

**BOROUGH OF WOODSTOWN  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2018**

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## PART I

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodstown, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### *Other Information*

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

The supplemental information listed in the table of contents, is the responsibility of management and was 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, is 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 July 18, 2019, 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, 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

July 18, 2019

## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 2,407,556.52	\$ 2,754,153.13
Cash - Payroll	A-4	391.31	395.42
Cash - Collector	A-5	274,941.16	46,419.96
Change Fund		25.00	25.00
		<u>2,682,913.99</u>	<u>2,800,993.51</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	293,880.15	302,946.46
Tax Title Liens Receivable	A-8	40,472.66	30,461.12
Property Acquired for Taxes - Assessed Valuation	A-9	107,000.00	107,000.00
Revenue Accounts Receivable	A-11	3,150.91	2,900.22
Due from Outside Employment of Off-Duty Police Officers	B	3,538.90	0.26
Due from Parking Offense Adjudication Act Trust Fund	B	0.39	0.39
Due from Payroll Agency Trust	B	36,021.18	0.98
Due from Performance Bond Escrow Trust	B	0.32	0.32
Due from Public Defender	B	201.06	201.06
Due from Storm Recovery Trust Fund	B	3.02	3.02
Due from Tax Sale Premium Trust	B	6.75	
Due from Tax Sale Redemption Trust	B	3.64	
Due from Uniform Fire Penalty Money Trust Fund	B	1.41	0.26
Due from General Capital Fund			125,309.07
Due from Water Operating Fund	D	378.10	9.03
		<u>484,658.49</u>	<u>568,832.19</u>
Deferred Charges:			
Special Emergency	A-6	25,000.00	10,000.00
Overexpenditure of Appropriation			6.63
Expenditure Without Appropriation	A-4	11,573.44	
Overexpenditure of a Grant			55.87
		<u>36,573.44</u>	<u>10,062.50</u>
		<u>3,204,145.92</u>	<u>3,379,888.20</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	459,455.18	485,708.18
Due from Current Fund	A	89,471.70	70,524.66
		<u>548,926.88</u>	<u>556,232.84</u>
		<u>\$ 3,753,072.80</u>	<u>\$ 3,936,121.04</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, 2018	Balance Dec. 31, 2017
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 155,490.48	\$ 65,779.31
Encumbrances Payable	A-13	50,413.94	54,774.78
Due to State of New Jersey - Senior Citizen and Veterans Deductions	A-14	5,184.14	5,451.95
Prepaid Taxes	A-5	136,919.30	384,673.50
Tax Overpayments		23,618.02	2,069.24
Due Outside Lien Holders		1,177.84	51,557.91
Regional School District Tax Payable	A-15	1,629,354.21	1,632,344.69
Reserve for Tax Appeals Pending			6,790.00
Due County - PILOT Revenue		7,525.38	6,175.83
Due General Capital Fund	C	128,333.00	
Due Federal and State Grant Fund	A	89,471.70	70,524.66
Due Tax Sale Premium Trust Fund			51,900.00
Due Municipal Open Space Trust Fund			28,418.50
Reserve for Unappropriated Revenue:			
Memorial Lake Dock Donations		1,463.50	1,463.50
Reserve for Police Forfeitures		66.00	66.00
Reserve for Veterans Walk - Appropriated		3,893.26	3,893.26
Reserve for Revaluation		8,677.41	9,689.91
Reserve for Master Plan		9,426.50	
Reserve for Local Grants - Appropriated	A-17	326.30	326.30
Due State of New Jersey:			
Construction DCA Fees		499.00	600.00
Marriage License Fees/Domestic Partnerships		25.00	75.00
		<u>2,251,864.98</u>	<u>2,376,574.34</u>
Reserve for Receivables		484,658.49	568,832.19
Fund Balance	A-1	467,622.45	434,481.67
		<u>3,204,145.92</u>	<u>3,379,888.20</u>
Federal and State Grant Fund:			
Reserve for Grants - Appropriated	A-18	494,641.60	523,887.53
Reserve for Grants - Unappropriated			8,164.19
Encumbrances Payable	A-13	7,450.00	7,598.84
Due Small Cities Revolving Loan Fund	B	30,253.00	
Due Water Utility Operating Fund	D	16,582.28	16,582.28
		<u>548,926.88</u>	<u>556,232.84</u>
		<u>\$ 3,753,072.80</u>	<u>\$ 3,936,121.04</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

<b>Revenue and Other Income Realized</b>	Ref.	Year 2018	Year 2017
Fund Balance Utilized	A-2	\$ 190,024.57	\$ 127,328.63
Miscellaneous Revenue Anticipated	A-2	1,767,459.38	1,662,641.18
Receipts from Delinquent Taxes	A-2	306,572.70	237,555.20
Receipts from Current Taxes	A-2	9,399,105.74	9,324,766.88
Non-Budget Revenue	A-2	59,510.71	53,403.08
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	58,249.04	43,465.89
Encumbrances Payable - Canceled	A-13	3,208.98	7,561.20
Prior Year Due Election Workers Canceled			798.79
Interfunds Returned		125,309.07	
Grant Reserves Canceled	A-18	535,000.00	
<b>Total Income</b>		<b>12,444,440.19</b>	<b>11,457,520.85</b>
<b>Expenditures</b>			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,206,950.00	1,194,220.00
Other Expenses	A-3	818,962.00	760,351.63
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	317,191.50	298,118.00
Budget Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	303,000.00	255,000.00
Other Expenses	A-3	899,152.72	880,751.04
Capital Improvements	A-3	195,000.00	60,000.00
Debt Service	A-3	116,087.55	135,344.60
Deferred Charges	A-3	17,374.00	16,627.00
County Taxes	A-7	3,048,896.00	3,019,929.03
County Open Space Tax	A-7	52,836.41	53,528.44
Due County for Added Taxes	A-7	6,349.71	492.39
Regional District School Tax	A-15	4,654,509.00	4,262,107.00
Municipal Open Space	A-7	28,081.00	28,506.00
Grants Receivables Canceled	A-10	535,000.00	
Prior Year Deductions Disallowed	A-14	1,250.00	250.00
Expenditure Without Appropriation	A-4	11,573.44	
Refund of Prior Year Revenue			75,481.65
Interfunds Advanced		39,979.71	125,304.40
Prior Year Tax Appeals		655.24	
<b>Total Expenditures</b>		<b>12,252,848.28</b>	<b>11,166,011.18</b>

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	\$ 190,024.57		\$ 190,024.57	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	5,300.00		5,300.00	
Fees and Permits	A-11	35,000.00		38,558.07	\$ 3,558.07
Fines and Costs:					
Municipal Court	A-11	35,000.00		32,470.13	(2,529.87)
Interest and Costs on Taxes	A-11	60,000.00		64,684.13	4,684.13
Interest on Investments	A-11	4,500.00		8,697.99	4,197.99
Utility Operating Surplus	A-11	140,000.00		140,000.00	
Lease Payments - Cell Tower	A-11	53,000.00		63,919.94	10,919.94
Consolidated Municipal Property Tax					
Relief Act (NJSA 52:27D-118.34)	A-11	24,098.00		24,098.00	
Energy Receipts Tax	A-11	224,964.00		224,964.00	
Uniform Construction Code	A-11	45,000.00		46,867.56	1,867.56
Shared Service Agreement:					
Joint Court	A-11	118,488.00		113,192.81	(5,295.19)
Sewerage Authority	A-11	470,000.00		433,278.69	(36,721.31)
Cable TV Franchise Fee	A-11	16,563.34		16,563.34	
Recycling Tonnage Grant	A-10	4,407.56		4,407.56	
Police Body Armor	A-10	1,142.76		1,142.76	
Drunk Driving Enforcement Fund	A-10	2,613.87		2,613.87	
Clean Communities Grant	A-10		\$ 7,175.53	7,175.53	
Small Cities	A-10	400,000.00		400,000.00	
NJ DOT	A-10	135,000.00		135,000.00	
JIF Optional Safety Budget	A-11	1,500.00		1,500.00	
JIF Safety Incentive Program	A-11	2,275.00		2,275.00	
JIF Wellness Incentive Program	A-11	750.00		750.00	
Total Miscellaneous Revenues		1,779,602.53	7,175.53	1,767,459.38	(19,318.68)
Receipts from Delinquent Taxes	A-2	240,000.00		306,572.70	66,572.70
Subtotal General Revenues		2,209,627.10	7,175.53	2,264,056.65	47,254.02
Amount to be Raised by Taxation	A-2	1,956,000.00		1,927,506.03	(28,493.97)
Budget Totals		4,165,627.10	7,175.53	4,191,562.68	18,760.05
Non-Budget Revenue	A-2			59,510.71	
		\$ 4,165,627.10	\$ 7,175.53	\$ 4,251,073.39	
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	\$ 9,399,105.74
Allocated to:		
School, County Taxes, and Open Space	A-7	<u>7,790,672.12</u>
Balance for Support of Municipal Budget Appropriation		1,608,433.62
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>319,072.41</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>\$ 1,927,506.03</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7:A-2	<u><u>\$ 306,572.70</u></u>

**Analysis of Non-Budget Revenue**

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Sale of Assets	A-11	\$ 3,445.63
Payments in Lieu of Taxes	A-11	25,641.45
Clothing Drop Off	A-11	319.36
Senior Citizen/Homestead Administration Fee	A-11	976.00
Street Sweeper Rentals	A-11	1,500.00
Purchase of Trash and Recycle Containers	A-11	697.59
Miscellaneous Fees	A-11	2,323.24
Off Duty Police Administrative Fee	A-11	6,000.00
Prior Year Oldmans Shared Service Construction Code	A-11	2,107.44
Vacant/Abandoned Property Fees	A-11	<u>16,500.00</u>
	A-2	<u><u>\$ 59,510.71</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	\$ 31,300.00	\$ 31,300.00	\$ 31,278.00		\$ 22.00	
Other Expenses	2,500.00	2,650.00	2,632.20		17.80	
Borough Clerk						
Salaries & Wages	36,000.00	36,050.00	36,024.68		25.32	
Other Expenses	9,000.00	8,950.00	7,666.37	\$ 88.93	1,194.70	
Financial Administration						
Salaries & Wages	23,000.00	23,300.00	23,262.01		37.99	
Other Expenses	15,000.00	14,700.00	8,007.75	1,765.38	4,926.87	
Grant Consultant						
Other Expenses	500.00	500.00			500.00	
Audit Services						
Other Expenses	16,000.00	15,990.00	15,867.50		122.50	
Collection of Taxes						
Salaries & Wages	21,000.00	21,500.00	21,412.50		87.50	
Other Expenses	6,000.00	7,400.00	3,526.84	3,164.00	709.16	
Assessment of Taxes						
Salaries & Wages	16,100.00	16,100.00	16,008.00		92.00	
Other Expenses						
Miscellaneous Other Expenses	4,000.00	4,700.00	4,626.96		73.04	
Update Master Plan		20,000.00	20,000.00			
Legal Services and Costs						
Other Expenses	16,000.00	9,800.00	8,325.00		1,475.00	
Engineering Services and Costs						
Other Expenses	3,000.00	2,000.00	138.00		1,862.00	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	7,000.00	7,000.00	6,305.25		694.75	
Other Expenses	4,000.00	4,000.00	1,979.12		2,020.88	
Affordable Housing						
Other Expenses	200.00	200.00			200.00	

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>CODE ENFORCEMENT &amp; ADMINISTRATION</b>					
Inspection of Housing					
Salaries and Wages	20,000.00	18,000.00	14,448.18		3,551.82
Other Expenses	1,000.00	700.00	269.51	310.00	120.49
<b>INSURANCE</b>					
Liability Insurance	23,500.00	23,500.00	23,216.31		283.69
Workmen's Compensation	41,000.00	40,150.00	39,931.68		218.32
Group Insurance Plan for Employees	282,000.00	282,000.00	276,013.22	188.86	5,797.92
Health Benefit Waiver	1,040.00	1,840.00	1,826.50		13.50
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police					
Salaries & Wages	893,000.00	893,000.00	885,429.29		7,570.71
Other Expenses					
New Cars	16,000.00	14,500.00	13,299.47		1,200.53
Miscellaneous Other Expenses	35,000.00	39,000.00	35,327.88	3,075.24	596.88
Police Radio & Communications					
Other Expenses	32,000.00	32,000.00	32,000.00		
Office of Emergency Management					
Salaries & Wages	11,500.00	12,100.00	12,067.61		32.39
Other Expenses	2,000.00	2,000.00	1,369.28	52.16	578.56
First Aid Organization - Contribution	100.00	100.00			100.00
Fire					
Other Expenses	30,000.00	30,000.00	30,000.00		
Prosecutor					
Other Expenses	2,522.00	2,522.00	2,522.00		

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	115,000.00	107,600.00	107,084.25		515.75
Other Expenses	10,000.00	11,000.00	10,135.51	178.26	686.23
Snow Removal					
Salaries & Wages	5,000.00	5,000.00	3,779.24		1,220.76
Other Expenses	5,000.00	5,000.00	3,327.30		1,672.70
Shade Tree					
Other Expenses	50.00	50.00	50.00		
Resource Recovery					
Salaries & Wages	14,700.00	14,700.00	14,643.60		56.40
Other Expenses	8,000.00	8,000.00	7,374.08		625.92
Public Buildings & Grounds					
Other Expenses					
Miscellaneous Other Expenses	12,000.00	13,000.00	12,038.01	354.13	607.86
Demolition of Buildings	10,000.00	10,000.00	668.48		9,331.52
Equipment Repair & Maintenance					
Other Expenses	8,000.00	9,000.00	8,249.08		750.92
<b>HEALTH &amp; HUMAN SERVICES</b>					
Registrar of Vital Statistics					
Other Expenses	300.00	150.00	100.45		49.55
Environmental Commission					
Other Expenses	1,200.00	1,200.00	175.00		1,025.00
Animal Control					
Salaries & Wages	50.00	50.00	50.00		
Other Expenses	2,050.00	2,050.00	2,050.00		
<b>PARK &amp; RECREATION FUNCTIONS</b>					
Maintenance of Parks & Playgrounds					
Other Expenses	25,500.00	25,500.00	24,229.28		1,270.72
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	1,000.00	1,000.00	865.00		135.00

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	15,000.00	15,000.00	12,941.13		2,058.87
Street Lighting	48,000.00	48,000.00	37,790.25	3,609.18	6,600.57
Telephone	10,000.00	10,000.00	9,322.78		677.22
Gas (Natural or Propane)	11,000.00	11,700.00	11,617.74	13.47	68.79
Gasoline	14,000.00	15,000.00	11,561.79	2,435.43	1,002.78
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Landfill Tipping Fees	55,000.00	60,000.00	57,403.75		2,596.25
Sanitary Landfill Other Expenses	7,000.00	7,000.00	1,250.00		5,750.00
<b>MUNICIPAL COURT FUNCTIONS</b>					
Municipal Court Salaries & Wages	19,500.00	20,650.00	20,621.03		28.97
Other Expenses	7,000.00	7,110.00	7,071.53		38.47
Public Defender Salaries & Wages	600.00	600.00	420.00		180.00
Total Operations within "CAPS"	2,006,212.00	2,025,912.00	1,939,600.39	15,235.04	71,076.57
Detail:					
Salaries and Wages	1,213,750.00	1,206,950.00	1,192,833.64		14,116.36
Other Expenses	792,462.00	818,962.00	746,766.75	15,235.04	56,960.21

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 &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
<b>STATUTORY EXPENDITURES</b>					
Deferred Charges:					
Overexpenditure of Appropriation	6.63	6.63	6.63		
Overexpenditure of a Grant Appropriation	55.87	55.87	55.87		
Statutory Expenditures:					
Public Employees' Retirement System	36,000.00	36,000.00	35,648.58		351.42
Social Security System (OASI)	91,000.00	91,000.00	85,222.00		5,778.00
Police & Firemen's Retirement System	188,629.00	188,629.00	188,629.00		
State Disability Insurance	1,000.00	1,000.00	796.51		203.49
Defined Contribution Retirement Program	500.00	500.00	131.05		368.95
Total Deferred Charges & Statutory Expenditures within "CAPS"	317,191.50	317,191.50	310,489.64		6,701.86
Total General Appropriations for Municipal Purposes within "CAPS"	2,323,403.50	2,343,103.50	2,250,090.03	15,235.04	77,778.43
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
<b>PUBLIC SAFETY FUNCTIONS</b>					
Length of Service Award Program (PL 1977, c.388)	14,000.00	14,000.00		14,000.00	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Recycling Tax	3,000.00	3,300.00	2,764.23		535.77
<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"	22,000.00	22,300.00	7,764.23	14,000.00	535.77
<b>SHARED SERVICE AGREEMENTS</b>					
Woodstown Sewerage Authority:					
Salaries and Wages	303,000.00	303,000.00	283,798.74		19,201.26
Other Expenses	167,000.00	167,000.00	137,396.50		29,603.50
Logan Township - Solid Waste	122,000.00	122,000.00	101,250.00	20,250.00	500.00
Oldmans Township - Construction Code	48,000.00	48,000.00	43,539.69		4,460.31
Mid Salem County Joint Court					
Court	106,000.00	106,000.00	103,408.79		2,591.21
Prosecutor	10,088.00	10,088.00	10,088.00		
Public Defender	2,400.00	2,400.00	1,580.00		820.00
Total Shared Service Agreements	758,488.00	758,488.00	681,061.72	20,250.00	57,176.28

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>						
Municipal Alliance for Alcohol and Drug Abuse	1,500.00	1,500.00	1,500.00			
Drunk Driving Enforcement Fund	2,613.87	2,613.87	2,613.87			
Small Cities	400,000.00	400,000.00	400,000.00			
Clean Communities		7,175.53	7,175.53			
NJ Recycling Tonnage Grant	4,407.56	4,407.56	4,407.56			
Police Body Armor	1,142.76	1,142.76	1,142.76			
JIF Safety Awards	4,525.00	4,525.00	3,596.10	928.90		
Total Public and Private Programs Offset by Revenues	414,189.19	421,364.72	420,435.82	928.90		
Total Operations Excluded from "CAPS"	1,194,677.19	1,202,152.72	1,109,261.77	35,178.90	57,712.05	
Detail:						
Salaries and Wages	303,000.00	303,000.00	283,798.74		19,201.26	
Other Expenses	891,677.19	899,152.72	825,463.03	35,178.90	38,510.79	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00			
Improvements to Municipal Roads	10,000.00	10,000.00			10,000.00	
Purchase Emergency Equipment	10,000.00	10,000.00			10,000.00	
NJ DOT - Spring Garden	135,000.00	135,000.00	135,000.00			
Capital Improvements Excluded from "CAPS"	195,000.00	195,000.00	175,000.00		20,000.00	
<b>DEBT SERVICE</b>						
Payment of Bond Anticipation Notes	105,000.00	105,000.00	104,996.00			\$ 4.00
Interest on Notes	11,100.00	11,100.00	11,091.55			8.45
Total Debt Service	116,100.00	116,100.00	116,087.55			12.45

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	5,000.00	5,000.00	5,000.00		
Transfer to Board of Education for Use of Local Schools	12,374.00	12,374.00	12,374.00		
Total Deferred Charges Excluded from "CAPS"	17,374.00	17,374.00	17,374.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,523,151.19	1,530,626.72	1,417,723.32	35,178.90 77,712.05	12.45
Subtotal General Appropriations	3,846,554.69	3,873,730.22	3,667,813.35	50,413.94	155,490.48 12.45
Reserve for uncollected taxes	319,072.41	319,072.41	319,072.41		
Total General Appropriations	<u>\$ 4,165,627.10</u>	<u>\$ 4,192,802.63</u>	<u>\$ 3,986,885.76</u>	<u>\$ 50,413.94</u>	<u>\$ 155,490.48</u> <u>\$ 12.45</u>
Ref.	A-2			A-13	A
	Ref.				
Budget	A-3	\$ 4,165,627.10			
Budget Amendments per NJSA 40A:4-87	A-2	7,175.53			
Special Emergency Authorizations	A-6	20,000.00			
		<u>\$ 4,192,802.63</u>			
	Ref.				
Reserve for Uncollected Taxes	A-2		\$ 319,072.41		
Deferred Charges:					
Special Emergency Authorization	A-6		5,000.00		
Overexpenditure of Appropriation	A		6.63		
Overexpenditure of a Grant Appropriation	A		55.87		
Reserve for Master Plan			20,000.00		
Due General Capital Fund			40,000.00		
Reserve for Federal & State Grants - Appropriated	A-18		551,839.72		
Disbursed	A-4		3,050,911.13		
			<u>\$ 3,986,885.76</u>		

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, 2018	Balance Dec. 31, 2017
Animal Control Trust Fund			
Cash - Treasurer	B-1	\$ 5,039.72	\$ 5,180.04
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	8,158.21	2,748.82
Landfill Closure			
Cash - Certificate of Deposit	B-1	89,645.78	89,377.25
LOSAP (unaudited)			
Investment		560,477.60	576,173.50
Municipal Open Space			
Cash - Treasurer	B-1	54,648.81	66,944.15
Due from Current Fund			28,418.50
		54,648.81	95,362.65
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	4,166.26	2,661.57
Deficit in Outside Employment		9.64	
		4,175.90	2,661.57
Parking Offense Adjudication Act			
Cash - Treasurer	B-1	2,149.44	2,041.44
Payroll Agency Trust Fund			
Cash - Treasurer	B-1	46,143.00	11,133.28
Due from Outside Employment of Off-Duty Police Officers	B	637.00	
Due from Payroll Account	A	51.80	
		46,831.80	11,133.28
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	4,208.90	4,208.90
Public Defender Trust Fund			
Cash - Treasurer	B-1	381.61	778.91
Tax Sale Premium			
Cash - Collector	B-3	12,006.75	
Due from Current Fund			51,900.00
		12,006.75	51,900.00

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, 2018	Balance Dec. 31, 2017
Tax Sale Redemptions			
Cash - Collector	B-3	3.64	
Uniform Fire Safety Penalty Monies			
Cash - Treasurer	B-1	752.41	751.26
Affordable Housing			
Cash - Treasurer	B-1	12,428.74	10,535.34
Small Cities Revolving Loan Fund			
Cash - Treasurer	B-1	47,730.36	103,643.85
Due Federal and State Grant Fund	A	30,253.00	
		77,983.36	103,643.85
Storm Recovery Trust Fund			
Cash - Treasurer	B-1	4,113.71	2,064.12
Unemployment Compensation Fund			
Cash - Treasurer	B-1	83,527.88	89,269.24
Due from Payroll Agency Fund	B	2,947.33	5,670.88
		86,475.21	94,940.12
		<u>\$ 969,481.59</u>	<u>\$ 1,053,501.05</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Animal Control Trust Fund			
Due State of New Jersey			\$ 1.20
Reserve for Dog Fund Expenditures	B-2	\$ 5,039.72	5,178.84
		5,039.72	5,180.04
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		8,158.21	2,748.82
Landfill Closure			
Reserve for Landfill Closure		89,645.78	89,377.25
LOSAP (unaudited)			
Reserve for LOSAP Benefits		560,477.60	576,173.50
Municipal Open Space			
Due General Capital Fund	C	30,882.72	67,650.72
Encumbrances Payable			1,850.00
Reserve for Municipal Open Space		23,766.09	25,861.93
		54,648.81	95,362.65

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Outside Employment of Off-Duty Municipal Police Officers			
Due Current Fund	A	3,538.90	0.26
Due Payroll Agency Trust Fund	B	637.00	
Reserve for Off-Duty Police Fees			2,661.31
		<u>4,175.90</u>	<u>2,661.57</u>
 Parking Offense Adjudication Act			
Due Current Fund	A	0.39	0.39
Reserve for POAA Fees		2,149.05	2,041.05
		<u>2,149.44</u>	<u>2,041.44</u>
 Payroll Agency Trust Fund			
Due Unemployment Trust Fund	B	2,947.33	5,670.88
Due Current Fund	A	36,072.98	0.98
Reserve for Payroll Taxes Payable		7,811.49	5,461.42
		<u>46,831.80</u>	<u>11,133.28</u>
 Performance Bond Escrow Trust Fund			
Due Current Fund	A	0.32	0.32
Reserve for Performance Bond Escrow Fees		4,208.58	4,208.58
		<u>4,208.90</u>	<u>4,208.90</u>
 Public Defender Trust Fund			
Due Current Fund	A	201.06	201.06
Reserve for Public Defender Trust		180.55	577.85
		<u>381.61</u>	<u>778.91</u>
 Uniform Fire Safety Penalty Monies			
Due Current Fund	A	1.41	0.26
Reserve for Uniform Fire Safety		751.00	751.00
		<u>752.41</u>	<u>751.26</u>
 Affordable Housing			
Reserve for Affordable Housing		12,428.74	10,535.34
 Small Cities Revolving Loan Fund			
Due General Capital Fund	C	16,865.72	7,624.00
Due Water Capital Fund	D	19,988.56	
Reserve for Small Cities		41,129.08	96,019.85
		<u>77,983.36</u>	<u>103,643.85</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Storm Recovery Trust Fund			
Due Current Fund	A	3.02	3.02
Reserve for Storm Recovery		4,110.69	2,061.10
		<u>4,113.71</u>	<u>2,064.12</u>
 Tax Sale Premium			
Due Current Fund	A	6.75	
Reserve for Tax Sale Premiums	B-4	12,000.00	51,900.00
		<u>12,006.75</u>	<u>51,900.00</u>
 Tax Sale Redemption			
Due Current Fund	A	3.64	
		<u>3.64</u>	
 Unemployment Compensation Fund			
Reserve for Unemployment Claims		86,475.21	94,940.12
		<u>\$ 969,481.59</u>	<u>\$ 1,053,501.05</u>

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

## **GENERAL CAPITAL FUND**

## EXHIBIT C

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

	Ref.	Balance	Balance
		Dec. 31, 2017	Dec. 31, 2017
<b>ASSETS</b>			
Cash - Treasurer	C-2	\$ 119,919.28	\$ 292,468.15
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,073,084.44	1,208,080.44
Grants Receivable	C-6	148,298.75	51,548.75
Amount to be Provided by Capital Lease		25,646.14	
Due from Reliance Fire Company		1,932.78	1,932.78
Due from Pilesgrove Township		67,860.28	67,860.28
Due from Current Fund	A	128,333.00	
Due from Small Cities Revolving Loan Trust	B	16,865.72	7,624.00
Due from Open Space Trust Fund	B	30,882.72	67,650.72
Due from Water Capital Fund	D	14,230.91	
		<u>\$ 1,627,054.02</u>	<u>\$ 1,697,165.12</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-8	\$ 1,073,083.00	\$ 1,157,996.00
Improvement Authorizations:			
Funded	C-7	193,800.50	98,524.41
Unfunded	C-7	67,773.56	74,014.94
Encumbrances Payable		24,640.83	21,057.36
Capital Lease Payable		25,646.14	
Reserves for:			
Improvement to Municipal Building			1,227.27
Purchase of Emergency Equipment		41,267.88	41,495.28
Reconstruction of Municipal Roads		20,000.00	20,000.00
Purchase of Furniture & Fixtures		1,906.08	1,906.08
Preliminary Costs - Landfill		14,541.20	14,541.20
Preliminary Costs - Memorial Lake Dam		6,876.81	6,876.81
Preliminary Costs - Safe Routes to Schools		7,180.25	7,210.25
Preliminary Costs - Stormwater Improvements		1,440.00	1,440.00
Preliminary Costs - Street Improvement & Road Replacement		2,025.00	2,025.00
Preliminary Costs - Stormwater Improvements		185.92	1,025.25
Due Current Fund			125,309.07
Due Water Capital Fund			829.35
Capital Improvement Fund	C-5	109,773.12	84,773.12
Fund Balance	C-1	36,913.73	36,913.73
		<u>\$ 1,627,054.02</u>	<u>\$ 1,697,165.12</u>

EXHIBIT C-1

## STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2017	C	\$ 36,913.73
Balance December 31, 2018	C	\$ 36,913.73

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, 2018	Balance Dec. 31, 2017
Operating Fund			
Cash - Treasurer	D-5	\$ 564,983.68	\$ 288,851.38
Cash - Change Fund		40.00	40.00
Due from Federal and State Grant Fund	A	16,582.28	16,582.28
Due from Woodstown Sewerage Authority	D-5	77.15	
Due from Water Capital Fund			16.68
Due from Water Escrow Fund	D	0.03	0.03
		<u>581,683.14</u>	<u>305,490.37</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	72,214.13	85,912.84
Water Liens	D-8	911.11	
		<u>73,125.24</u>	<u>85,912.84</u>
Deferred Charges:			
Overexpenditure of Appropriation	D-4	598.52	
		<u>598.52</u>	
Total Operating Fund		<u>655,406.90</u>	<u>391,403.21</u>
Capital Fund			
Cash - Treasurer	D-5	186,779.52	199,171.63
Fixed Capital	D-9	5,633,343.16	5,633,343.16
Fixed Capital Authorized and Uncompleted	D-10	3,523,000.00	558,000.00
Due from Woodstown Sewerage Authority		44,400.96	44,400.96
Due from Water Operating Fund	D	199,358.32	
Due from Small Cities Revolving Loan Fund	B	19,988.56	
Small Cities Grant Receivable		400,000.00	
Overexpenditure of Preliminary Expense		225.00	
Due General Capital Fund	C		829.35
Total Capital Fund		<u>10,007,095.52</u>	<u>6,435,745.10</u>
Escrow Fund			
Cash - Treasurer	D-5	1,140.30	555.68
		<u>\$ 10,663,642.72</u>	<u>\$ 6,827,703.99</u>

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

EXHIBIT D  
(Continued)

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 22,377.36	\$ 16,758.36
Encumbrances Payable	D-12	31,290.20	32,650.49
Accrued Interest on Bonds and Notes	D-14	24,964.10	25,190.69
Water Rent Overpayments		3,714.77	4,585.13
Due Water Capital Fund	D	199,358.32	
Due Current Fund	A	378.10	9.03
		<u>282,082.85</u>	<u>79,193.70</u>
Reserve for Receivables		73,125.24	85,912.84
Fund Balance	D-1	300,198.81	226,296.67
<b>Total Operating Fund</b>		<u>655,406.90</u>	<u>391,403.21</u>
<b>Capital Fund</b>			
Loan Payable	D-16	1,274,074.84	1,323,502.22
Bond Anticipation Notes Payable	D-17	454,000.00	325,000.00
Improvement Authorizations:			
Funded	D-15	480,853.76	60,000.00
Unfunded	D-15	2,500,028.89	65,995.96
Encumbrances Payable	D-12	28,249.50	
Capital Improvement Fund	D-13	71,734.32	112,734.32
Reserve for Amortization		4,275,268.32	4,154,840.94
Deferred Reserve for Amortization	D-18	903,000.00	388,000.00
Due General Capital Fund	C	14,230.91	
Due Water Operating Fund			16.68
Fund Balance	D-2	5,654.98	5,654.98
<b>Total Capital Fund</b>		<u>10,007,095.52</u>	<u>6,435,745.10</u>
<b>Escrow Fund</b>			
Due Water Operating Fund	D	0.03	0.03
Reserve for Escrow Fees		1,140.27	555.65
		<u>1,140.30</u>	<u>555.68</u>
		<u>\$ 10,663,642.72</u>	<u>\$ 6,827,703.99</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

<b>Revenue and Other Income Realized</b>	Ref.	Year 2018	Year 2017
Fund Balance Utilized	D-3	\$ 45,240.00	
Rents	D-3	965,540.37	\$ 900,886.29
Miscellaneous	D-3	35,800.80	20,238.19
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	16,758.36	5,963.58
<b>Total Income</b>		<u>1,063,339.53</u>	<u>927,088.06</u>
<b>Expenditures</b>			
Operating	D-4	507,540.00	477,150.00
Capital Improvements	D-4	75,000.00	76,350.00
Debt Service	D-4	182,855.91	179,836.41
Deferred Charges and Statutory Expenditures	D-4	179,400.00	180,393.70
<b>Total Expenditures</b>		<u>944,795.91</u>	<u>913,730.11</u>
Excess in Revenue		118,543.62	13,357.95
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-4	598.52	
Statutory Excess to Surplus		119,142.14	13,357.95
<b>Fund Balance</b>			
Balance January 1	D	226,296.67	212,938.72
		345,438.81	226,296.67
Decreased by:			
Utilization as Anticipated Revenue		45,240.00	
<b>Balance December 31</b>	D	<u>\$ 300,198.81</u>	<u>\$ 226,296.67</u>

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

## EXHIBIT D-2

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

Balance December 31, 2017	Ref. D	\$ 5,654.98
Balance December 31, 2018	D	<u>\$ 5,654.98</u>

## EXHIBIT D-3

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

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 45,240.00	\$ 45,240.00	
Rents	D-3	900,000.00	965,540.37	\$ 65,540.37
		<u>\$ 945,240.00</u>	<u>\$ 1,010,780.37</u>	<u>\$ 65,540.37</u>
	Ref. D-4			

**Analysis of Realized Revenue**

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	\$ 960,955.24
Overpayments Applied	D-7	4,585.13
		<u>\$ 965,540.37</u>
Miscellaneous:		
Interest on Delinquent Rents		\$ 18,138.14
Miscellaneous/Searches/Application Fees		13,519.04
Connection Fee		3,179.11
Interest on Investments		964.51
	D-3:D-5	<u>\$ 35,800.80</u>

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

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

	Appropriations		Paid or Charged	Expended		Over- Expended	Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved		
Operating:							
Salaries and Wages	\$ 236,500.00	\$ 235,740.00	\$ 225,848.96		\$ 9,891.04		
Other Expenses	271,040.00	271,800.00	255,033.62	\$ 14,412.20	2,354.18		
Capital Improvements:							
Capital Improvement Fund	50,000.00	50,000.00	50,000.00				
Capital Outlay	25,000.00	25,000.00		16,878.00	8,122.00		
Debt Service:							
Payment of Bond Principal	49,300.00	49,300.00	49,206.29				\$ 93.71
Payment of Bond Anticipation Notes	71,000.00	71,000.00	71,000.00				
Interest on Bonds	59,100.00	59,100.00	58,151.10				948.90
Interest on Notes	3,900.00	3,900.00	4,498.52			\$ 598.52	
Statutory Expenditures:							
Public Employees' Retirement	21,000.00	21,000.00	20,984.00		16.00		
Social Security System (OASI)	18,000.00	18,000.00	16,228.67		1,771.33		
Unemployment Compensation	100.00	100.00			100.00		
Disability Insurance	300.00	300.00	177.19		122.81		
Surplus General Budget	140,000.00	140,000.00	140,000.00				
	<u>\$ 945,240.00</u>	<u>\$ 945,240.00</u>	<u>\$ 891,128.35</u>	<u>\$ 31,290.20</u>	<u>\$ 22,377.36</u>	<u>\$ 598.52</u>	<u>\$ 1,042.61</u>
Ref.	D-3			D-11	D	D	
	Ref.						
Interest on Bonds and Notes	D-13		\$ 62,649.62				
Disbursed	D-5		828,478.73				
			<u>\$ 891,128.35</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, 2018	Balance Dec. 31, 2017
<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 Dec. 31, 2018	Balance Dec. 31, 2017
General Fixed Assets:		
Buildings	\$ 2,529,676.00	\$ 2,529,676.00
Land and Improvements	1,348,721.48	1,319,221.48
Machinery and Equipment	2,774,278.21	2,073,059.91
Vehicles	716,090.80	716,090.80
	<u>\$ 7,368,766.49</u>	<u>\$ 6,638,048.19</u>
Investment in General Fixed Assets	<u>\$ 7,368,766.49</u>	<u>\$ 6,638,048.19</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**(Regulatory Basis)**

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**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, 2018 and 2017**

**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, 2018 and 2017**

**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, 2018 and 2017**

**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, 2018 and 2017**

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

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

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This Statement, which is effective for fiscal periods beginning after June 15, 2018, will not have a significant effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This Statement, which is effective for fiscal periods beginning after December 31, 2018, will not have a significant effect on the Borough's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This Statement, which is effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, which is effective for fiscal periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This Statement, which is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the Borough's financial reporting.

**F. Recent Issued Accounting Guidance**

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

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 budgets included a reserve for uncollected taxes in the amount of \$319,072.41 and \$306,032.97. This protects the

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The Borough amended the budget during the year by the insertion of a Special Item of Revenue in the amount of \$7,175.53 for federal and state grants as detailed on Exhibit A-2.

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2018 and 2017, the carrying amount of the Borough's deposits was \$3,934,342.00 and \$3,976,878.53, respectively. As of December 31, 2018 and 2017, \$0 of the municipality's bank balance of \$4,013,371.84 and \$4,033,237.56, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2018 and 2017, 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.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 4: INVESTMENTS (CONTINUED)**

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

**Unaudited Investments** - As more fully described in Note 22, 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, 2018 and 2017, amounted to \$560,477.60 and \$576,173.50, respectively. The information on 5% or more invested with Lincoln Benefit Life Company is listed below.

Description	Amount
American Funds Growth Fund	\$ 47,919.52
Fixed Account	91,673.09
LVIP Baron Growth Opportunities Fund	39,222.12
LVIP SSGA S & P 500 Index Fund	103,337.17
LVIP T. Rowe Price Structured Mid-Cap Growth Fund	43,573.03
All Other Funds	234,752.67
	<u>\$ 560,477.60</u>

**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 and individual employment agreements with public works with 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, 2018 and 2017, for accrued unused vacation benefits is \$4,876.18 and \$11,583.92, 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: 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, 2018 and 2017**

**NOTE 7: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statement. The following is a comparison of the liability for the years ended December 31, 2018 and 2017:

	Balance	
	Dec 31, 2018	Dec 31, 2017
Prepaid Taxes - Cash Liability	\$ 136,919.30	\$ 384,673.50

**NOTE 8: FUND BALANCES APPROPRIATED**

	Year	Balance	Utilized in
		December 31	Budget of Succeeding Year
Current Fund	2018	\$ 467,622.45	\$ 200,000.00
	2017	434,481.67	190,024.57
	2016	270,294.00	127,328.63
	2015	381,942.61	196,274.70
	2014	102,666.33	None
Water Operating Fund	2018	300,198.81	40,000.00
	2017	226,296.67	45,240.00
	2016	212,938.72	None
	2015	67,718.01	31,300.00
	2014	83,981.31	63,800.00

**NOTE 9: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018:

	Balance			Balance
	Dec. 31, 2017	Additions	Deletions	Dec. 31, 2018
Land and Improvements	\$ 1,319,221.48	\$ 29,500.00		\$ 1,348,721.48
Buildings	2,529,676.00			2,529,676.00
Machinery and Equipment	2,073,059.91	893,175.30	\$ 191,957.00	2,774,278.21
Vehicles	716,090.80			716,090.80
	\$ 6,638,048.19	\$ 922,675.30	\$ 191,957.00	\$ 7,368,766.49

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2018:

	Due From	Due To
<b>Current Fund</b>		
Public Defender Trust Fund	\$ 201.06	
General Capital Fund		\$ 128,333.00
Parking Offense Adjudication Trust	0.39	
Outside Employment of Off-Duty Police	3,538.90	
Payroll Agency	36,021.18	
Water Operating Fund	378.10	
Uniform Fire Penalty Trust	1.41	
Storm Recovery Trust	3.02	
Performance Bond Escrow Trust	0.32	
Federal and State Grant Fund		89,471.70
Tax Sale Premium Trust	6.75	
Tax Sale Redemption Trust	3.64	
<b>Payroll Agency</b>		
Current Fund	51.80	36,072.98
Outside Employment of Off-Duty Police	637.00	
Unemployment Trust Fund		2,947.33
<b>Federal and State Grant Fund</b>		
Current Fund	89,471.70	
Small Cities Revolving Loan Fund		30,253.00
Water Operating Fund		16,582.28
<b>Unemployment Trust Fund</b>		
Payroll Agency	2,947.33	
<b>Municipal Open Space Trust</b>		
General Capital Fund		30,882.72
<b>Public Defender Trust</b>		
Current Fund		201.06
<b>Tax Sale Premium</b>		
Current Fund		6.75
<b>Small Cities Revolving Loan Trust</b>		
Federal and State Grant Fund	30,253.00	
General Capital Fund		16,865.72
Water Capital Fund		19,988.56
<b>Outside Employment of Off-Duty Police</b>		
Current Fund		3,538.90
Payroll Agency		637.00
<b>Parking Offense Adjudication Trust</b>		
Current Fund		0.39
Subtotals	163,515.60	375,781.39

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

	Due From	Due To
Subtotals from previous page	163,515.60	375,781.39
<b>Performance Bond Escrow Trust</b>		
Current Fund		0.32
<b>Uniform Fire Safety Penalty Trust</b>		
Current Fund		1.41
<b>Storm Recovery Trust</b>		
Current Fund		3.02
<b>Tax Sale Redemption Trust</b>		
Current Fund		3.64
<b>General Capital Fund</b>		
Small Cities Revolving Loan Trust	16,865.72	
Current Fund	128,333.00	
Municipal Open Space Trust	30,882.72	
Water Capital Fund	14,230.91	
<b>Water Operating Fund</b>		
Federal and State Grant Fund	16,582.28	
Water Escrow Fund	0.03	
Water Capital Fund		199,358.32
Current Fund		378.10
<b>Water Capital Fund</b>		
General Capital Fund		14,230.91
Small Cities Revolving Loan Trust	19,988.56	
Water Operating Fund	199,358.32	
<b>Water Escrow Fund</b>		
Water Operating Fund		0.03
	\$ 589,757.14	\$ 589,757.14

The amount due from Federal and State Grant Fund to Current Fund and Water Operating 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 down payments were provided by Small Cities Revolving Loan Fund. The amounts due General Capital Fund from Water Capital Fund is due to the fact that the Water Capital ordinance is setup in the General Capital Fund.

**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, 2018 and 2017, \$2,327,254.50 and \$2,331,053.50, respectively, would be the maximum amount permitted to be deferred under these regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such deferral amounts to \$800,000.00 which is a \$800,000.00 change from the previous year.

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:

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

	Regional School District Tax	
	12/31/2018	12/31/2017
Balance of Tax	\$ 2,429,354.21	\$ 2,432,344.69
Deferred	800,000.00	800,000.00
	<u>\$ 1,629,354.21</u>	<u>\$ 1,632,344.69</u>

**NOTE 12: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

Long-term debt as of December 31, 2018, consisted of the following:

	Year		
	2018	2017	2016
Bonds, Notes, and Loans Issued	\$ 2,801,157.84	\$ 2,806,498.22	\$ 2,408,882.54
Bonds and Notes Authorized But Not Issued	2,250,001.44	50,084.44	724,580.44
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	<u>\$ 5,051,159.28</u>	<u>\$ 2,856,582.66</u>	<u>\$ 3,133,462.98</u>

	Balance Dec. 31, 2017	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2018	Due Within One Year
<b>ISSUED</b>					
General:					
Bond Anticipation Notes	\$ 1,157,996.00	\$ 50,083.00	\$ 134,996.00	\$ 1,073,083.00	\$ 106,000.00
Water:					
Loan Payable	1,323,502.22		49,427.38	1,274,074.84	51,445.49
Bond Anticipation Notes	325,000.00	200,000.00	71,000.00	454,000.00	81,000.00
Net Debt Issued	<u>2,806,498.22</u>	<u>250,083.00</u>	<u>255,423.38</u>	<u>2,801,157.84</u>	<u>238,445.49</u>

**AUTHORIZED BUT NOT ISSUED**

General:					
Bond Anticipation Notes	50,084.44		50,083.00	1.44	
Water:					
Bond Anticipation Notes		2,450,000.00	200,000.00	2,250,000.00	
Authorized But Not Issued	<u>50,084.44</u>	<u>2,450,000.00</u>	<u>250,083.00</u>	<u>2,250,001.44</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 2,856,582.66</u>	<u>\$ 2,700,083.00</u>	<u>\$ 505,506.38</u>	<u>\$ 5,051,159.28</u>	<u>\$ 238,445.49</u>

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

Permanently funded debt as of December 31, 2018, consisted of the following:

\$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, 2018, was \$1,274,074.84.

**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			
2019	\$ 51,445.49	\$ 56,834.51	\$ 108,280.00
2020	53,786.58	54,493.42	108,280.00
2021	56,234.20	52,045.80	108,280.00
2022	58,793.21	49,486.79	108,280.00
2023	61,468.67	46,811.33	108,280.00
2024-2028	351,935.78	189,464.22	541,400.00
2029-2033	439,639.37	101,760.63	541,400.00
2034-2035	200,771.54	15,788.46	216,560.00
	<u>\$ 1,274,074.84</u>	<u>\$ 566,685.16</u>	<u>\$ 1,840,760.00</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .401%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 7,269,649.33	\$ 7,269,649.33	
Water Debt	3,978,295.93	3,978,295.93	
General Debt	1,073,084.44		\$ 1,073,084.44
	<u>\$ 12,321,029.70</u>	<u>\$ 11,247,945.26</u>	<u>\$ 1,073,084.44</u>

Net Debt \$1,073,084.44/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
\$267,841,152.33 = .401%.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,374,440.33
Net Debt	1,073,084.44
Remaining Borrowing Power	<u>\$ 8,301,355.89</u>

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

Cash Receipts from Fees, Rents, or Other Charges	\$ 1,046,591.17
Deductions:	
Operating and Maintenance Costs	\$ 546,940.00
Debt Service Per Water & Sewer Account	<u>182,855.91</u>
	729,795.91
Excess in Revenue	<u>\$ 316,795.26</u>

**NOTE 13: NOTES PAYABLE**

The Borough has outstanding at December 31, 2018, a General Capital and Utility Capital bond anticipation note in the amount of \$1,073,083.00 and \$454,000.00, payable to Pennsville National Bank. This note will mature on November 28, 2019, at an interest rate per annum of 2.51%.

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

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

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

**Defined Contribution Retirement Program (DCRP)** - The Borough established the Defined Contribution Retirement Program by ordinance on July 8, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to DCRP for the years ending December 31, 2018, 2017, and 2016, were \$131.05, \$258.26, and \$254.36, respectively, equal to the required contributions for each year.

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS provides for employee contributions of 7.34% to 7.50% of employees' annual compensation, as defined as of July 1, 2018. The PFRS provide for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS employer rates in effect for 2018 are 13.37% and 27.35%, respectively, of covered payroll, as reported on June 30, 2016. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Borough's net contributions paid to the PERS for the years ending December 31, 2018, 2017, and 2016, were \$87,434.00, \$93,052.00, and \$82,094.00, respectively, equal to the required contributions for each year. A portion of the pension costs are charged to the shared service agreements for Municipal Court and Woodstown Sewerage Authority. The Borough's net contributions to the PFRS for the years ending December 31, 2018, 2017, and 2016, were \$188,629.00, \$169,618.00, and \$168,458.00, respectively, equal to the required contributions for each year.

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

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of the PERS will no longer receive pension service credit from more than one employer.

Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

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

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

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

**Public Employee's Retirement System** - At December 31, 2018, the Borough's net pension liability was \$1,950,626 for its proportionate share. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the Borough's proportion was .0099069400% and .0094051856%, respectively.

For the year ended December 31, 2018, the Borough's pension expense would be \$50,100 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 6,859
Changes of Assumptions		492,612
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		11,532
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	\$ 71	
	\$ 71	\$ 511,003

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 15: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

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

Year Ended	Amount
June 30,	
2019	\$ (48,546)
2020	(94,372)
2021	(195,587)
2022	(144,270)
2023	(28,157)
	<u>\$ (510,932)</u>

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective Deferred Outflows of Resources	\$ 4,684,852,302	\$ 5,396,431,901
Collective Deferred Inflows of Resources	7,646,736,226	4,672,602,040
Collective Net Pension Liability	<u>19,689,501,539</u>	<u>23,278,401,588</u>
 Borough's Proportion	 0.0099069400%	 0.0094051856%

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

**Actuarial Assumptions** - The collective pension liability for the June 30, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the table provides for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for

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

**Actuarial Assumptions (Continued)**

males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using a Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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

**Police and Firemen's Retirement System**

At December 31, 2018, the Borough's net pension liability was \$2,873,066 for its proportionate share. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the Borough's proportion was 0.0212321962% and 0.0213135668%, respectively.

For the year ended December 31, 2018, the Borough's pension expense would be \$278,637 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 735,510
Differences Between Expected and Actual Experience	\$ 19,410	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		21,318
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		38,337
	\$ 19,410	\$ 795,165

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

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

**Police and Firemen’s Retirement System (Continued)**

Year Ended	Amount
2019	\$ (20,571)
2020	(175,885)
2021	(321,160)
2022	(192,731)
2023	(65,408)
	<u>\$ (775,755)</u>

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective Deferred Outflows of Resources	\$ 1,988,215,695	\$ 2,298,433,198
Collective Deferred Inflows of Resources	4,286,994,294	2,618,912,538
Collective Net Pension Liability	<u>13,531,648,591</u>	<u>17,167,260,198</u>
 Borough's Proportion	 0.0212321962%	 0.0213566800%

**Contributions**

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

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the

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

**Actuarial Assumptions (Continued)** - conduit modified 2014 projection scales thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduit modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2018 and 2017, special funding situation net pension liability amounts of \$390,259 and \$368,553 are the accumulated differences between the annual actuarially determined state obligation under the special funding situation and the actual state contribution through the valuation date.

**NOTE 16: POSTEMPLOYMENT BENEFITS**

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other postemployment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 75 for the PERS and PFRS retirement system.

**Plan Description** - The Borough of Woodstown contributes to the Southern New Jersey Regional Employee Benefits Fund (SNJREBF) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The 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. The 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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 16: POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)** - 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 2018, the Borough's contribution to Southern New Jersey Regional Employee Benefit Fund was \$522,982.00 for premiums of active employees.

**Actuarial Assumptions**

The total OPEB liability as of December 31, 2018, was determined by an actuarial valuation report from Cirkiel Actuarial Consulting LLC.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2017, report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating the SHBP member OPEB requirements taken from the July 1, 2017, GASB 75 report from Aon Consultants.

**Key Actuarial Assumptions**

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 15 years of service public works, 20 years of service admin and 25 years of service clerks</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.10 % Based on the Bond Buyer 20 Index December 31, 2018</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 16: POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Key Actuarial Assumptions (Continued)**

<i>Medical Trend</i>	<i>Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum, thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

Changes in the Total Net OPEB Liability reported by Cirkiel Actuarial Consulting LLC:

There were no changes in benefit terms during the year.

Changes in assumptions and other inputs reflect a change in the discount rate of 4.10%

**Impact of 1% Change in Discount Rate**

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the TOL as of December 31, 2018, would decrease to \$3,869,105 and if it were to decrease by 1% the TOL would increase to \$4,922,154.

**Impact of 1% Change in Trend Rate**

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase by 1% per annum, the TOL as of December 31, 2018, would increase to \$4,903,615 and if it were to decrease by 1% the TOL would decrease to \$3,876,108.

**Funded Status and Funding Progress** - As of December 31, 2018, 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.

**Special Funding Situation**

A special funding situation exists for some local employers of the Police and Firefighters Retirement System who do not pay for health benefits coverage for their retired employees. Under Chapter 330, P.L. 1997, certain retired local police officers and firefighters are eligible for enrollment in the State Health Benefits Program with part of the cost paid by the State. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The State is treated as a nonemployer contributing entity. Since the local participating employer does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report. At June 30, 2018 and 2017, the Borough's proportion was .0045749% and .0046704%, respectively. The Borough's proportionate share of the State's collective net OPEB liability at June 30, 2018 and 2017, was \$2,842,772 and \$4,061,106, respectively.

**BOROUGH OF WOODSTOWN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 17: LABOR CONTRACTS**

As of December 31, 2018, the Borough's police officers are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

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

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

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

**NOTE 19: RISK MANAGEMENT**

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

**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

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 19: RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance (Continued)**

following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's Trust Fund for the current and previous two years:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2018	\$ 131.95	\$ 2,947.33	None	\$ 11,544.19	\$ 86,475.21
2017	139.89	2,845.34	None	None	94,940.12
2016	122.76	2,825.54	None	None	91,954.89

**NOTE 20: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the balance sheets of the various funds:

	Balance Dec. 31, 2018	2019 Budget Appropriation	Budgets of Succeeding Years
Current Fund:			
Special Emergency	\$ 25,000.00	\$ 9,000.00	\$ 16,000.00
Expenditure without Appropriation	11,573.44	11,573.44	
Water Operating Fund			
Overexpenditure of an Appropriation	598.52	598.52	
Water Capital Fund			
Overexpenditure of Preliminary Expense	225.00	225.00	
Outside Employment of Off-Duty Police Officers			
Deficit in Trust Fund	9.64		9.64
	<u>\$ 37,406.60</u>	<u>\$ 21,396.96</u>	<u>\$ 16,009.64</u>

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 21: CAPITAL LEASE OBLIGATIONS**

The Borough has lease agreements in effect at December 31, 2018, for a police car which is funded by Fulton Bank of New Jersey at an interest rate of 4.76%. Future minimum lease payments under capital lease agreements are as follows:

Year Ended December	Principal	Interest	Total
2019	\$ 12,524.51	\$ 1,220.76	\$ 13,745.27
2020	13,120.68	624.59	13,745.27
2021	0.95	0.05	1.00
	<u>\$ 25,646.14</u>	<u>\$ 1,845.40</u>	<u>\$ 27,491.54</u>

**NOTE 22: LENGTH OF SERVICE AWARD PROGRAM**

During the year 2003 the voters of the Borough of Woodstown approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by the voters of the Borough of Woodstown by referendum at the general election in November of 2003. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services, and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The balance is subject to the general creditors of the Borough. Contributions by the Borough for qualified participants were \$12,400.00 and \$11,600.00 for 2017 and 2016, respectively for members that qualified in 2017 and 2016. 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 23: TAX ABATEMENT PROGRAM**

The Borough enters into long-term property tax abatement agreements (in excess of a 5 year term) under the provisions of New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation.

NJSA 40A: 12A-1 et seq. "The Local Redevelopment and Housing Law" (LRHL), which designates "areas in need of redevelopment" as defined in the statute.

NJSA 40A:20-1 et seq. "Long Term Tax Exemption Law," which provides for long term tax exemption for the LRHL designated areas. The statutes were utilized by the Borough to attract redevelopers.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 23: TAX ABATEMENT PROGRAM (CONTINUED)**

For the year ended December 31, 2018, the Borough abated property taxes totaling \$3,930.78. The following agreement was in effect as of December 31, 2018, under the provisions of the aforementioned statutes.

A 49% property tax abatement to construct and operate an apartment complex consisting of low and moderate income families up to 16 units.

**NOTE 24: 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 Township of Oldmans entered into a 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 are 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.

On November 26, 2013, Woodstown entered into a joint venture agreement with the Township of Logan to participate in the Solid Waste Collection system. Woodstown is billed monthly on a per unit cost, but not less than 1,300 units, at a rate of 7.50 per unit per month. There was a 2% rate increase effective 2018.

On February 14, 2018, Woodstown entered into a shared service agreement with the Township of Oldmans to provide Construction Code Services. Total expenditures for compensation, fringe Benefits plus a 25% administrative charge to the code official's hourly rate are billed on a monthly basis. This agreement is in effect for one year.

**NOTE 25: 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, 2018 and 2017, were \$89,645.78 and \$89,377.25, respectively as required by NJSA 13:1E-109.

**BOROUGH OF WOODSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018 and 2017**

**NOTE 26: OPERATING LEASES**

The Borough signed a commitment on June 12, 2018, to lease a postage machine with a term of 39 months. The monthly lease payments are \$60.64 per month. The annual lease payments were \$350.00. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 727.68
2020	727.68
2021	545.76
	<u><u>\$2,001.12</u></u>

**NOTE 27: COMMITMENTS AND CONTINGENCIES**

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

It is the Borough of Woodstown Counsel's opinion that there is no pending litigation against the Borough. There is a pending real property tax appeal that would not materially have an adverse effect on Borough if the result is a reduction in assessed valuation.

**NOTE 28: SUBSEQUENT EVENTS**

On March 28, 2019, the Borough Council issued a bond anticipation note to Pennsville National Bank in the amount of \$2,000,000.00 that will mature on March 28, 2020 at an interest rate of 2.51% per annum. This note issued new funds that were authorized but not issued as of December 31, 2018.

**NOTE 28: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and July 18, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

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

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

	Year Ended					
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0099069400%	0.0094051856%	0.0104742792%	0.0095487918%	0.0112742147%	0.0099503693%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,950,626	\$ 2,189,377	\$ 3,102,181	\$ 2,143,512	\$ 2,110,841	\$ 1,901,713
Borough's Covered-Employee Payroll	637,234	686,989	660,472	707,605	636,888	681,742
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	306.11%	318.69%	469.69%	302.92%	331.43%	278.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PERS  
Last Six Fiscal Years

	Year Ended					
	12/31/18	12/31/17	12/31/16	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 98,542	\$ 87,129	\$ 93,052	\$ 82,094	\$ 92,943	\$ 74,974
Contributions in Relation to the Contractually Required Contribution	98,542	87,129	93,052	82,094	92,943	74,974
Contribution Deficiency (Excess)	None	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 637,234	\$ 686,989	\$ 660,472	\$ 707,605	\$ 636,888	\$ 681,742
Contributions as a Percentage of Covered-Employee Payroll	15.46%	12.68%	14.09%	11.60%	14.59%	11.00%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

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

	Year Ended					
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0212321962%	0.0213135668%	0.0208033307%	0.0207243434%	0.0201584736%	0.0181923038%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,873,066	\$ 3,290,403	\$ 3,973,968	\$ 3,451,953	\$ 2,535,749	\$ 2,418,503
Borough's Covered-Employee Payroll	712,528	697,888	683,532	663,306	652,934	584,372
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	403.22%	471.48%	581.39%	520.42%	388.36%	413.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.30%	62.41%	58.70%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PFRS  
Last Six Fiscal Years

	Year Ended					
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 207,576	\$ 188,629	\$ 169,618	\$ 168,458	\$ 154,831	\$ 132,727
Contributions in Relation to the Contractually Required Contribution	207,576	188,629	169,618	168,458	154,831	132,727
Contribution Deficiency (Excess)	None	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 712,528	\$ 697,888	\$ 683,532	\$ 663,306	\$ 652,934	\$ 584,372
Contributions as a Percentage of Covered-Employee Payroll	29.13%	27.03%	24.81%	25.40%	23.71%	22.71%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

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

	Year Ended					
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0212321962%	0.0213135668%	0.0208033307%	0.0207243434%	0.0201584736%	0.0181923038%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 390,259	\$ 368,553	\$ 333,715	\$ 302,725	\$ 273,058	\$ 225,434
Borough's Covered-Employee Payroll	712,528	697,888	683,532	663,306	652,934	584,372
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	54.77%	52.81%	48.82%	45.64%	41.82%	38.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.47%	58.60%	52.01%	56.30%	62.41%	58.70%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

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

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

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

	Year Ended					
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 23,113	\$ 18,429	\$ 12,787	\$ 15,758	\$ 11,338	\$ 8,876
Contributions in Relation to the Contractually Required Contribution	23,113	18,429	12,787	15,758	11,338	8,876
Contribution Deficiency (Excess)	None	None	None	None	None	None
Borough's Covered-Employee Payroll	\$ 712,528	\$ 697,888	\$ 683,532	\$ 663,306	\$ 652,934	\$ 584,372
Contributions as a Percentage of Covered-Employee Payroll	3.24%	2.64%	1.87%	2.38%	1.74%	1.52%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS (GASB 75)**

Schedule of Changes in the Borough's  
Net OPEB Liability and Related Ratios

Last Calendar Year

**Total OPEB Liability**

Service Cost	\$ 15,772
Interest	171,465
Change of Benefit Terms	0
Differences Between Expected and Actual Experience	0
Changes of Assumptions	0
Benefit Payments	(32,856)
	<hr/>
Net Change in Total OPEB Liability	154,381
Total OPEB Liability - Beginning	4,182,718
	<hr/>
Total OPEB Liability - Ending	<u><u>\$ 4,337,099</u></u>

**Plan Fiduciary Net Position**

Contributions - Employer	0
Contributions - Non-Employer Contributing Entities	0
Contributions - Member	0
Net Investment Income	0
Benefit Payments	0
Administrative Expense	0
	<hr/>
Net Change in Plan Fiduciary Net Position	0
Plan Fiduciary Net Position - Beginning	0
	<hr/>
Plan Fiduciary Net Position -Ending	<u><u>0</u></u>
	<hr/>
Net OPEB Liability - Ending	<u><u>\$ 4,337,099</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability 0%

Covered Employee Payroll 1,349,762

Total OPEB Liability as a Percentage of Covered Employee Payroll 321.32%

Measurement Date 12/31/2018

**Notes to Schedule:***Changes of benefit terms:*

There were no changes in benefit terms during the year.

*Changes of assumptions:*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in this period was 4.10%.

Schedule of Changes in the Borough's  
 Net OPEB Liability and Related Ratios  
 Special Funding Situation

Last Two Calendar Years

	<u>12/31/2018</u>	<u>12/31/2017</u>
Borough's Proportion of the Net OPEB Liability	0.0045749%	0.0046704%
Borough's Proportionate Share of the Net OPEB Liability	\$ 2,842,772	\$ 4,061,106
Borough's OPEB Expense and Related Revenue	86,054	290,637
Measurement Date	6/30/2018	6/30/2017

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

## **SUPPLEMENTARY INFORMATION**

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA  
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, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, 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, 2018, 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 July 18, 2019, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the Length of Service Award Program (LOSAP), financial statements as part of our audit of the Borough of Woodstown's financial statements.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as items 2018-001 and 2018-003 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 as items 2018-002, 2018-004, and 2018-005.

### ***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

July 18, 2019

## CURRENT FUND

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll Account
Balance December 31, 2017	A	\$ 2,754,153.13	\$ 395.42
Increased by Receipts:			
Tax Collector	A-5	9,110,288.42	
Grants Receivable	A-10	33,428.53	
Revenue Accounts Receivable	A-11	1,184,945.71	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	35,000.00	
Homestead Rebate	A-7	96,164.37	
Elections Payable		3,200.00	
Net Payroll			1,140,985.00
Due from Payroll Account	A-4	4.11	
Due Small Cities Revolving Loan Fund		30,253.00	
Due Unemployment Trust		11,544.19	
Due General Capital Fund		1,236,642.07	
Due Animal Control Trust Fund		2,100.00	
Due State of New Jersey - Marriage Licenses		375.00	
Due State of New Jersey - DCA Fees		2,221.44	
Total Receipts		11,746,166.84	1,140,985.00
		14,500,319.97	1,141,380.42
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	3,050,911.13	
Appropriation Reserves	A-12	7,530.27	
Encumbrances Payable	A-13	51,565.80	
Reserve for Grants - Appropriated	A-18	46,234.49	
Due State of New Jersey - Marriage Licenses		425.00	
Due State of New Jersey - DCA Fees		2,322.44	
Elections Payable		3,200.00	
Tax Overpayment Refunded		1,264.64	
County Taxes Payable	A-7	3,048,896.00	
County Open Space Tax	A-7	52,836.41	
Due County Added & Omitted Taxes	A-7	6,349.71	
Open Space Taxes	A-7	28,081.00	
Due Payroll Agency Trust Fund	B-1	36,072.00	
Expenditure Without Appropriation	A	11,573.44	
Reserve for Revaluation		1,012.50	
Reserve for Master Plan		10,573.50	
Due Municipal Open Space Trust	B-1	28,418.50	
Due Current Fund	A-4		4.11
Due General Capital Fund		1,023,000.00	
Due Animal Control Trust Fund		2,100.00	
Due Off-Duty Police Trust		3,538.64	
Due Unemployment Trust		11,544.19	
Refund of Prior Year Tax Appeal		7,445.24	
Due Water Operating Fund		369.07	
Net Payroll			1,140,985.00
Local District School Tax	A-15	4,657,499.48	
		12,092,763.45	1,140,989.11
Balance December 31, 2018	A	\$ 2,407,556.52	\$ 391.31

## SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2017	Ref. A		\$ 46,419.96
Increased by Receipts:			
Taxes Receivable	A-7	\$ 9,186,253.52	
Prepaid Taxes	A	136,919.30	
Tax Overpayments		24,882.66	
Due County - PILOT Revenue		1,349.55	
Revenue Accounts Receivable	A-11	91,684.66	
			<u>9,441,089.69</u>
			9,487,509.65
Decreased by Disbursements:			
Paid to Treasurer	A-4	9,110,288.42	
Tax Sale Premiums	B-3	51,900.00	
Due Outside Lien Holder	B-3	50,380.07	
			<u>9,212,568.49</u>
Balance December 31, 2018	A		<u><u>\$ 274,941.16</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, 2017	Increased	Reduced	Balance Dec. 31, 2018
11/10/2014	Revaluation Program	\$ 25,000.00	\$ 5,000.00	\$ 10,000.00		\$ 5,000.00	\$ 5,000.00
5/8/2018	Update Master Plan	20,000.00	4,000.00		\$ 20,000.00		20,000.00
				<u>\$ 10,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 25,000.00</u>
			Ref.	A	A-3	A-3	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayment Applied	Transferred to Tax Title Liens	Canceled	Balance
	Dec. 31, 2016			2017	2018				Dec. 31, 2018
2016	\$ 1,775.87				\$ 1,775.87				
2017	301,170.59		\$ 3,654.78		304,796.83		\$ 27.88	\$ 0.66	
	<u>302,946.46</u>		<u>3,654.78</u>		<u>306,572.70</u>		<u>27.88</u>	<u>0.66</u>	
2018		\$ 9,759,156.62		\$ 384,673.50	9,012,363.00	\$ 2,069.24	\$ 10,011.54	56,159.85	293,879.49
	<u>\$ 302,946.46</u>	<u>\$ 9,759,156.62</u>	<u>\$ 3,654.78</u>	<u>\$ 384,673.50</u>	<u>\$ 9,318,935.70</u>	<u>\$ 2,069.24</u>	<u>\$ 10,011.54</u>	<u>\$ 56,187.73</u>	<u>\$ 293,880.15</u>
Ref.	A			A			A-8		A
				Ref.					
		Cash - Collector		A-5	\$ 9,186,253.52				
		Cash - Homestead Rebate		A-4	96,164.37				
		Due State of New Jersey		A-14	36,517.81				
					<u>\$ 9,318,935.70</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
General Property Tax		<u>\$ 9,741,622.01</u>	
			\$ 9,741,622.01
Added Taxes (54:4-63.1 et seq.)			<u>17,534.61</u>
			<u>\$ 9,759,156.62</u>
	Ref.		
Tax Levied			
Regional District School Tax (Abstract)	A-15		\$ 4,654,509.00
County Taxes:			
County Tax (Abstract)		\$ 3,048,896.00	
Due County for Open Space Tax		52,836.41	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)		<u>6,349.71</u>	
Total County Taxes			3,108,082.12
Local Tax for Municipal Purposes	A-2	1,956,000.00	
Municipal Open Space		28,081.00	
Add: Additional Taxes Levied		<u>12,484.50</u>	
			<u>1,996,565.50</u>
			<u>\$ 9,759,156.62</u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2017	A	\$ 30,461.12
Increased by:		
Transfers from Taxes Receivable	A-7	10,011.54
Balance December 31, 2018	A	<u>\$ 40,472.66</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2017	A	\$ 107,000.00
Balance December 31, 2018	A	<u>\$ 107,000.00</u>

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2017	Budget Revenue Realized	Received	Transfer from Grants Unappropriated	Canceled	Balance Dec. 31, 2018
<b>Federal Grants:</b>						
Small Cities	\$ 200,000.00	\$ 400,000.00	\$ 26,253.00		400,000.00	\$ 173,747.00
Small Cities - Alloway Road	47,710.18					47,710.18
Safe Routes to Schools	237,000.00					237,000.00
<b>State Grants:</b>						
Drunk Driving Enforcement		2,613.87		\$ 2,613.87		
Safe Roadways	900.00					900.00
NJ DOT - Spring Garden		135,000.00			135,000.00	
Clean Communities		7,175.53	7,175.53			
NJ Environmental Commission	98.00					98.00
Recycling Tonnage Grant		4,407.56		4,407.56		
Police Body Armor		1,142.76		1,142.76		
	<u>\$ 485,708.18</u>	<u>\$ 550,339.72</u>	<u>\$ 33,428.53</u>	<u>\$ 8,164.19</u>	<u>\$ 535,000.00</u>	<u>\$ 459,455.18</u>
Ref.	A	A-2	A-4	A-16	A-1	A

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2017		Treasurer	Collector	Dec. 31, 2018
<b>Miscellaneous Revenue Anticipated</b>					
Licenses:					
Alcoholic Beverages		\$ 5,300.00	\$ 5,300.00		
Fees and Permits		38,558.07	37,198.99	\$ 1,359.08	
Fines and Costs:					
Municipal Court	\$ 2,900.22	32,720.82	32,470.13		\$ 3,150.91
Interest and Costs on Taxes		64,684.13		64,684.13	
Interest on Investments		8,697.99	8,697.99		
Utility Operating Surplus		140,000.00	140,000.00		
Lease Payments - Cell Tower		63,919.94	63,919.94		
Consolidated Municipal Property Tax Relief		24,098.00	24,098.00		
Energy Receipts Tax		224,964.00	224,964.00		
Uniform Construction Code Official		46,867.56	46,867.56		
Shared Service Agreement - Joint Court		113,192.81	113,192.81		
Shared Service Agreement - Sewerage Authority		433,278.69	433,278.69		
Cable TV Franchise Fee		16,563.34	16,563.34		
JIF Optional Safety Budget		1,500.00	1,500.00		
JIF Safety Incentive Program		2,275.00	2,275.00		
JIF Wellness Incentive Program		750.00	750.00		
<b>Miscellaneous Revenue Not Anticipated</b>					
Sale of Assets		3,445.63	3,445.63		
Payments in Lieu of Taxes		25,641.45		25,641.45	
Clothing Drop Off		319.36	319.36		
Senior Citizen/Homestead Administration Fee		976.00	976.00		
Street Sweeper Rentals		1,500.00	1,500.00		
Purchase of Trash and Recycle Containers		697.59	697.59		
Miscellaneous Fees		2,323.24	2,323.24		
Off Duty Police Administrative Fee		6,000.00	6,000.00		
Prior Year Oldmans Shared Service Construction Code		2,107.44	2,107.44		
Vacant/Abandoned Property Fees		16,500.00	16,500.00		
	<u>\$ 2,900.22</u>	<u>\$ 1,276,881.06</u>	<u>\$ 1,184,945.71</u>	<u>\$ 91,684.66</u>	<u>\$ 3,150.91</u>
Ref.	A		A-4	A-5	A

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Salary & Wages:				
Borough Clerk	\$ 1,563.22	\$ 563.22		\$ 563.22
Planning Board	883.41	83.41		83.41
Police	4,024.11	9,524.11		9,524.11
Snow	555.45	555.45	\$ 555.45	
Construction Code	2,667.85	1,667.85		1,667.85
Other Expenses:				
Legal Services and Costs	834.31	3,634.31	3,538.00	96.31
Police	6,155.16	1,655.16		1,655.16
Police - New Car	2,058.47	2,058.47	2,058.47	
Snow	1,378.35	1,378.35	1,378.35	
Sanitary Landfill	2,380.32	1,380.32		1,380.32
Other Accounts - No Change	30,830.62	30,830.62		30,830.62
Operations Within "CAPS"	<u>53,331.27</u>	<u>53,331.27</u>	<u>7,530.27</u>	<u>45,801.00</u>
Operations Excluded from "CAPS"				
Other Accounts - No Change	<u>12,448.04</u>	<u>12,448.04</u>		<u>12,448.04</u>
Operations Excluded from "CAPS"	<u>12,448.04</u>	<u>12,448.04</u>		<u>12,448.04</u>
	<u>\$ 65,779.31</u>	<u>\$ 65,779.31</u>	<u>\$ 7,530.27</u>	<u>\$ 58,249.04</u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2017	A	\$ 54,774.78	\$ 7,598.84
Increased by:			
Charges to Current Year Appropriations	A-3	50,413.94	
		<u>105,188.72</u>	<u>7,598.84</u>
Decreased by:			
Payments	A-4	51,565.80	
Reserve for Grants Appropriated	A-18		148.84
Canceled	A-1	3,208.98	
		<u>54,774.78</u>	<u>148.84</u>
Balance December 31, 2018	A	<u>\$ 50,413.94</u>	<u>\$ 7,450.00</u>

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

Balance December 31, 2017	Ref. A		\$ 5,451.95
Increased by:			
Receipts	A-4		35,000.00
			<u>40,451.95</u>
Decreased by:			
Current Year Deductions Per Tax Duplicate		\$ 34,750.00	
Current Year Deductions Allowed by Collector		2,500.00	
Deductions Disallowed by Collector		(732.19)	
		<u>36,517.81</u>	
Prior Year Deductions Disallowed by Collector	A-7 A-1	(1,250.00)	
			<u>35,267.81</u>
Balance December 31, 2018	A		<u>\$ 5,184.14</u>



## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance <u>Dec. 31, 2017</u>	Budgeted <u>Revenue</u>
Police Body Armor	\$ 1,142.76	\$ 1,142.76
Recycling Tonnage Grant	4,407.56	4,407.56
Drunk Driving Enforcement Fund	2,613.87	2,613.87
	<u>\$ 8,164.19</u>	<u>\$ 8,164.19</u>
Ref.	A	A-10

## SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2018</u>
Comcast Technology Grant	\$ 326.30	\$ 326.30
Ref.	A	A

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grants	Balance Dec. 31, 2017	Transferred from Budget Appropriation	Paid or Charged	Encumbrance Canceled	Canceled	Balance Dec. 31, 2018
<b>Federal Grants:</b>						
Small Cities	\$ 28,642.00					\$ 28,642.00
Small Cities Rehabilitation	200,293.51	\$ 400,000.00	\$30,253.00		\$ 400,000.00	170,040.51
Small Cities - Alloway Road	30,979.06			\$ 148.84		31,127.90
Safe Routes to Schools	237,000.00					237,000.00
Click It or Ticket	800.00					800.00
<b>State Grants:</b>						
Clean Communities	4,152.75	7,175.53	7,752.75			3,575.53
Drunk Driving Enforcement Fund		2,613.87	962.49			1,651.38
Recycling Enhancement Grant	3,547.00		3,547.00			
Recycling Tonnage Grant	9,780.36	4,407.56	3,719.25			10,468.67
NJ DOT - Spring Garden		135,000.00			135,000.00	
Police Body Armor Grant	1,840.05	1,142.76				2,982.81
Safe Roadways	900.00					900.00
NJ Environmental Commission	632.80					632.80
Municipal Stormwater Regulation Program	2,550.00					2,550.00
Municipal Alliance	1,500.00	1,500.00				3,000.00
Domestic Violence	1,270.00					1,270.00
	<u>\$ 523,887.53</u>	<u>\$ 551,839.72</u>	<u>\$ 46,234.49</u>	<u>\$ 148.84</u>	<u>\$ 535,000.00</u>	<u>\$ 494,641.60</u>
Ref.	A	A-3	A-4	A-13	A-1	A

## TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust	Developer's Escrow Trust	Off-Duty Police Officers	Municipal Open Space	Municipal Public Defender	Parking Offense Adjudication	Payroll Agency Trust	Performance Bond Escrow	Landfill Closure	Storm Recovery	Unemployment Compensation Fund	Uniform Fire Safety Penalty Monies	Affordable Housing	Small Cities Revolving Loan
Balance December 31, 2017	B	\$ 5,180.04	\$ 2,748.82	\$ 2,661.57	\$ 66,944.15	\$ 778.91	\$ 2,041.44	\$ 11,133.28	\$ 4,208.90	\$ 89,377.25	\$ 2,064.12	\$ 89,269.24	\$ 751.26	\$ 10,535.34	\$ 103,643.85
Increased by Receipts:															
Interest Earned					115.90					268.53		131.95	1.15	18.40	109.23
Dog License Fees:															
Municipal Share	B-2	7,147.20													
State Share		499.80													
Budget Appropriation	B-2	2,100.00													
Escrow Deposits			15,969.50												
Off-Duty Police				28,495.24											
Municipal Open Space Tax					28,081.00										
Municipal Open Space Other Revenue					314.26										
Public Defender Fees						5,348.00									
POAA Fees							108.00								
Payroll Taxes								1,086,542.17							
Storm Recovery										2,049.59					
Affordable Housing														1,875.00	
Due from Current Fund	A-4				28,418.50			36,072.00							
Due from Payroll Agency Trust	B-1											5,670.88			
Total Receipts		9,747.00	15,969.50	28,495.24	56,929.66	5,348.00	108.00	1,122,614.17		268.53	2,049.59	5,802.83	1.15	1,893.40	109.23
Decreased by Disbursements:															
Expenditures Under RS 4:19-15.11	B-2	9,386.32													
NJ State Department of Health		501.00													
Escrow Charges			10,560.11												
Off-Duty Police				26,990.55											
Municipal Open Space Expenditures					32,457.00										
Public Defender Fees						5,745.30									
Payroll Taxes								1,081,244.77							
Unemployment Claims												11,544.19			
Due Unemployment Trust Fund	B-1							5,670.88							
Due General Capital Fund					36,768.00										15,758.28
Due Water Capital Fund															10,011.44
Due Federal and State Grant Fund															30,253.00
Due Off-Duty Police								637.00							
Due Payroll Account								51.80							
Total Disbursements		9,887.32	10,560.11	26,990.55	69,225.00	5,745.30		1,087,604.45				11,544.19			56,022.72
Balance December 31, 2018	B	\$ 5,039.72	\$ 8,158.21	\$ 4,166.26	\$ 54,648.81	\$ 381.61	\$ 2,149.44	\$ 46,143.00	\$ 4,208.90	\$ 89,645.78	\$ 4,113.71	\$ 83,527.88	\$ 752.41	\$ 12,428.74	\$ 47,730.36

EXHIBIT B-2

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2017	Ref. B	\$ 5,178.84
Increased by:		
Municipal Share of Dog License Fees	B-1	7,147.20
Budget Appropriation	B-1	2,100.00
		<u>9,247.20</u>
		14,426.04
Decreased by:		
Expenditures Under RS 4:19-15.11: Cash	B-1	9,386.32
Balance December 31, 2018	B	<u>\$ 5,039.72</u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2016	\$ 6,917.40
2017	6,225.40
	<u>\$ 13,142.80</u>

EXHIBIT B-3

SCHEDULE OF CASH COLLECTOR

	Ref.	<u>Tax Sale</u>	
		<u>Premium</u>	<u>Redemption</u>
Increased by:			
Transfer from Tax Collector	A-5	\$ 51,900.00	\$ 50,380.07
Receipts			172,984.65
Interest Earned		6.75	3.64
		<u>51,906.75</u>	<u>223,368.36</u>
Decreased by:			
Disbursements		39,900.00	223,364.72
Balance December 31, 2018	B	<u>\$ 12,006.75</u>	<u>\$ 3.64</u>

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2017	Ref. B	\$ 51,900.00
Decreased by:		
Premiums Refunded		39,900.00
Balance December 31, 2018	B	<u>\$ 12,000.00</u>

## **GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2017	Ref. C		\$ 292,468.15
Increased by:			
Bond Anticipation Notes	C-8	\$ 50,083.00	
Due from Municipal Open Space		36,768.00	
Due from Small Cities Revolving Loan Fund		15,758.28	
		<u>                    </u>	102,609.28
			<u>395,077.43</u>
Decreased by:			
Improvement Authorizations	C-7	63,562.57	
Encumbrances Payable	C-3	19,658.58	
Due Water Capital Fund	D-5	15,060.26	
Preliminary Costs - Safe Routes to Schools	C-3	30.00	
Improvements to Municipal Building	C-3	1,227.27	
Purchase of Emergency Equipment	C-3	227.40	
Due from Current Fund		175,392.07	
		<u>                    </u>	275,158.15
Balance December 31, 2018	C		<u><u>\$ 119,919.28</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Receipts			Disbursements			Balance Dec. 31, 2018	
	Balance Dec. 31, 2017	Bond	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers		
		Anticipation Notes				From		To
Fund Balance	\$ 36,913.73						\$ 36,913.73	
Due Current Fund	125,309.07				\$ 175,392.07	\$ 78,250.00	(128,333.00)	
Due from Open Space Trust	(67,650.72)		\$ 36,768.00				(30,882.72)	
Due Small Cities Revolving Loan Trust	(7,624.00)		15,758.28			25,000.00	(16,865.72)	
Due from Water Capital Fund	829.35				15,060.26		(14,230.91)	
Capital Improvement Fund	84,773.12					15,000.00	109,773.12	
Encumbrances Payable	21,057.36				19,658.58		24,640.83	
Grant Receivable - NJ DOT	(51,548.75)					135,000.00	(148,298.75)	
Due from Reliance Fire Company	(1,932.78)						(1,932.78)	
Due from Pilesgrove Township	(67,860.28)						(67,860.28)	
Reserve for:								
Reconstruction of Municipal Roads	20,000.00						20,000.00	
Furniture & Fixtures	1,906.08						1,906.08	
Improvements to Municipal Building	1,227.27				1,227.27			
Purchase of Emergency Equipment	41,495.28				227.40		41,267.88	
Preliminary Costs - Landfill	14,541.20						14,541.20	
Preliminary Costs - Memorial Lake Dam	6,876.81						6,876.81	
Preliminary Costs - Safe Routes to Schools	7,210.25				30.00		7,180.25	
Preliminary Costs - Stormwater Improvements	1,440.00						1,440.00	
Preliminary Costs - Street Improvements & Road Replacement	2,025.00						2,025.00	
Preliminary Costs - Stormwater Improvements	1,025.25					839.33	185.92	
Improvement Authorizations:								
Ordinance								
Number								
540 Repairs to Memorial Lake Dam	(0.47)						(0.47)	
2007-3 Purchase Unimproved Land	(23,000.00)	\$ 23,000.00						
2012-9 Improvements to Borough Hall	32,196.03			\$ 3,439.36			28,756.67	
2013-9 Sidewalk Small Cities	2,834.36						2,834.36	
2014-07 Reconstruct and Upgrade East Millbrooke	(27,083.97)	27,083.00					(0.97)	
2015-03 Capital Improvements to Borough Hall	16,357.20						16,357.20	
2015-07 Purchase a Fire Truck	9,865.00						9,865.00	
2015-08 Improvements to the Borough Hall Complex	1,293.52						1,293.52	
2016-04 Maple Court Roadway Improvements	47,792.74			6,241.38			41,551.36	
2017-10 Purchase Open Space Property	50,000.00			36,768.00			13,232.00	
2017-13 Purchase of Recycling Containers	200.50						200.50	
2017-14 Purchase Public Works Equipment	12,000.00			8,932.00			3,068.00	
2018-04 Reconstruction and Upgrade Spring Garden Street				8,134.28		7,740.72	144,125.00	
2018-10 Purchase Pickup Truck and Snow Plow				47.55		14,662.00	290.45	
	\$ 292,468.15	\$ 50,083.00	\$ 52,526.28	\$ 63,562.57	\$ 211,595.58	\$ 276,492.05	\$ 276,492.05	
Ref.	C	C-8	C-2	C-7	C-2		C	

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2017	Notes Paid by Budget Appropriation	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018	
					Financed By Bond Anticipation Notes	Expenditures
540	Repairs to Memorial Lake Dam	\$ 29,496.47	\$ 2,496.00	\$ 27,000.47	\$ 27,000.00	\$ 0.47
2007-3	Purchase Unimproved Land	23,000.00		23,000.00	23,000.00	
2009-2	Purchase of Recycling Containers	10,000.00	10,000.00			
2009-12	Purchase of Street Sweepers	116,000.00	58,000.00	58,000.00	58,000.00	
2013-15	Purchase of Trash Containers	54,000.00	7,000.00	47,000.00	47,000.00	
2014-05	Improvements to the Firehouse	41,000.00	5,000.00	36,000.00	36,000.00	
2014-07	Reconstruct and Upgrade East Millbrooke	27,083.97		27,083.97	27,083.00	0.97
2014-11	Purchase Public Works Equipment	222,500.00	12,500.00	210,000.00	210,000.00	
2015-03	Capital Improvements to Borough Hall	210,000.00	30,000.00	180,000.00	180,000.00	
2015-07	Purchase a Fire Truck	400,000.00	5,000.00	395,000.00	395,000.00	
2016-04	Maple Court Roadway Improvements	75,000.00	5,000.00	70,000.00	70,000.00	
		<u>\$ 1,208,080.44</u>	<u>\$ 134,996.00</u>	<u>\$ 1,073,084.44</u>	<u>\$ 1,073,083.00</u>	<u>\$ 1.44</u>
Ref.		C	C-8	C	C-8	C-3

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2017	C	\$ 84,773.12
Increased by:		
Budget Appropriation		40,000.00
		<u>124,773.12</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	15,000.00
		<u>15,000.00</u>
Balance December 31, 2018	C	<u>\$ 109,773.12</u>

## SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2017	Authorized	Received Current Fund	Balance Dec. 31, 2018
<b>State Grants:</b>				
New Jersey Transportation Trust				
Mill & West Millbrooke	\$ 13,298.75			\$ 13,298.75
Maple Avenue	38,250.00		\$ 38,250.00	
Spring Garden		\$ 135,000.00		135,000.00
	<u>\$ 51,548.75</u>	<u>135,000.00</u>	<u>\$ 38,250.00</u>	<u>\$ 148,298.75</u>
Ref.	C	C-7		C

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2017		Authorizations	Paid or Charged	Encumbered	Balance Dec. 31, 2018	
				Funded	Unfunded				Funded	Unfunded
2012-9	Improvements to Borough Hall	09/25/12	\$ 50,000.00	\$ 32,196.03			\$ 3,439.36		\$ 28,756.67	
2013-9	Sidewalk Small Cities	08/27/13	20,000.00	2,834.36					2,834.36	
2015-03	Capital Improvements to Borough Hall	04/14/15	300,000.00		\$ 16,357.20					\$ 16,357.20
2015-07	Purchase a Fire Truck	10/13/15	425,000.00		9,865.00					9,865.00
2015-08	Improvements to the Borough Hall Complex	11/10/15	45,000.00	1,293.52					1,293.52	
2016-04	Maple Court Roadway Improvements	03/08/16	228,000.00		47,792.74		6,241.38			41,551.36
2017-10	Purchase Open Space Property	09/12/17	50,000.00	50,000.00			36,768.00		13,232.00	
2017-13	Purchase Recycle Containers	11/28/17	7,200.00	200.50					200.50	
2017-14	Purchase Public Works Equipment	12/12/17	12,000.00	12,000.00			8,932.00		3,068.00	
2018-04	Reconstruction and Upgrade Spring Garden Street	05/08/18	160,000.00			\$ 160,000.00	8,134.28	\$ 7,740.72	144,125.00	
2018-10	Purchase Pickup Truck and Snow Plow	11/13/18	15,000.00			15,000.00	47.55	14,662.00	290.45	
				<u>\$ 98,524.41</u>	<u>\$ 74,014.94</u>	<u>\$ 175,000.00</u>	<u>\$ 63,562.57</u>	<u>\$ 22,402.72</u>	<u>\$ 193,800.50</u>	<u>\$ 67,773.56</u>
Ref.				C	C		C-2		C	C
						Ref.	\$ 25,000.00			
Small Cities Revolving Loan Fund							135,000.00			
NJ DOT Grant Receivable						C-6	15,000.00			
Capital Improvement Fund						C-5				
							<u>\$ 175,000.00</u>			

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue			Interest Rate	Balance			Balance Dec. 31, 2018
		of Original Note	Date of Issue	Date of Maturity		Dec. 31, 2017	Increased	Decreased	
2009-2	Purchase of Recycling Containers	12/4/09	11/28/18	11/28/19	2.51%	\$ 10,000.00		\$ 10,000.00	
2009-12	Purchase of Street Sweepers	12/4/09	11/28/18	11/28/19	2.51%	116,000.00		58,000.00	\$ 58,000.00
2013-15	Purchase of Trash Containers	11/28/14	11/28/18	11/28/19	2.51%	54,000.00		7,000.00	47,000.00
2014-05	Improvements to the Firehouse	11/28/14	11/28/18	11/28/19	2.51%	41,000.00		5,000.00	36,000.00
2014-11	Purchase Public Works Equipment	11/27/15	11/28/18	11/28/19	2.51%	222,500.00		12,500.00	210,000.00
2015-03	Capital Improvements to Borough Hall	11/27/15	11/28/18	11/28/19	2.51%	210,000.00		30,000.00	180,000.00
540	Repairs to Memorial Lake Dam	11/28/17	11/28/18	11/28/19	2.51%	29,496.00		2,496.00	27,000.00
2015-07	Purchase a Fire Truck	11/28/17	11/28/18	11/28/19	2.51%	400,000.00		5,000.00	395,000.00
2016-04	Maple Court Roadway Improvements	11/28/17	11/28/18	11/28/19	2.51%	75,000.00		5,000.00	70,000.00
2007-03	Purchase of Unimproved Land	11/28/18	11/28/18	11/28/19	2.51%		\$ 23,000.00		23,000.00
2014-7	Reconstruct and Upgrade East Millbrooke	11/28/18	11/28/18	11/28/19	2.51%		27,083.00		27,083.00
						<u>\$ 1,157,996.00</u>	<u>\$ 50,083.00</u>	<u>\$ 134,996.00</u>	<u>\$ 1,073,083.00</u>
Ref.						C	C-9		C

Budget Appropriation:  
 Current Fund  
 Municipal Open Space

\$ 104,996.00  
 30,000.00  
\$ 134,996.00

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2017	Notes Issued	Balance Dec. 31, 2018
540	Repairs to Memorial Lake Dam	\$ 0.47		\$ 0.47
2007-3	Purchase Unimproved Land	23,000.00	\$ 23,000.00	
2014-07	Reconstruct and Upgrade East Millbrooke	27,083.97	27,083.00	0.97
		<u>\$ 50,084.44</u>	<u>\$ 50,083.00</u>	<u>\$ 1.44</u>
		Ref.	C-8	

**WATER UTILITY FUND**

## SCHEDULE OF WATER UTILITY FUND CASH - TREASURER

	Ref.	Operating	Capital	Escrow
Balance December 31, 2017	D	\$ 288,851.38	\$ 199,171.63	\$ 555.68
Increased by:				
Consumer Accounts Receivable	D-7	960,955.24		
Miscellaneous Revenues	D-3	35,558.04	239.25	3.51
Utility Rent Overpayments		3,714.77		
Due Current Fund		369.07		
Due from Water Operating Fund	D-5		625.00	
Bond Anticipation Notes	D-17		200,000.00	
Due from Water Capital Fund	D-5	200,239.25		
Due from Water Escrow Fund	D-5	3.51		
Due Small Cities Revolving Loan Fund			10,011.44	
Due General Capital Fund	C-2		15,060.26	
Budget Appropriation				
Capital Improvement Fund	D-13		50,000.00	
Escrow Deposits				5,000.00
		<u>1,200,839.88</u>	<u>275,935.95</u>	<u>5,003.51</u>
		<u>1,489,691.26</u>	<u>475,107.58</u>	<u>5,559.19</u>
Decreased by:				
Budget Appropriations	D-4	828,478.73		
Encumbrances Payable	D-12	32,650.49		
Accrued Interest Paid	D-14	62,876.21		
Improvement Authorizations	D-15		81,863.81	
Escrow Payments				4,415.38
Preliminary Expense - South Main			6,225.00	
Due Sewerage Authority	D	77.15		
Due from Water Capital Fund	D-5	625.00		
Due Water Operating Fund	D-5		200,239.25	3.51
		<u>924,707.58</u>	<u>288,328.06</u>	<u>4,418.89</u>
Balance December 31, 2018	D	\$ 564,983.68	\$ 186,779.52	\$ 1,140.30

ANALYSIS OF WATER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2017	Receipts			Disbursements		Transfers		Balance Dec. 31, 2018
		Budget Appropriation	Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 5,654.98								\$ 5,654.98
Capital Improvement Fund	112,734.32	\$ 50,000.00					\$ 91,000.00		71,734.32
Encumbrances Payable								\$ 28,249.50	28,249.50
Due Utility Operating Fund	16.68			\$ 864.25		\$ 200,239.25			(199,358.32)
Due from Woodstown Sewerage Authority	(44,400.96)								(44,400.96)
Due Small Cities Revolving Loan Fund				10,011.44			30,000.00		(19,988.56)
Small Cities Grant Receivable							400,000.00		(400,000.00)
Due General Capital Fund	(829.35)			15,060.26					14,230.91
Preliminary Expense - South Main						6,225.00		6,000.00	(225.00)
Improvement Authorizations:									
Ordinance									
Number									
2016-5 Water & Sewer Mains at Maple Court	65,995.96				\$ 15,060.26				50,935.70
2017-17 Pump Replacement of Well No. 5	60,000.00				54,885.30				5,114.70
2018-5 Replacement of Water Mains at Liberty & Spring Garden			\$ 200,000.00		11,011.44		13,587.50	500,000.00	675,401.06
2018-10 Purchase Pickup Truck and Snow Plow							14,662.00	15,000.00	338.00
2018-11 Replacement Water and Sewer Mains					906.81				(906.81)
	<u>\$ 199,171.63</u>	<u>\$ 50,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 25,935.95</u>	<u>\$ 81,863.81</u>	<u>\$ 206,464.25</u>	<u>\$ 549,249.50</u>	<u>\$ 549,249.50</u>	<u>\$ 186,779.52</u>
Ref.	D	D-13	D-17	D-5	D-15	D-5			D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2017	Ref. D	\$ 85,912.84
Increased by:		
Utility Rents Levied		952,685.41
		<u>1,038,598.25</u>
Decreased by:		
Collections	D-5	960,955.24
Overpayments Applied	D	4,585.13
Transfer to Liens	D-8	843.75
		<u>966,384.12</u>
Balance December 31, 2018	D	<u><u>\$ 72,214.13</u></u>

## EXHIBIT D-8

## SCHEDULE OF WATER LIENS

Increased by:	Ref.	
Transfer from Consumer Accounts Receivable	D-7	\$ 843.75
Interest and Costs on Sale		67.36
		<u>911.11</u>
Balance December 31, 2018	D	<u><u>\$ 911.11</u></u>

## SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2017	Balance Dec. 31, 2018
Springs and Wells	\$ 2,167,227.36	\$ 2,167,227.36
Pumping Station Structure	84,379.76	84,379.76
Power Supply Equipment	27,726.56	27,726.56
Storage Reservoirs & Tanks	120,764.00	120,764.00
Distribution Mains and Accessories	2,356,393.51	2,356,393.51
Service Pipes and Stops	65,042.45	65,042.45
Meters and Meter Boxes	481,080.25	481,080.25
General Equipment	25,261.39	25,261.39
Chlorinator	17,473.50	17,473.50
Computer/Software	10,356.00	10,356.00
Backhoe	72,291.23	72,291.23
Utility Truck	61,706.49	61,706.49
Fire Hydrants	28,175.78	28,175.78
Miscellaneous	115,464.88	115,464.88
	<u>\$ 5,633,343.16</u>	<u>\$ 5,633,343.16</u>
Ref.	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Authorized	Balance
		Date	Amount	Dec. 31, 2017		Dec. 31, 2018
2016-5	Water & Sewer Mains at Maple Court	03/08/16	\$ 498,000.00	\$ 498,000.00		\$ 498,000.00
2017-17	Pump Replacement of Well No. 5	12/27/17	60,000.00	60,000.00		60,000.00
2018-5	Replacement of Water Mains at Liberty & Spring Garden	05/08/18	700,000.00		\$ 700,000.00	700,000.00
2018-10	Purchase Pickup Truck and Snow Plow	11/13/18	15,000.00		15,000.00	15,000.00
2018-11	Replacement Water and Sewer Mains	11/27/18	2,250,000.00		2,250,000.00	2,250,000.00
				<u>\$ 558,000.00</u>	<u>\$ 2,965,000.00</u>	<u>\$ 3,523,000.00</u>
			Ref.	D	D-15	D

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2017	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Other Accounts - No Change	\$ 16,758.36	\$ 16,758.36		\$ 16,758.36
	<u>\$ 16,758.36</u>	<u>\$ 16,758.36</u>	None	<u>\$ 16,758.36</u>
Ref.	D			D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2017	D	\$ 32,650.49	
Increased by:			
Charges to:			
Current Year Appropriations	D-4	31,290.20	
Improvement Authorizations	D-15		\$ 28,249.50
		<u>63,940.69</u>	<u>28,249.50</u>
Decreased by:			
Payments	D-5	32,650.49	
Balance December 31, 2018	D	<u>\$ 31,290.20</u>	<u>\$ 28,249.50</u>

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2017	Ref. D	\$ 112,734.32
Increased by:		
Budget Appropriation	D-5	50,000.00
		<u>162,734.32</u>
Decreased by:		
Appropriation to Finance Improvement Authorization	D-15	85,000.00
Preliminary Expense - South Main		6,000.00
Balance December 31, 2018		<u><u>\$ 71,734.32</u></u>

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

	Ref.	<u>Total</u>	<u>Bonds</u>	<u>Notes</u>
Balance December 31, 2017	D	\$ 25,190.69	\$ 24,842.13	\$ 348.56
Increased by:				
Budget Appropriation for:				
Interest on Bonds and Notes	D-4	62,649.62	58,151.10	4,498.52
		<u>87,840.31</u>	<u>82,993.23</u>	<u>4,847.08</u>
Decreased by:				
Interest Paid	D-5	62,876.21	59,073.71	3,802.50
Balance December 31, 2018	D	<u><u>\$ 24,964.10</u></u>	<u><u>\$ 23,919.52</u></u>	<u><u>\$ 1,044.58</u></u>

## Analysis of Accrued Interest December 31, 2018

	<u>Principal Outstanding Dec. 31, 2018</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Days</u>	<u>Amount</u>
Bonds	\$ 1,274,074.84	4.50%	8/3/2018	12/31/2018	150	\$ 23,919.52
Notes	454,000.00	2.51%	11/28/2018	12/31/2018	33	1,044.58
						<u><u>\$ 24,964.10</u></u>



## SCHEDULE OF WATER CAPITAL FHA LOAN PAYABLE

Date of Issue	Purpose	Original Issue	Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
8/3/95	Replacement of Various Water Mains	\$ 2,000,000.00	4.50%	\$ 1,323,502.22	\$ 49,427.38	\$ 1,274,074.84
			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, 2017	Increased	Decreased	Balance Dec. 31, 2018
2010-5	Remote Water Meter Reading	12/3/2010	11/28/2018	11/28/2019	2.51%	\$ 84,000.00		\$ 40,000.00	\$ 44,000.00
631	Well #6	12/2/2011	11/28/2018	11/28/2019	2.51%	16,000.00		16,000.00	
631	Well #6	11/30/2012	11/28/2018	11/28/2019	2.51%	55,000.00		10,000.00	45,000.00
2016-5	Water & Sewer Mains at Maple Court	11/27/2015	11/28/2018	11/28/2019	2.51%	170,000.00		5,000.00	165,000.00
2018-5	Replacement of Water Mains at Liberty & Spring Garden	11/28/2018	11/28/2018	11/28/2019	2.51%		\$ 200,000.00		200,000.00
						<u>\$ 325,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 71,000.00</u>	<u>\$ 454,000.00</u>
Ref.						D	D-5		D

## SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2017	Authorized	Balance Dec. 31, 2018
2016-5	Water & Sewer Mains at Maple Court	03/08/16	\$ 328,000.00		\$ 328,000.00
2017-17	Pump Replacement of Well No. 5	12/27/17	60,000.00		60,000.00
2018-5	Replacement of Water Mains at Liberty & Spring Garden	05/08/18		\$ 500,000.00	500,000.00
2018-10	Purchase Pickup Truck and Snow Plow	11/13/18		15,000.00	15,000.00
			<u>\$ 388,000.00</u>	<u>\$ 515,000.00</u>	<u>\$ 903,000.00</u>
		Ref.	D	D-15	D

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Authorized	Issued	Balance Dec. 31, 2018
2018-5	Replacement of Water Mains at Liberty & Spring Garden	\$ 200,000.00	\$ 200,000.00	
2018-11	Replacement Water and Sewer Mains	2,250,000.00		\$ 2,250,000.00
		<u>\$ 2,450,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 2,250,000.00</u>
	Ref.	D-15	D-17	

**PUBLIC ASSISTANCE FUND**

## SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

Balance December 31, 2017	Ref. E	\$ 3,460.01
Balance December 31, 2018	E	<u>\$ 3,460.01</u>

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

## 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:

Spring Garden and Liberty Improvements  
Water Main Project

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 2, 2018, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

**Collection of Interest on Delinquent Taxes and Assessments (Continued)**

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

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

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

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 21, 2018, 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>
2018	4
2017	4
2016	2

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

**Verification of Delinquent Taxes and Other Charges**

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

**PROPERTY TAX INFORMATION**

	2018	2017	2016
Tax Rate	3.4690	3.3950	3.2890
Apportionment of Tax Rate			
Municipal	0.6960	0.6700	0.6410
County	1.0860	1.0600	1.0170
County Open Space	0.0190	0.0190	0.0200
Regional School	1.6580	1.6360	1.6020
Municipal Open Space	0.0100	0.0100	0.0090
Assessed Valuation	280,819,300	285,067,436	287,987,833

Source: Abstract of Ratables

### COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2018	2017	2016
Tax Levy	\$ 9,759,156.62	\$ 9,679,591.32	\$ 9,479,222.22
Cash Collections	9,399,105.74	9,331,556.88	9,181,851.31
Percentage of Collections	96.31%	96.40%	96.86%

### 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.

	2018	2017	2016
Amount of Tax Title Liens	\$ 40,472.66	\$ 30,461.12	\$ 12,558.89
Delinquent Taxes	293,880.15	302,946.46	245,573.56
Total Delinquent	\$ 334,352.81	\$ 333,407.58	\$ 258,132.45
Percentage of Tax Levy	3.43%	3.44%	2.72%

### 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:

	2018	2017	2016
Property Acquired for Taxes (Assessed Valuation)	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>

### ASSESSED VALUATION OF REAL PROPERTY AND BUSINESS PERSONAL PROPERTY BY CLASSIFICATION

	2018	2017	2016	2015
Vacant	2,423,100	2,332,300	2,239,200	2,513,500
Residential	229,994,200	232,183,400	234,699,300	236,296,300
Farm	75,000	75,000	149,500	149,500
Farm Qualified	46,900	46,900	46,900	46,900
Commercial	38,110,700	39,012,100	39,355,800	37,827,300
Apartment	10,169,400	10,306,500	10,408,100	10,890,300
	<u>280,819,300</u>	<u>283,956,200</u>	<u>286,898,800</u>	<u>287,723,800</u>
Telephone		1,111,236	1,089,033	1,175,008
Net Valuation Taxable	<u>280,819,300</u>	<u>285,067,436</u>	<u>287,987,833</u>	<u>288,898,808</u>
Assessed Value to True Value	107.01%	107.42%	104.88%	105.49%

Source: Abstract of Ratables

## TOP TAXPAYERS

	Taxable Assessed Valuation	
	2018	2017
Hillcrest Gardens Apts.	4,600,000	4,600,000
Erdner's Busy Corner Warehouse, Inc.	3,661,000	3,661,000
Woodstown Development Group	2,985,400	3,085,400
Hillcrest II Limited Partnership	2,200,000	2,200,000
ARHC SCWDSNJ 01, LLC	2,062,300	2,062,300
The Bank	1,716,000	1,716,000
Taxpayer #1	1,464,000	1,464,000
Bell Atlantic Property		1,111,236
JDKD Enterprises LP	1,093,900	1,093,900
Ekiz Brothers Investments, LLC	989,300	989,300
Warner Investment Co.	980,000	
	<u>21,751,900</u>	<u>21,983,136</u>

Source: Tax Assessor

## WATER RENT INFORMATION

	2018	2017	2016	2015
Balance January 1	\$ 85,912.84	\$ 74,468.16	\$ 77,020.39	\$ 85,460.49
Levy & Interest & Costs on Sale	952,752.77	912,330.97	950,900.46	780,424.82
Cash Collections	965,540.37	900,886.29	953,452.69	788,864.92
Percentage of Collections	92.96%	91.29%	92.76%	91.11%

## OTHER COMMENTS

### Chief Financial Officer/Treasurer

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements with the following exceptions:

Many of the required journal entries to lapse appropriation reserve, cancel encumbrances, record tax levy, and adjust interfund receivables/payables were not posted to the general ledger.

There are interfund loans existing as of the end of the year.

The bank account reconciliations for Current Fund, Water Operating, and Payroll Account, Payroll Agency and ten of the Trust Funds were not in agreement with the general ledger.

The General Capital Fund has several receivables there are over five years old that should be collected.

### **Chief Financial Officer/Treasurer (Continued)**

During our test of transactions, it was noted that the Borough misclassified expenditures paid from the Small Cities Revolving Loan Trust Fund. Expenditures were reclassified to Small Cities Rehabilitation grant, General Capital, and Utility Capital ordinances for financial statement purposes.

### **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.

### **Tax Collector**

The records maintained by the Tax Collector were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements.

### **Corrective Action Plan**

A corrective action plan for the year 2017 was filed with the Division of Local Government Services. Corrective action was not implemented for four of the findings, which are repeated this year.

## **STATUS OF PRIOR RECOMMENDATIONS**

- |           |   |
|-----------|---|
| *2017-001 | Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances, and adjust interfund receivables/payables were not posted to the general ledger.<br><br>Corrective action was not implemented. |
| *2017-002 | Finding: There are interfund loans existing as of the end of the year.<br><br>Corrective action was taken, however additional interfunds were created during 2018.  |
| *2017-003 | Finding: There is a capital ordinance that is over five years old with a deficit in cash.<br><br>Corrective action was taken.   |
| *2017-004 | Finding: The bank account reconciliations for Current Fund, Water Operating Fund, and Payroll Agency were not in agreement with the general ledger.<br><br>Corrective action was not implemented.                         |
| 2017-005  | Finding: Property subject to tax sale was not included in the tax sale as required by NJSA 54-5-21.<br><br>Corrective action was implemented.   |
| 2017-006  | Finding: The Tax Collector's Annual Report was not prepared as required by NJSA54:4-91.<br><br>Corrective action was implemented.   |

## STATUS OF PRIOR RECOMMENDATIONS (CONTINUED)

2017-007 Finding: The General Capital Fund has several receivables that are over five years old that have not been collected.

Corrective action was not implemented.

### FINDINGS AND RECOMMENDATIONS

\*2018-001 Finding: The required journal entries to record tax levy and adjustments, lapse appropriation reserve, cancel encumbrances, and adjust interfund receivables/payables were not posted to the general ledger.

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

\*2018-002 Finding: There are interfund loans existing as of the end of the year.

Recommendation: The Chief Financial Officer clear all interfunds before the end of the year.

\*2018-003 Finding: The bank account reconciliations for Current Fund, Water Operating Fund, ten (10) Trust Funds, Payroll, and Payroll Agency were not in agreement with the general ledger.

Recommendation: The Chief Financial Officer reconcile bank accounts to the general ledger on a monthly basis.

\*2018-004 Finding: The General Capital Fund has several receivables that are over five years old that have not been collected.

Recommendation: The Chief Financial Officer review receivables that are over five years old and make the appropriate disposition to fund the projects.

2018-005 Finding: During our test of transactions it was noted that the Borough misclassified expenditures paid from the Small Cities Revolving Loan Trust Fund.

Recommendation: The Chief Financial Officer review purchase orders to ensure proper classification.

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

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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