.00	5,956.00		02/01/11	10/31/13	55,840.00	125,076.00
		2012-02292-0278-00	200,000.00	20,000.00	105,895.00	02/01/12	01/31/14	164,029.00	178,529.00
		2012-02292-0284-00	400,000.00	88,400.00	28,518.00	02/01/12	01/31/14	437,837.10	484,887.10
Department of Transportation Drive Sober or Get Pulled Over	20.601		4,400.00		3,500.00	08/16/13	09/02/13	3,500.00	3,500.00
Click it or Ticket	20.604		4,000.00		2,025.00	05/20/13	06/02/13	2,025.00	2,025.00
					<u>139,938.00</u>			<u>663,231.10</u>	<u>1,391,714.30</u>

**BOROUGH OF WOODSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

SCHEDULE 2

**NOTE 1: GENERAL**

The accompanying Schedules of Expenditures of Federal Awards include federal activity of the Borough of Woodstown. The Borough is defined in Note 1 to the Borough's financial statements. All federal awards received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards include the federal and state grant activity of the Borough of Woodstown and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

**BOROUGH OF WOODSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

SCHEDULE 3

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?        X   Yes             No
2. Significant deficiencies identified that  
are not considered to be material weaknesses?        X   Yes             None reported
- Noncompliance material to financial  
statements noted?             Yes        X   No

**Federal Awards**

Internal control over financial reporting:

1. Material weakness(es) identified?             Yes        X   No
2. Significant deficiencies identified that  
are not considered to be material weaknesses?             Yes        X   None

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a)  
of Circular A-133?             Yes        X   No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Small Cities

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?             Yes        X   No

**BOROUGH OF WOODSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

SCHEDULE 3  
(Continued)

**Section I – Summary of Auditor’s Results**

**State Awards** **N/A**

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ No

Type of auditor’s report issued on compliance for major programs:

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ None

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs: N/A

**Section II – Financial Statement Findings**

**Finding: 2013-001**

Criteria:

NJAC 5:30-5.7 requires a general ledger to be maintained.

Condition:

The general ledger does not contain many required journal entries to prevent the financial statements from being materially misstated.

Context:

General journal entries totaling \$23,341,417.22 were required for current fund as of the end of the year.

Effect:

Numerous journal entries were required to accurately reflect the Borough’s financial position at the end of the year.

Cause:

The general ledger is not reviewed by the Chief Financial Officer.

**BOROUGH OF WOODSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

SCHEDULE 3  
(Continued)

**Section II – Financial Statement Findings (Continued)**

Recommendation:

The Chief Financial Officer ensure that the required journal entries are made to the general ledger.

**Finding 2013-002**

Criteria:

The notes to the financial statements require an explanation of the reason for year-end interfunds.

Condition:

There are material interfunds on the books in Current Fund as of December 31, 2013.

Context:

Current Fund has interfunds payable in the amount of \$374,793.12 and interfund receivables of \$86,633.52.

Effect:

Interfunds advanced resulted in \$87,583.70 against Current Fund – fund balance.

Cause:

Grant funds are being wired into the Current Fund account for Grants that are included in Bond Ordinances and a separate bank account is not maintained for Tax Sale Premiums.

Recommendation:

The Chief Financial Officer clear all interfunds prior to the end of the year.

**Finding: 2013-003**

Criteria:

NJSA 40A:4-57 states that no officer, board, body or commission shall, during any fiscal year, expend any money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose.

Condition:

The Borough expended grants funds for two line items for which no appropriation existed and overspent the Water Utility payment of bond anticipation notes.

**BOROUGH OF WOODSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

SCHEDULE 3  
(Continued)

**Section II – Financial Statement Findings (Continued)**

Context:

The grant expenditures without appropriation amounted to \$5,525.00 and the overexpenditure for payment of bond anticipation notes was \$10,000.00.

Effect:

The over-expenditures were recorded as deferred charges are required to be raised in the budget of the next succeeding year's budget.

Cause:

Review of the budget status reports was not performed in a timely manner in order to allow proper budget transfers and special item of revenue resolutions to be adopted.

Recommendation:

Line items be reviewed prior to expending funds to ensure sufficient funds are available.

**Section III – Federal Awards Findings**

**None**

**Section IV – State Awards Findings**

**None**



**BOROUGH OF WOODSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**SCHEDULE 4**

No matters were reported in the prior year related to federal or state grant awards.

## **CURRENT FUND**

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency
Balance December 31, 2012	A	<u>2,017,699.00</u>	<u>41,283.30</u>
Increased by Receipts:			
Tax Collector	A-5	8,300,000.00	
Homestead Rebate	A-7	148,058.07	
Grants Receivable	A-10	10,699.27	
Revenue Accounts Receivable	A-11	1,125,575.22	17.33
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	43,000.00	
Reserve for Grants - Unappropriated	A-16	9,013.23	
Comcast Technology Grant	A	10,000.00	
Due from Payroll & Agency	A-4	17.33	
Due General Capital Fund	C-6	162,510.00	
Due Unemployment Trust Fund		142.88	
Elections Payable		6,600.00	
Net Payroll			1,063,669.99
Voided check			10.30
Due State of New Jersey - Marriage Licenses		425.00	
Due State of New Jersey - DCA Fees		2,683.00	
Total Receipts		<u>9,818,724.00</u>	<u>1,063,697.62</u>
		<u>11,836,423.00</u>	<u>1,104,980.92</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	2,735,866.00	
Appropriation Reserves	A-12	10,707.05	
Encumbrances Payable	A-13	41,555.19	
Reserve for Grants - Appropriated	A-17	50,882.66	
Due State of New Jersey - Marriage Licenses		380.00	
Due State of New Jersey - DCA Fees		2,781.00	
Elections Payable		6,400.00	
County Taxes Payable	A-7	2,661,054.19	
County Open Space Tax	A-7	56,491.60	
Due County Added & Omitted Taxes	A-7	2,072.78	
Open Space Taxes	A-7	29,510.00	
Reserve for Revaluation		2,108.00	
Grant Expenditures Without Appropriation	A	5,525.00	
Due General Capital Fund		58,011.00	
Due Public Defender Trust		200.00	
Due Current Fund	A-4		17.33
Net Payroll			1,063,669.99
Due Payroll Agency Trust Fund			40,907.84
Local District School Tax	A-15	3,395,899.62	
		<u>9,059,444.09</u>	<u>1,104,595.16</u>
Balance December 31, 2013	A	<u>2,776,978.91</u>	<u>385.76</u>

## SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2012	Ref. A		53,824.95
Increased by Receipts:			
Taxes Receivable	A-7	7,926,975.49	
Prepaid Taxes	A	89,685.93	
Tax Overpayments		6,120.71	
Due County - PILOT Revenue		550.52	
Due Outside Lien Holder		212,839.99	
Tax Sale Premiums	B-3	271,900.00	
Revenue Accounts Receivable	A-11	109,445.54	
		<hr/>	8,617,518.18
			<hr/>
			8,671,343.13
Decreased by Disbursements:			
Paid to Treasurer	A-4	8,300,000.00	
Tax Sale Premiums	B-3	95,200.00	
Tax Overpayments		3,490.50	
Due Outside Lien Holder		189,812.81	
		<hr/>	8,588,503.31
			<hr/>
Balance December 31, 2013	A		<u><u>82,839.82</u></u>

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

Date Authorized	Purpose	Net Amount Authorized	1/5 of Amount Authorized	Balance Dec. 31, 2012	Reduced	Balance Dec. 31, 2013
8/23/2011	Update Republish Code	20,000.00	4,000.00	16,000.00	4,000.00	12,000.00
9/27/2011	Revaluation Program	20,000.00	4,000.00	16,000.00	4,000.00	12,000.00
				<u>32,000.00</u>	<u>8,000.00</u>	<u>24,000.00</u>
			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, 2012			2012	2013			Dec. 31, 2013
2009	287.42				287.42			
2012	244,263.30		1,877.91		244,677.30		250.00	1,213.91
	244,550.72		1,877.91		244,964.72		250.00	1,213.91
2013		8,263,059.94		95,640.60	7,869,301.37	13,192.57	59,151.91	225,773.49
	244,550.72	8,263,059.94	1,877.91	95,640.60	8,114,266.09	13,192.57	59,401.91	226,987.40
Ref.	A			A		A-8		A
				Ref.				
		Cash - Collector		A-5	7,926,975.49			
		Cash - CFO		A-4	148,058.07			
		Due State of New Jersey		A-14	39,232.53			
					8,114,266.09			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
Business Personalty Tax		33,336.74	
General Property Tax		8,223,828.51	
		<hr/>	
			8,257,165.25
Added Taxes (54:4-63.1 et. seq.)			<hr/> 5,894.69
			<hr/> <hr/> 8,263,059.94
	Ref.		
Tax Levied			
Regional District School Tax (Abstract)	A-15		3,837,142.00
County Taxes:			
County Tax (Abstract)		2,661,054.19	
Due County for Open Space Tax		56,491.60	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et. seq.)		2,072.78	
		<hr/>	
Total County Taxes			2,719,618.57
Local Tax for Municipal Purposes	A-2	1,670,450.00	
Municipal Open Space		29,510.00	
Add: Additional Taxes Levied		6,339.37	
		<hr/>	
			<hr/> 1,706,299.37
			<hr/> <hr/> 8,263,059.94

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2012	A	64,812.88
Increased by:		
Transfers from Taxes Receivable	A-7	<u>13,192.57</u>
Balance December 31, 2013	A	<u><u>78,005.45</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2012	A	<u>107,000.00</u>
Balance December 31, 2013	A	<u><u>107,000.00</u></u>



## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2012	Budget Revenue Realized	Received	Transfer from Grants Unappropriated	Balance Dec. 31, 2013
<b>Federal Grants:</b>					
Small Cities	55,840.00				55,840.00
<b>State Grants:</b>					
Drunk Driving Enforcement		2,500.00	2,500.00		
Clean Communities	114.96	6,785.95	6,785.95		114.96
Recycling Tonnage Grant		3,767.29		3,767.29	
Police Body Armor		2,613.85	1,413.32	1,200.53	
	<u>55,954.96</u>	<u>15,667.09</u>	<u>10,699.27</u>	<u>4,967.82</u>	<u>55,954.96</u>
Ref.	A	A-2	A-4	A-16	A

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2012		Treasurer	Collector	Dec. 31, 2013
<b>Miscellaneous Revenue Anticipated</b>					
Licenses:					
Alcoholic Beverages		5,300.00	5,300.00		
Fees and Permits		16,388.70	16,218.70	170.00	
Fines and Costs:					
Municipal Court	1,383.84	37,914.71	36,281.47		3,017.08
Interest and Costs on Taxes		63,079.91		63,079.91	
Interest on Investments		6,085.37	5,531.32	554.05	
Utility Operating Surplus		164,000.00	164,000.00		
Landlord Licensing		36,790.00	36,790.00		
Lease Payments - Cell Tower		75,256.04	75,256.04		
Consolidated Municipal Property Tax Relief		37,339.00	37,339.00		
Energy Receipts Tax		211,723.04	211,723.04		
Uniform Construction Code Official		42,349.00	42,349.00		
Interlocal Agreement - Joint Court		100,681.25	100,681.25		
Interlocal Agreement - Sewerage Authority		345,167.78	345,167.78		
Cable TV Franchise Fee		13,165.98	13,165.98		
<b>Miscellaneous Revenue Not Anticipated</b>					
Tri-County JIF Safety Incentive Program		3,755.00	3,755.00		
DMV Inspection Fines		2,957.00	2,957.00		
Payments in Lieu of Taxes		45,641.58		45,641.58	
Uniform Fire Safety Act		8,581.62	8,581.62		
Senior Citizen/Homestead Administration Fee		880.00	880.00		
FEMA Reimbursement		10,177.12	10,177.12		
Refunds		800.00	800.00		
Miscellaneous		2,364.26	2,364.26		
Recyclables		6,273.97	6,273.97		
	<u>1,383.84</u>	<u>1,236,671.33</u>	<u>1,125,592.55</u>	<u>109,445.54</u>	<u>3,017.08</u>
Ref.	A		A-4	A-5	A

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Police	9,725.35	9,725.35	6,667.78	3,057.57
Financial Administration	155.47	55.47		55.47
Other Expenses:				
Borough Clerk	338.09	338.09	38.16	299.93
Financial Administration	78.61	78.61	37.50	41.11
Collection of Taxes	176.74	426.74	389.40	37.34
Legal Services and Costs	1,092.00	1,192.00	1,173.00	19.00
Planning Board	76.85	176.85	168.75	8.10
Road Repair and Maintenance	351.89	351.89	346.27	5.62
Resource Recovery	677.45	677.45	152.63	524.82
Sanitary Landfill	368.75	368.75	368.50	0.25
Office of Emergency Management	339.40	339.40	171.63	167.77
Public Buildings and Grounds	650.60	650.60	240.00	410.60
Municipal Court	424.43	424.43	127.60	296.83
Electricity	3,556.46	3,306.46		3,306.46
Street Lighting	657.45	157.45		157.45
Gasoline	0.93	400.93	373.43	27.50
Other Accounts - No Change	33,418.18	33,418.18		33,418.18
Operations within CAPS	<u>52,088.65</u>	<u>52,088.65</u>	<u>10,254.65</u>	<u>41,834.00</u>
Operations Excluded from "CAPS"				
Mid-Salem County Joint Court	3,308.40	3,308.40	452.40	2,856.00
Other Accounts - No Change	2,793.20	2,793.20		2,793.20
Operations Excluded from "CAPS"	<u>6,101.60</u>	<u>6,101.60</u>	<u>452.40</u>	<u>5,649.20</u>
	<u>58,190.25</u>	<u>58,190.25</u>	<u>10,707.05</u>	<u>47,483.20</u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2012	A	<u>43,549.92</u>	<u>350.09</u>
Increased by:			
Charges to Current Year Appropriations	A-3	31,947.54	
Reserve for Grants Appropriated	A-17		293.51
		<u>75,497.46</u>	<u>643.60</u>
Decreased by:			
Payments	A-4	41,555.19	
Reserve for Grants Appropriated	A-17		350.09
Canceled	A-1	1,994.73	
		<u>43,549.92</u>	<u>350.09</u>
Balance December 31, 2013	A	<u><u>31,947.54</u></u>	<u><u>293.51</u></u>

EXHIBIT A-14

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

Balance December 31, 2012	Ref. A		576.95
Increased by:			
Receipts	A-4		43,000.00
			<u>43,576.95</u>
Decreased by:			
Current Year Deductions Per Tax Duplicate		38,250.00	
Current Year Deductions Allowed by Collector		1,875.00	
Deductions Disallowed by Collector		(892.47)	
		<u>39,232.53</u>	
Prior Year Deductions Disallowed by Collector	A-7 A-1	(1,500.00)	
			<u>37,732.53</u>
Balance December 31, 2013	A		<u><u>5,844.42</u></u>

## SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

	Ref.		
Balance December 31, 2012			
School Tax Payable	A	1,483,878.20	
School Tax Deferred		<u>400,000.00</u>	
			1,883,878.20
Increased by:			
Levy School Year July 1, 2013 to June 30, 2014	A-7		<u>3,837,142.00</u>
			5,721,020.20
Decreased by:			
Payments	A-4		<u>3,395,899.62</u>
Balance December 31, 2013			
School Tax Payable	A	1,925,120.58	
School Tax Deferred		<u>400,000.00</u>	
			<u>2,325,120.58</u>
Tax Liability for Local District School Tax:			
Tax Payable December 31, 2012	A-15		(1,483,878.20)
Tax Payable December 31, 2013	A-15		1,925,120.58
Tax Paid	A-15		<u>3,395,899.62</u>
Amount Charged to Operations	A-1		<u>3,837,142.00</u>

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	<u>Balance</u>	<u>Received</u>	<u>Budgeted</u>	<u>Balance</u>
	<u>Dec. 31, 2012</u>		<u>Revenue</u>	<u>Dec. 31, 2013</u>
NJ Recycling Tonnage Grant	3,767.29	3,488.23	3,767.29	3,488.23
Police Body Armor	1,200.53		1,200.53	
Drive Sober or Get Pulled Over		3,500.00		3,500.00
Click it or Ticket		2,025.00		2,025.00
	<u>4,967.82</u>	<u>9,013.23</u>	<u>4,967.82</u>	<u>9,013.23</u>
Ref.	A	A-4	A-10	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grants	Balance Dec. 31, 2012	Transferred from Budget Appropriation	Paid or Charged	Canceled	Encumbrance Canceled	Encumbered	Balance Dec. 31, 2013
<b>Federal Grants:</b>							
Over the Limit Under Arrest	6,000.00			6,000.00			
Small Cities - 2011	47,526.00		41,476.49	5,956.00	200.00	293.51	
<b>State Grants:</b>							
Clean Communities - 2012	1,617.36		1,617.36				
Clean Communities - 2013		6,785.95	3,571.45				3,214.50
Drunk Driving Enforcement Fund	2,634.32	2,500.00	1,250.00				3,884.32
Recycling Enhancement Grant	3,547.00						3,547.00
Recycling Tonnage Grant - 2012	4,161.28		514.80				3,646.48
Recycling Tonnage Grant - 2013		3,767.29					3,767.29
Recycling Tonnage Grant - 2010					150.09		150.09
Municipal Alliance Program - 2012	472.29						472.29
Municipal Alliance Program - 2013		1,626.75	1,154.56				472.19
Municipal Alliance Program - 2009	1,347.23						1,347.23
Body Armor Grant - 2013		2,613.85					2,613.85
Body Armor Grant - 2012	1,096.45						1,096.45
Body Armor Grant - 2011	1,209.62		1,121.32				88.30
Body Armor Grant - 2010	176.68		176.68				
Municipal Stormwater Regulation Program	2,550.00						2,550.00
Domestic Violence	1,270.00						1,270.00
	<u>73,608.23</u>	<u>17,293.84</u>	<u>50,882.66</u>	<u>11,956.00</u>	<u>350.09</u>	<u>293.51</u>	<u>28,119.99</u>
Ref.	A	A-3	A-4	A-1	A-13	A-13	A

## TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust	Developer's Escrow Trust	Off-Duty Police Officers	Municipal Open Space	Municipal Public Defender	Parking Offense Adjudication	Payroll Agency Trust	Performance Bond Escrow	Landfill Closure	Unemployment Compensation Fund	Uniform Fire Safety Penalty Monies	Affordable Housing	Small Cities Revolving Loan
Balance December 31, 2012	B	5,802.72	8,101.46	7,805.56	156,468.58	1,105.16	1,447.05		4,208.58	88,046.61	77,817.94	1.00	1.00	89,904.17
Increased by Receipts:														
Interest Earned		14.20	16.71	15.42	627.63	1.49	2.26	54.91	260.32	264.54	348.53			170.26
Dog License Fees:														
Municipal Share	B-2	12,872.60												
State Share		674.40												
Escrow Deposits			14,100.00											
Off-Duty Police				27,694.67										
Open Space Tax				29,510.00										
Public Defender Fees					4,869.00									
POAA Fees							128.00							
Payroll Deductions and Withholdings								977,652.36						
Performance Bond Escrow									292,727.34					
Due from Payroll Agency											2,581.96			
Small Cities Revolving Loan Fund														41,183.33
Total Receipts		13,561.20	14,116.71	27,710.09	30,137.63	4,870.49	130.26	977,707.27	292,987.66	264.54	2,930.49			41,353.59
Decreased by Disbursements:														
Expenditures Under RS 4:19-15.11	B-2	8,811.38												
NJ State Department of Health		618.00												
Escrow Charges			11,989.87											
Off-Duty Police				22,987.22										
Municipal Open Space				8,988.00										
Public Defender Fees					5,301.30									
Payroll Deductions and Withholdings								935,955.18						
Performance Bond Escrow									230,601.03					
Due General Capital Fund														10,000.00
Small Cities Revolving Loan Fund														8.00
Due Current Fund		14.20	16.71	15.42		1.49	2.26	54.91	6.34		142.88			
Total Disbursements		9,443.58	12,006.58	23,002.64	8,988.00	5,302.79	2.26	936,010.09	230,607.37		142.88			10,008.00
Balance December 31, 2013	B	9,920.34	10,211.59	12,513.01	177,618.21	672.86	1,575.05	41,697.18	66,588.87	88,311.15	80,605.55	1.00	1.00	121,249.76



## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2012	Ref. B	5,801.52
Increased by:		
Municipal Share of Dog License Fees	B-1	12,872.60
		<u>12,872.60</u>
		18,674.12
Decreased by:		
Expenditures Under RS 4:19-15.11: Cash	B-1	8,811.38
		<u>8,811.38</u>
Balance December 31, 2013	B	<u><u>9,862.74</u></u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2011	9,429.00
2012	8,123.20
	<u>17,552.20</u>

## SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2012	Ref. B	30,400.00
Increased by:		
Tax Collector Receipts	A-5	271,900.00
		<u>271,900.00</u>
		302,300.00
Decreased by:		
Premiums Refunded	A-5	95,200.00
		<u>95,200.00</u>
Balance December 31, 2013	B	<u><u>207,100.00</u></u>

## **GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2012	Ref. C		169,747.97
Increased by:			
Interest Earned		206.74	
Due from Current Fund		58,011.00	
Due from Small Cities Revolving Trust		10,000.00	
Due from Woodstown Sewerage Authority		112,000.00	
Due from Water Capital Fund		98,000.00	
Budget Appropriation			
Capital Improvement Fund	C-5	10,000.00	
Bond Anticipation Notes	C-8	470,000.00	
		<hr/>	758,217.74
			<hr/>
			927,965.71
Decreased by:			
Improvement Authorizations	C-7	224,192.20	
Encumbrances Payable		40,982.00	
Due from Current Fund		4,072.92	
		<hr/>	269,247.12
			<hr/>
Balance December 31, 2013	C		<u><u>658,718.59</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Receipts								Balance Dec. 31, 2013		
	Balance Dec. 31, 2012	Budget Appropriation	Bond		Disbursements		Transfers				
			Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	From	To			
Fund Balance	36,913.73								36,913.73		
Due Current Fund	(58,011.00)			58,217.74					(166,376.18)		
Due Water Capital Fund	(35,000.00)						4,072.92	162,510.00			
Due Woodstown Sewerage Authority	(40,000.00)							63,000.00			
Due Small Cities Revolving Loan Trust	(10,000.00)							72,000.00			
Capital Improvement Fund	129,006.82	10,000.00						131,000.00	54,915.03		
Encumbrances Payable	60,854.70						40,982.00	890.20	645,473.80		
Grant Receivable - NJ DOT	(164,298.75)								(164,298.75)		
Grant Receivable - Small Cities	(628,097.00)								(465,587.00)		
Due from Reliance Fire Company	(1,932.78)								(1,932.78)		
Due from Pilesgrove Township	(67,860.28)								(67,860.28)		
Reserve for:											
Reconstruction of Municipal Roads	10,000.00								10,000.00		
Furniture & Fixtures	1,906.08								1,906.08		
Purchase of a Fire Truck	11,000.00								11,000.00		
Improvements to Municipal Building	2,719.60								2,719.60		
Purchase of Emergency Equipment	31,000.00								31,000.00		
Preliminary Costs - Landfill	14,541.20								14,541.20		
Preliminary Costs - Memorial Lake Dam								58.40	58.40		
Improvement Authorizations:											
Ordinance											
Number											
540 Repairs to Memorial Lake Dam	(30,247.22)								750.75	(29,496.47)	
597 Certain Street Improvements	27,500.24							27,500.24			
608 Parking Lot Improvements	5,571.25					942.52		4,628.73			
2007-3 Purchase Unimproved Land	(23,000.00)									(23,000.00)	
2009-13 Capital Improvements to Borough Hall	783.88							783.88			
2009-16 Improvements to Bailey Street Park	14.40							14.40			
2009-17 Rehabilitation of Housing Units	14,437.40					14,437.40					
2009-24 Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot	6,925.00									6,925.00	
2010-7 Upgrade to Liberty Avenue & Church Street	11,386.91							11,467.96	81.05		
2010-12 Improvements to Borough Hall & Police Bldg.	1,082.00							1,082.00			
2011-7 Improvements to Borough Hall & Public Works Bldg.	24,492.20									24,492.20	
2011-12 Purchase of Public Safety Equipment, Portable Radar Speed Advisory System & Message Trailer	2,756.00							1,325.00	1,431.00		
2012-5 Capital Improvements Green Street	452,950.00		470,000.00					21,380.49	608,056.61	180,000.00	473,512.90
2012-6 Reconstruct and Upgrade East Millbrooke	120,500.00										120,500.00
2012-8 Purchase Capital Equipment	4,673.59							3,910.50		763.09	
2012-9 Improvements to Borough Hall	50,000.00									50,000.00	
2012-10 Rehabilitation of Housing Units	205,500.00							164,029.00		41,471.00	
2012-11 Purchase and Upgrade the Computer Program and Equipment for the Tax Collector and Finance Office	1,680.00									1,680.00	
2013-9 Sidewalk Small Cities								17,165.64	20,000.00	2,834.36	
2013-13 Purchase of Two Public Works Vehicles								12,586.34	13,000.00	413.66	
2013-14 Improvements to the Firehouse								651.65	5,848.35	48,000.00	41,500.00
2013-15 Purchase of Trash Containers								350.00		5,000.00	4,650.00
	<u>169,747.97</u>	<u>10,000.00</u>	<u>470,000.00</u>	<u>278,217.74</u>	<u>224,192.20</u>	<u>45,054.92</u>	<u>1,102,799.71</u>	<u>1,102,799.71</u>		<u>658,718.59</u>	
Ref.	C	C-2	C-8	C-2	C-7	C-2				C	

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - UNFUNDED

Ordinance Number	Purpose	Analysis of Balance Dec. 31, 2013						
		Balance Dec. 31, 2012	Authorized	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Financed By Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
540	Repairs to Memorial Lake Dam	49,247.22		9,000.00	40,247.22	10,000.00	29,496.47	750.75
596	Purchase of Certain Public Works Equipment	30,000.00		15,000.00	15,000.00	15,000.00		
625	Purchase Pumper Tanker	115,000.00		25,000.00	90,000.00	90,000.00		
637	Purchase Unimproved Land	214,000.00		29,000.00	185,000.00	185,000.00		
2007-3	Purchase Unimproved Land	23,000.00			23,000.00		23,000.00	
2009-2	Purchase of Recycling Containers	49,000.00		7,000.00	42,000.00	42,000.00		
2009-12	Purchase of Street Sweepers	189,000.00		20,000.00	169,000.00	169,000.00		
2013-15	Purchase of Trash Containers		70,000.00		70,000.00			70,000.00
		<u>669,247.22</u>	<u>70,000.00</u>	<u>105,000.00</u>	<u>634,247.22</u>	<u>511,000.00</u>	<u>52,496.47</u>	<u>70,750.75</u>
Ref.		C	C-7	C-8	C	C-8	C-3	C-7

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2012	C	129,006.82
Increased by:		
Budget Appropriation	C-2	10,000.00
Improvement Authorizations - Canceled	C-7	46,908.21
		<u>56,908.21</u>
		185,915.03
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	131,000.00
Balance December 31, 2013	C	<u><u>54,915.03</u></u>

## SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2012	Receipts	Balance Dec. 31, 2013
<b>Federal Grants:</b>			
Community Development Block Grant			
Rehabilitation	28,097.00	28,097.00	
Rehabilitation 2012	200,000.00	105,895.00	94,105.00
Green Street	400,000.00	28,518.00	371,482.00
<b>State Grants:</b>			
New Jersey Transportation Trust			
Mill & W. Millbrooke	13,298.75		13,298.75
East Millbrooke	151,000.00		151,000.00
	<u>792,395.75</u>	<u>162,510.00</u>	<u>629,885.75</u>
Ref.	C	A-4	C

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance	Authorizations				Paid or Charged	Encumbered	Canceled	Canceled Encumbrance	Balance Dec. 31, 2013	
				Dec. 31, 2012	Capital Improvement	Due from Water Capital	Due from Sewerage Authority	Future Taxation - Unfunded					Funded	Unfunded
540	Memorial Lake Dam	10/26/99	1,000,000.00									750.75		750.75
597	Certain Street Improvements	05/25/04	190,000.00	27,500.24						27,500.24				
608	Parking Lot Improvements	03/22/05	40,000.00	5,571.25					942.52		4,628.73			
2009-13	Capital Improvements to Borough Hall	05/26/09	25,000.00	783.88							783.88			
2009-16	Improvements to Bailey Street Park	07/28/09	192,149.00	14.40							14.40			
2009-17	Rehabilitation of Housing Units	07/28/09	420,000.00	14,437.40					14,437.40					
2009-24	Reappropriation of Unexpended Balances for the purpose of: Municipal Parking Lot			6,925.00										6,925.00
2010-7	Upgrade to Liberty Avenue & Church Street	02/28/10	160,000.00	11,386.91							11,467.96	81.05		
2010-12	Improvements to Borough Hall & Police Bldg.	05/25/10	15,000.00	1,082.00							1,082.00			
2011-7	Improvements to Borough Hall & Public Works Bldg.	05/24/11	26,000.00	24,492.20										24,492.20
2011-12	Purchase of Public Safety Equipment, Portable Radar Speed Advisory System & Message Trailer	09/13/11	16,000.00	2,756.00					1,325.00		1,431.00			
2012-5	Capital Improvements Green Street	06/12/12	680,000.00	452,950.00	45,000.00	63,000.00	72,000.00		21,380.49	608,056.61				3,512.90
2012-6	Reconstruct and Upgrade East Millbrooke	06/26/12	151,000.00	120,500.00										120,500.00
2012-8	Purchase Capital Equipment	08/14/12	30,000.00	4,673.59					3,910.50					763.09
2012-9	Improvements to Borough Hall	09/25/12	50,000.00	50,000.00										50,000.00
2012-10	Rehabilitation of Housing Units	11/13/12	220,000.00	205,500.00					164,029.00					41,471.00
2012-11	Purchase and Upgrade the Computer Program and Equipment for the Tax Collector and Finance Office	11/13/12	10,000.00	1,680.00										1,680.00
2013-9	Sidewalk Small Cities	08/27/13	20,000.00		20,000.00				17,165.64					2,834.36
2013-13	Purchase of Two Public Works Vehicles	10/22/13	13,000.00		13,000.00					12,586.34				413.66
2013-14	Improvements to the Firehouse	10/22/13	48,000.00		48,000.00				651.65	5,848.35				41,500.00
2013-15	Purchase of Trash Containers	11/26/13	75,000.00		5,000.00			70,000.00	350.00					4,650.00
				<u>930,252.87</u>	<u>131,000.00</u>	<u>63,000.00</u>	<u>72,000.00</u>	<u>70,000.00</u>	<u>224,192.20</u>	<u>626,491.30</u>	<u>46,908.21</u>	<u>831.80</u>	<u>298,742.21</u>	<u>70,750.75</u>
Ref.				C	C-5			C-4	C-2		C-5		C	C

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance			Balance Dec. 31, 2013
		of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2012	Increased	Decreased	
596	Purchase of Certain Public Works Equipment	12/12/04	11/29/13	11/28/14	0.74%	30,000.00		15,000.00	15,000.00
540	Repairs to Memorial Lake Dam	12/09/05	11/29/13	11/28/14	0.74%	19,000.00		9,000.00	10,000.00
637	Purchase Unimproved Land	12/08/06	11/29/13	11/28/14	0.74%	214,000.00		29,000.00	185,000.00
625	Purchase Pumper Tanker	12/07/07	11/29/13	11/28/14	0.74%	115,000.00		25,000.00	90,000.00
2009-2	Purchase of Recycling Containers	12/4/09	11/29/13	11/28/14	0.74%	49,000.00		7,000.00	42,000.00
2009-12	Purchase of Street Sweepers	12/4/09	11/29/13	11/28/14	0.74%	189,000.00		20,000.00	169,000.00
2013-12	Green Street Improvements	11/29/13	11/29/13	11/28/14	0.74%		70,000.00		70,000.00
2013-12	Green Street Improvements	11/29/13	11/29/13	05/29/14	0.70%		400,000.00		400,000.00
						<u>616,000.00</u>	<u>470,000.00</u>	<u>105,000.00</u>	<u>981,000.00</u>
					Ref.	C	C-9		C
									Temporary funding in anticipation of grant funds
									470,000.00
									Deferred Charges to Future Taxation - Unfunded
									511,000.00
									<u>981,000.00</u>



## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2012	Authorized	Notes Issued	Balance Dec. 31, 2013
540	Repairs to Memorial Lake Dam	30,247.22			30,247.22
637	Purchase Unimproved Land	23,000.00			23,000.00
2012-5/2013-12	Capital Improvements Green Street	400,000.00	70,000.00	470,000.00	
2013-15	Purchase of Trash Containers		70,000.00		70,000.00
		<u>453,247.22</u>	<u>140,000.00</u>	<u>470,000.00</u>	<u>123,247.22</u>
	Ref.		C-7	C-8	

**WATER UTILITY FUND**

## SCHEDULE OF WATER UTILITY FUND CASH - TREASURER

	Ref.	<u>Operating</u>	<u>Capital</u>	<u>Escrow</u>
Balance December 31, 2012	D	<u>216,452.92</u>	<u>568,623.20</u>	<u>1,879.65</u>
Increased by:				
Consumer Accounts Receivable	D-7	716,447.58		
Miscellaneous Revenues	D-3	26,841.14	633.52	3.82
Utility Rent Overpayments		1,982.26		
Due from Water Capital Fund	D-5	633.52		
Due from Water Escrow Fund	D-5	3.82		
Budget Appropriation				
Capital Improvement Fund	D-12		15,000.00	
Escrow Deposits				897.75
		<u>745,908.32</u>	<u>15,633.52</u>	<u>901.57</u>
		<u>962,361.24</u>	<u>584,256.72</u>	<u>2,781.22</u>
Decreased by:				
Budget Appropriations	D-4	755,633.70		
Appropriation Reserves	D-10	632.18		
Encumbrances Payable	D-11	40,065.86	24,200.23	
Accrued Interest Paid	D-13	73,451.94		
Improvement Authorizations	D-15		215,080.94	
Due General Capital Fund			35,000.00	
Due Water Operating Fund	D-5		633.52	3.82
		<u>869,783.68</u>	<u>274,914.69</u>	<u>3.82</u>
Balance December 31, 2013	D	<u><u>92,577.56</u></u>	<u><u>309,342.03</u></u>	<u><u>2,777.40</u></u>

## ANALYSIS OF WATER UTILITY CAPITAL FUND CASH

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2013
	Balance Dec. 31, 2012	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
	Fund Balance	55.32						
Capital Improvement Fund	151,860.18	15,000.00				154,000.00	4,206.00	17,066.18
Encumbrances Payable	176,136.65				24,200.23	151,936.42	43,894.58	43,894.58
Due Utility Operating Fund			633.52		633.52			
Due General Capital Fund	35,000.00				35,000.00			
Improvement Authorizations: Ordinance Number								
631 Well #6	102,235.80			106,658.90		299.25		(4,722.35)
2009-23 Capital Equipment	3,966.00					3,966.00		
2010-5 Remote Water Meter Reading	99,129.25						148,491.62	247,620.87
2010-19 Water Main Realignment Project	240.00					240.00	3,444.80	3,444.80
2013-6 Water Main Repair/Replacement				45,422.04			47,000.00	1,577.96
2013-12 Green Street Improvements				63,000.00			63,000.00	
2013-13 Purchase of Two Public Works Vehicles						43,595.33	44,000.00	404.67
	<u>568,623.20</u>	<u>15,000.00</u>	<u>633.52</u>	<u>215,080.94</u>	<u>59,833.75</u>	<u>354,037.00</u>	<u>354,037.00</u>	<u>309,342.03</u>
Ref.	D	D-12	D-5	D-15	D-5			D

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2012	Ref. D	89,679.41
Increased by:		
Utility Rents Levied		<u>713,274.84</u>
		<u>802,954.25</u>
Decreased by:		
Collections	D-5	716,447.58
Overpayments Applied	D-3	<u>3,337.49</u>
		<u>719,785.07</u>
Balance December 31, 2013	D	<u><u>83,169.18</u></u>

## SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2012	Ordinance	Capital Outlay	Balance Dec. 31, 2013
Springs and Wells	1,546,809.26			1,546,809.26
Pumping Station Structure	84,379.76			84,379.76
Power Supply Equipment	27,726.56			27,726.56
Storage Reservoirs & Tanks	120,764.00			120,764.00
Distribution Mains and Accessories	2,173,211.47	74,760.00		2,247,971.47
Service Pipes and Stops	65,042.45			65,042.45
Meters and Meter Boxes	93,701.12	387,379.13		481,080.25
General Equipment	22,735.05	1,034.00		23,769.05
Chlorinator	17,473.50			17,473.50
Computer	3,366.00			3,366.00
Backhoe	72,291.23			72,291.23
Utility Truck	17,994.50			17,994.50
Fire Hydrants	28,175.78			28,175.78
Miscellaneous	106,147.54		2,925.00	109,072.54
	<u>4,379,818.22</u>	<u>463,173.13</u>	<u>2,925.00</u>	<u>4,845,916.35</u>
Ref.	D	D-9	D-4	D

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Authorized	Costs to	Canceled	Balance
		Date	Amount	Dec. 31, 2012		Fixed Capital		Dec. 31, 2013
631	Well #6	05/23/06	650,000.00	650,000.00				650,000.00
2009-23	Capital Equipment	11/10/09	5,000.00	5,000.00		1,034.00	3,966.00	
2010-5	Remote Water Meter Reading	02/23/10	700,000.00	700,000.00		387,379.13	312,620.87	
2010-19	Water Main Realignment Project	08/01/10	75,000.00	75,000.00		74,760.00	240.00	
2013-6	Water Main Repair/Replacement	06/25/13	47,000.00		47,000.00			47,000.00
2013-12	Green Street Improvements	10/22/13	63,000.00		63,000.00			63,000.00
2013-13	Purchase of Two Public Works Vehicles	10/22/13	44,000.00		44,000.00			44,000.00
				<u>1,430,000.00</u>	<u>154,000.00</u>	<u>463,173.13</u>	<u>316,826.87</u>	<u>804,000.00</u>
			Ref.	D	D-15	D-8	D-15	D

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Other Expenses	16,527.47	16,527.47	632.18	15,895.29
Other Accounts - No Change	16,616.84	16,616.84		16,616.84
	<u>33,144.31</u>	<u>33,144.31</u>	<u>632.18</u>	<u>32,512.13</u>
Ref.	D		D-5	D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2012	D	40,065.86	176,136.65
Increased by:			
Charges to:			
Current Year Appropriations	D-4	44,016.23	
Improvement Authorizations	D-15		43,894.58
		<u>84,082.09</u>	<u>220,031.23</u>
Decreased by:			
Payments	D-5	40,065.86	24,200.23
Canceled to Improvement Authorizations	D-15		151,936.42
Balance December 31, 2013	D	<u>44,016.23</u>	<u>43,894.58</u>



## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012	Ref. D	151,860.18
Increased by:		
Budget Appropriation	D-5	15,000.00
Improvement Authorizations Canceled	D-15	4,206.00
		<u>171,066.18</u>
Decreased by:		
Appropriation to Finance Improvement Authorization	D-15	154,000.00
Balance December 31, 2013		<u><u>17,066.18</u></u>

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

Balance December 31, 2012	Ref. D	<u>Bonds</u> 28,878.72	<u>Notes</u> 381.25
Increased by:			
Budget Appropriation for:			
Interest on Bonds and Notes	D-4	68,159.28	4,608.38
		<u>97,038.00</u>	<u>4,989.63</u>
Decreased by:			
Interest Paid	D-5	68,889.87	4,562.07
Balance December 31, 2013	D	<u><u>28,148.13</u></u>	<u><u>427.56</u></u>

## Analysis of Accrued Interest December 31, 2013

	Principal Outstanding Dec. 31, 2013	Interest Rate	From	To	Days	Amount
Bonds	1,500,808.48	4.50%	08/03/13	12/31/2013	150	28,148.13
Notes	650,000.00	0.74%	11/29/13	12/31/2013	32	427.56
						<u><u>28,575.69</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2012	Authorized	Notes Paid	Transfer to Reserve for Amortization	Canceled	Balance Dec. 31, 2013
631	Well #6	05/23/06	330,000.00		60,000.00			390,000.00
2009-23	Capital Equipment	11/10/09	5,000.00			1,034.00	3,966.00	
2010-5	Remote Water Meter Reading	02/23/10	155,000.00		40,000.00	195,000.00		
2010-19	Water Main Realignment Project	08/01/10	75,000.00			74,760.00	240.00	
2013-6	Water Main Repair/Replacement	06/25/13		47,000.00				47,000.00
2013-12	Green Street Improvements	10/22/13		63,000.00				63,000.00
2013-13	Purchase of Two Public Works Vehicles	10/22/13		44,000.00				44,000.00
			<u>565,000.00</u>	<u>154,000.00</u>	<u>100,000.00</u>	<u>270,794.00</u>	<u>4,206.00</u>	<u>544,000.00</u>
		Ref.	D	D-15	D-17		D-15	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2012		Authorization	Paid or Charged	Encumbered	Encumbrance		Balance Dec. 31, 2013	
				Funded	Unfunded				Canceled	Canceled	Funded	Unfunded
631	Well #6	05/23/06	650,000.00		152,235.80		106,658.90	299.25				45,277.65
2009-23	Capital Equipment	11/10/09	5,000.00	3,966.00							3,966.00	
2010-5	Remote Water Meter Reading	02/23/10	700,000.00		164,129.25				148,491.62	312,620.87		
2010-19	Water Main Realignment Project	08/01/10	75,000.00	240.00					3,444.80	240.00	3,444.80	
2013-6	Water Main Repair/Replacement	06/25/13	47,000.00			47,000.00	45,422.04				1,577.96	
2013-12	Green Street Improvements	10/22/13	63,000.00			63,000.00	63,000.00					
2013-13	Purchase of Two Public Works Vehicles	10/22/13	44,000.00			44,000.00		43,595.33			404.67	
				<u>4,206.00</u>	<u>316,365.05</u>	<u>154,000.00</u>	<u>215,080.94</u>	<u>43,894.58</u>	<u>151,936.42</u>	<u>316,826.87</u>	<u>5,427.43</u>	<u>45,277.65</u>
	Ref.			D	D	D-12	D-5	D-11	D-11	D-9	D	D

SCHEDULE OF WATER CAPITAL FHA LOAN PAYABLE

Date of Issue	Purpose	Original Issue	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
8/3/95	Replacement of Various Water Mains	2,000,000	4.50%	1,540,198.61	39,390.13	1,500,808.48
			Ref.	D		D

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
631	Well #6	12/3/2010	11/29/2013	11/28/2014	0.74%	70,000.00	30,000.00	40,000.00
2010-5	Remote Water Meter Reading	12/3/2010	11/29/2013	11/28/2014	0.74%	480,000.00	40,000.00	440,000.00
631	Well #6	12/2/2011	11/29/2013	11/28/2014	0.74%	100,000.00	20,000.00	80,000.00
631	Well #6	11/30/2012	11/29/2013	11/28/2014	0.74%	100,000.00	10,000.00	90,000.00
						<u>750,000.00</u>	<u>100,000.00</u>	<u>650,000.00</u>
					Ref.	D	D-14	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2013</u>
631	Well #6	50,000.00		50,000.00
2010-5	Remote Water Meter Reading	65,000.00	65,000.00	
		<u>115,000.00</u>	<u>65,000.00</u>	<u>50,000.00</u>

Ref.

## **PUBLIC ASSISTANCE FUND**

## SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

Balance December 31, 2012	Ref. E	3,460.01
Increased by:		
Interest Earned		5.21
		<hr/>
		3,465.22
Decreased by:		
Due Current Fund		5.21
		<hr/>
Balance December 31, 2013	E	<u><u>3,460.01</u></u>



**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2013**

## GENERAL COMMENTS

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

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

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

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

Chemicals	Paving Highbridge
Reconstruction Green Street	Sidewalk Improvements

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

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

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

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

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 3, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 13, 2013, 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>
2013	5
2012	5
2011	4

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

**Verification of Delinquent Taxes and Other Charges**

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

**PROPERTY TAX INFORMATION**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	2.7980	2.6960	2.6020
Apportionment of Tax Rate			
Municipal	0.5650	0.5430	0.5230
County	0.9020	0.9100	0.8790
County Open Space	0.0200	0.0200	0.0210
Regional School	1.3010	1.2130	1.1690
Municipal Open Space	0.0100	0.0100	0.0100
Assessed Valuation	295,109,549	296,779,818	298,185,561

### 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.

	2013	2012	2011
Tax Levy	8,263,059.94	8,013,745.85	7,787,672.38
Cash Collections	7,964,941.97	7,723,777.34	7,554,088.82
Percentage of Collections	96.39%	96.38%	97.00%

### COMPARISON DELINQUENT TAXES AND TAX TITLE LIENS

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

	2013	2012	2011
Amount of Tax Title Liens	78,005.45	64,812.88	50,232.43
Delinquent Taxes	226,987.40	244,550.72	205,421.27
Total Delinquent	304,992.85	309,363.60	255,653.70
Percentage of Tax Levy	3.69%	3.86%	3.28%

### 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:

	2013	2012	2011
Property Acquired for Taxes (Assessed Valuation)	107,000.00	107,000.00	107,000.00

### WATER RENT INFORMATION

	2013	2012	2011
Balance January 1	89,679.41	81,992.23	67,554.24
Levy	713,274.84	707,877.04	642,209.47
Cash Collections	719,785.07	700,189.86	627,771.48
Percentage of Collections	89.64%	88.65%	88.45%

### OTHER COMMENTS

Accounting Procedures:

#### Material Weaknesses

\*2013-001: A general ledger has been established as required by NJAC 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

\*2013-002: There are interfund loans existing as of the end of the year.

2013-003: The Borough expended grant funds for two line items for which no appropriation existed and overspent the Water Utility payment of bond anticipated notes.

## **Municipal Court**

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

## **Corrective Action Plan**

A corrective action plan for the year 2012 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.

\*2012-1 Finding: A general ledger has been established as required by NJAC 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.

\*2012-2 Finding: There are interfund loans existing as of the end of the year.

### **FINDINGS AND RECOMMENDATIONS**

\*2013-001 Finding: A general ledger has been established as required by NJAC 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.

\*2013-002 Finding: There are interfund loans existing as of the end of the year.

Recommendation: The Chief Financial Officer clear all interfunds.

2013-003 Finding: The Borough expended grant funds for two line items for which no appropriation existed and overspent the Water Utility payment of bond anticipated notes.

Recommendation: Line items be reviewed prior to expending funds to ensure sufficient funds are available.

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

\*\*\*\*\*

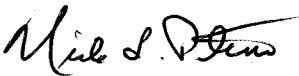
The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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