

NOTICE OF SALE

\$3,425,000

BOROUGH OF WOODSTOWN

County of Salem, New Jersey

GENERAL OBLIGATION BONDS, SERIES 2020

Consisting of:

\$1,325,000 General Improvement Bonds

\$1,950,000 Water Utility Bonds

\$150,000 Open Space Bonds

(Bank Qualified)(Book-Entry-Only)(Callable)

ELECTRONIC PROPOSALS will be received via the BiDCOMP®/Parity® Electronic Competitive Bidding System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below, until 10:45 a.m. (Eastern), on

March 17, 2020

at which time they will be publicly announced for the purchase of the following bonds ("Bonds"), due on March 15, as follows:

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water Utility Bonds</u>	<u>Open Space Bonds</u>	<u>Total Principal Amount</u>
2021	\$100,000	\$110,000	\$10,000	\$220,000
2022	110,000	115,000	10,000	235,000
2023	115,000	120,000	10,000	245,000
2024	115,000	120,000	10,000	245,000
2025	120,000	120,000	10,000	250,000
2026	120,000	125,000	10,000	255,000
2027	125,000	125,000	10,000	260,000
2028	125,000	130,000	10,000	265,000
2029	130,000	130,000	10,000	270,000
2030	130,000	135,000	10,000	275,000
2031	135,000	140,000	10,000	285,000
2032	0	140,000	10,000	150,000
2033	0	145,000	10,000	155,000
2034	0	145,000	10,000	155,000
2035	0	150,000	10,000	160,000

The Bonds will be dated March 26, 2020 and bear interest at the rates per annum specified by the successful bidder therefor, payable semiannually on March 15 and September 15, commencing September 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as set forth in the Preliminary Official Statement, dated March 10, 2020 ("Preliminary Official Statement").

Upon initial issuance, the Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and be responsible for maintaining a book-entry system for recording the interests of its participants or the transfers of interests among its participants. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, and in integral multiples of \$1,000 in excess thereof, or in such amount

necessary to issue the principal amount of the Bonds, through book entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry bondholder will receive a credit balance on the books of its nominee. For additional information, see "THE BONDS--Book-Entry-Only System" in the Preliminary Official Statement described below.

The Preliminary Official Statement has been deemed "final" by the Borough as of its date for purposes of paragraph (b)(1) of Rule 15c2-12, as amended ("Rule 15c2-12") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for certain omissions permitted thereunder. Within seven (7) business days of the sale of the Bonds, and in sufficient time to accompany any confirmation that requests payment from a customer, the Borough will deliver a sufficient number of copies of the final official statement ("Official Statement") to the purchaser in order for the same to comply with Paragraph (b)(4) of Rule 15c2-12.

The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. Bowman & Company's web address is **www.govdebt.net** ("Site"). In addition, broker dealers registered with the National Association of Securities Dealers ("NASD") and dealer banks with DTC clearing arrangements may either: (i) print out a copy of the Preliminary Official Statement by their own means; or (ii) at any time prior to March 17, 2020, elect to receive a printed copy of the Preliminary Official Statement in the mail by requesting the same on the Bowman & Company web site or by calling the Borough's Bond Counsel, Parker McCay P.A. ("Bond Counsel"), Parker McCay P.A., 9000 Midlantic Drive, Suite 300, P.O. Box 5054, Mount Laurel, New Jersey 08054. Calls should be directed to Alexis B. Batten, Esquire at (856) 985-4067. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Bowman & Company web site, please visit **www.govdebt.net**. Bidders may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders must follow the applicable instructions and prompts to access the Preliminary Official Statement. All bidders must review the Preliminary Official Statement and certify that they have done so prior to participating in the bidding.

In accordance with the requirements of Rule 15c2-12, the Borough will, prior to the issuance of the Bonds, enter into an agreement substantially in the form set forth in Appendix "D" to the Preliminary Official Statement ("Disclosure Agreement").

The Borough will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code").

BID SPECIFICATIONS

Each **ELECTRONIC PROPOSAL** for the Bonds must be submitted to PARITY in accordance with this notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, including any fee charged, potential bidders may contact BiDCOMP®/PARITY, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. The Borough may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via

PARITY. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. If a bid submitted electronically by PARITY is accepted by the Borough, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the Borough, and the Borough shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Borough or information provided by the bidder.

3. The Borough may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via Thomson Municipal Newswire, or by other available means, no later than 9:00 A.M. (Eastern Time) on the date upon which the Borough will receive proposals.

4. Once the bids are communicated electronically via PARITY to the Borough as described above, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting electronic bids, the time as maintained on PARITY shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Borough nor i-Deal shall have any duty or obligation to provide or assure to any bidder, and neither the Borough nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Borough is using PARITY as a communication mechanism, and not as the Borough's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the Borough harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Each proposal must specify in a multiple of 1/8th or 1/20th of 1%, a single rate of interest which each maturity of the Bonds are to bear. Not more than one rate of interest may be named for Bonds of the same maturity. No rate of interest named for any maturity may be less than the rate of interest named for a prior maturity, and the difference between the highest and the lowest rates of interest named in the proposal shall not exceed three percent (3%). No proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest net interest cost to the Borough under any legally acceptable proposal.

The Bonds will be sold to the bidder who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Bonds. The net interest cost shall be computed in each instance by adding to the total principal amount of Bonds bid for, the total interest cost to maturity in accordance with such bid. **Proposals may not include any premium.** If two (2) or more bidders specify the same lowest net interest cost, then to one of such bidders selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the

Bonds accrued to the date of delivery. The Borough reserves the right to reject all bids and any bid not complying with the terms of this Notice of Sale.

Each bidder is required to make a good faith deposit ("Deposit") in the form of a cash wire, or certified, cashier's or treasurer's check in the amount of **\$68,500**, payable to the order of the "Borough of Woodstown". If a cash wire is used, the wire must be received by the Borough no later than **10:45 A.M. on TUESDAY, MARCH 17, 2020**. Bidders submitting cash wires must: (i) notify the Borough of its intent to use such cash wire prior to **9:45 A.M. on TUESDAY, MARCH 17, 2020**; (ii) provide proof of electronic transfer of such cash wire prior to **10:45 A.M. on TUESDAY, MARCH 17, 2020**; and (iii) also enclose return wiring instructions for use by the Borough. Wiring instructions may be obtained by contacting the Borough's Bond Counsel, Parker McCay P.A., Attention: Alexis B. Batten, Esquire, Telephone: (856) 985-4067 or Email: abatten@parkermccay.com. The Borough's Municipal Advisor, Acacia Financial Group, Inc., may also be contacted at 6000 Midlantic Drive, Suite 410, Mount Laurel, New Jersey 08054. Calls should be directed to Brittany Whelan at (856) 234-2266. If a check is used, the check must be certified or cashier's or treasurer's check drawn upon a bank or trust company and must be delivered to the Borough by no later than **10:45 A.M. on TUESDAY, MARCH 17, 2020**. Bidders submitting good faith checks should also enclose a return envelope for use by the Borough. Each bidder accepts responsibility for delivering such cash wire or check on time and the Borough is not responsible for any cash wire or check that is not received on time. No interest on the Deposit will accrue to the successful bidder. When the successful bidder has been ascertained, all such Deposits shall be returned to the persons making the same within a reasonable period of time, except the cash wire or check of the successful bidder which shall be applied as partial payment for the Bonds or to secure the Borough from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. Award of the Bonds to the successful bidder or rejection of all bids is expected to be made promptly after opening of the bids. The successful bidder may not withdraw its proposal until after 5:30 P.M. on the day of such bid opening and then only if such award has not been made prior to the withdrawal.

AT THE TIME OF DELIVERY OF THE BONDS, PAYMENT FOR THE BONDS SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

The successful bidder may refuse to accept the Bonds, if prior to their delivery, any income tax law of the United States of America shall provide that the interest thereon is taxable, or shall be taxable at a future date, for federal income tax purposes and, in such case, the deposit made by such bidder will be returned and the successful bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

RATING

Moody's Investors Service has assigned its municipal bond rating of "A2". Any change in the aforementioned rating on the Bonds will be communicated via PARITY.

OPTIONAL PURCHASE OF MUNICIPAL BOND INSURANCE

Information concerning the Borough has been furnished to certain companies for the purpose of qualifying the Bonds for municipal bond insurance. Any purchase of said insurance will be at the sole option and expense of the bidder and increased costs of issuance including,

without limitation, any additional rating agency fees, resulting by reason of such insurance will be paid by such bidder. Notice of qualification of the Bonds for municipal bond insurance will be communicated via PARITY. If the Bonds qualify for municipal bond insurance, each bidder shall be required to specify whether municipal bond insurance will be purchased.

POSTPONEMENT

The Borough reserves the right to postpone, from time to time, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED ON THOMSON MUNICIPAL NEWSWIRE, BEFORE 10:45 A.M. ON THE DAY BEFORE THE SALE.** If any date fixed for receipt of bids and the sale of the Bonds is postponed, an alternative sale date will be announced via Thomson Municipal Newswire at least forty-eight hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on Thomson Municipal Newswire at the time the sale date and time are announced.

DELIVERY OF THE BONDS

It is anticipated that delivery of the Bonds will occur on or about Thursday, March 26, 2020.

CUSIPS

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or a refusal by the purchaser thereof to accept delivery of and to pay for the Bonds in accordance with the terms hereof. In accordance with Municipal Securities Rulemaking Board Rule G-34, as amended, Acacia Financial Group, Inc., municipal advisor to the Borough, will request CUSIP identification numbers and will advise CUSIP Global Services of the details related to the sale of the Bonds, including the identity of the winning purchaser of the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Borough; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the purchaser.

Closing Certificates:

Simultaneously with the delivery of the Bonds, the purchaser shall assist the Borough in establishing the issue price and yield of the Bonds and shall execute and deliver to the Borough at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sale price or prices of the Bonds and yield, together with the supporting pricing wires or equivalent communications ("Issue Price Certificate"). The Issue Price Certificate shall be executed in a form similar to that which is attached hereto as Exhibit "A".

Establishment of Issue Price:

(a) The Borough intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the Borough disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Borough may receive bids from at least three (3) underwriters of municipal bonds or Bonds who have established industry reputations for underwriting new issuances of municipal bonds or Bonds; and
- (4) the Borough anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(b) If the successful bidder is a bank or local government unit purchasing for its own account the provisions of paragraphs (d) and (e) below shall not apply

(c) In the event that paragraph (b) above is not applicable and the competitive sale requirements are not satisfied, the Borough shall so advise the successful bidder. The Borough shall treat the first price at which 10% of the Bonds (the "10% Test") is sold to the public as the issue price of the Bonds. The successful bidder shall advise the Borough if the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Borough will permit, but will *not* require bidders to comply with the "hold-the-offering-price rule". Bids will *not* be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that the Bonds will be subject to the 10% Test or the "hold-the-offering-price rule" in order to establish the issue price of the Bonds.*

(d) If the competitive sale requirements are not satisfied and the successful bidder is not relying on the "hold-the-offering-price rule", then until the 10% Test has been satisfied as to the Bonds, the successful bidder agrees to promptly report to the Borough the prices at which the unsold Bonds have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds. If the 10% Test is not met by the closing date, a supplemental issue price certificate must be provided.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds, if and for so long as directed by the successful bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the

Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any securities to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party;
- (ii) "underwriter" means: (A) any person that agrees pursuant to a written contract with the Borough (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the Borough to the successful bidder.

The obligation of the purchaser to purchase and pay for the Bonds is conditioned on the delivery, at the time of settlement of the Bonds, of the following: (i) approving legal opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, a form of which can be found in Appendix "C" to the Preliminary Official Statement; (ii) the delivery of certificates in form and tenor satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, including a statement of the Borough, dated as of the date of such delivery, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened relating to the issuance, sale and delivery of the Bonds; and (iii) an executed copy of the Disclosure Agreement.

COMPLIANCE WITH P.L. 2005,c.271, s.3

The purchaser is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A. 19:44A-20.13* (P.L. 2005, c.271, s.3) if the purchaser enters into agreements or contracts, such as its agreement to purchase the Bonds, with a public entity, such as the Borough and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Borough, in a calendar year. It is the purchaser's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

JUDSON MOORE, Chief Financial Officer

Dated: March 10, 2020

Exhibit "A"

\$3,425,000
BOROUGH OF WOODSTOWN
County of Salem, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$1,325,000 General Improvement Bonds
\$1,950,000 Water Utility Bonds
\$150,000 Open Space Bonds

CERTIFICATE OF UNDERWRITER
REGARDING YIELD AND ISSUE PRICE

The undersigned, an authorized representative of _____, as underwriter ("Underwriter") for the above-captioned bonds ("Bonds"), hereby certifies as follows:

1. This certificate is delivered to the Borough of Woodstown, County of Salem, New Jersey ("Borough") and may be relied upon in establishing the reasonable expectations of the Borough as to the matters stated herein as may be necessary or appropriate in the preparation by the Borough of a certificate relating to arbitrage matters in connection with the issuance of the Bonds and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. On March 17, 2020 ("Sale Date"), the Underwriter submitted and the Borough accepted its competitive proposal to purchase the Bonds.

[4. As of the Sale Date, the reasonably expected aggregate offering price of the Bonds to the Public by the Underwriter is \$_____ ("Expected Offering Price"). The Expected Offering Price is the price for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.

5. The Underwriter was not given the opportunity to review other bids prior to submitting its bid. The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.]

[4. As of the date of this certificate, the Underwriter has not sold at least 10% of the Bonds at a single price and agrees once it has sold at least 10% of the Bonds at a single price, it will provide a Supplemental Issue Price Certificate to the Borough and Bond Counsel, which date will be not later than thirty (30) days after the last day of the calendar quarter next ending after the date of closing of the Bonds.]

[4. The Underwriter has offered the Bonds to the Public for purchase at the initial aggregate offering price of Borough on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule A.

5. As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that: (i) it would neither offer nor sell any of the Bonds to any person at a price that is higher than the Initial Offering Price during the Holding Period (as defined below) ("hold-the-offering-price rule"); and (ii) any selling group agreement shall contain the agreement of each

dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) has offered or sold the Bonds at a price that is higher than the respective Initial Offering Price during the Holding Period.]

[5/6]. The Yield (as defined below) on the Bonds to maturity is not less than _____%

[6/7]. Capitalized terms utilized herein and not otherwise defined shall have the meanings ascribed thereto below:

(i) "Public" shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(ii) "Underwriter" shall mean: (a) any person that agrees pursuant to a written contract with the Borough (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public). The representations set forth in this certificate are limited to factual matters only.

(iii) "Yield" shall mean that discount rate, determined on the basis of semi-annual interest compounding (based on a 360 day year consisting of twelve (12) months of thirty (30) days each), which, when used in computing the present value of all unconditionally payable payments of principal of an interest (including original issue discount, if any), paid or to be paid on the Bonds to maturity [or, in the case of the Bonds that are subject to optional redemption and are issued with an original issue premium in excess of twenty-five one-hundredths percent (0.25%) times the number of years to the first optional call date (the "Yield-to-Call Bonds"), to the optional call date that produces the lowest yield on each maturity of the Yield-to-Call Bonds,] [and the payment of a premium ("Premium") in respect of a municipal bond insurance policy ("Municipal Bond Insurance") issued by _____ ("___"),] produces an amount equal to the aggregate issue price thereof.

[(iv) "Holding Period" means the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Underwriter has sold at least 10% of the Bonds to the Public at a price that is no higher than the Initial Offering Price.]

[[7/8]. The Premium is to be paid on the date hereof by the Underwriter. The Premium (other than any amount paid separately to a rating agency in connection with issuance of the Municipal Bond Insurance by ___) is treated as additional interest on the Bonds. Such fee results in a savings when compared to the present value of the interest to be saved. As determined by the Underwriter, present value is computed by using the yield-to-maturity on the Bonds (taking such fee into account) as the discount rate.]

[8/9]. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Borough with respect to certain of the representations set forth in the Certificate as to Nonarbitrage and Other Tax Matters and with respect to compliance with the federal income tax rules affecting the Bonds, and by Parker McCay P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Borough from time to time relating to the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of March, 2020.

_____,
as Underwriter

By: _____
[NAME], [Title]

DRAFT

[Schedule A]

DRAFT

[Schedule B]

DRAFT

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the Borough within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 10, 2020

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds (each as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof are not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed.

\$3,425,000
BOROUGH OF WOODSTOWN
County of Salem, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$1,325,000 General Improvement Bonds
\$1,950,000 Water Utility Bonds
\$150,000 Open Space Bonds
(Bank Qualified) (Callable)

Dated: Date of Delivery

Due: March 15, as shown on inside front cover

The Borough of Woodstown, County of Salem, New Jersey ("Borough") is issuing \$3,425,000 aggregate principal amount of its General Obligation Bonds, Series 2020 ("Bonds"). The Bonds consist of: (i) \$1,325,000 General Improvement Bonds; (ii) \$1,950,000 Water Utility Bonds; and (iii) \$150,000 Open Space Bonds. The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Borough, as paying agent. Interest on the Bonds is payable semi-annually on March 15 and September 15 ("Interest Payment Dates"), commencing September 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances 2019-08 and 2020-03, each duly and finally adopted by Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Borough Council on February 25, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on March __, 2020.

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough without limitation as to rate or amount.

This cover contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Adam I. Telsey, Esquire, of the firm Telsey & Telsey, LLC, Salem, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about March __, 2020.

\$3,425,000
BOROUGH OF WOODSTOWN
County of Salem, New Jersey

GENERAL OBLIGATION BONDS, SERIES 2020

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water Utility Bonds</u>	<u>Open Space Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2021	\$100,000	\$110,000	\$10,000	\$220,000	%	%	
2022	110,000	115,000	10,000	235,000			
2023	115,000	120,000	10,000	245,000			
2024	115,000	120,000	10,000	245,000			
2025	120,000	120,000	10,000	250,000			
2026	120,000	125,000	10,000	255,000			
2027	125,000	125,000	10,000	260,000			
2028	125,000	130,000	10,000	265,000			
2029	130,000	130,000	10,000	270,000			
2030	130,000	135,000	10,000	275,000			
2031	135,000	140,000	10,000	285,000			
2032	0	140,000	10,000	150,000			
2033	0	145,000	10,000	155,000			
2034	0	145,000	10,000	155,000			
2035	0	150,000	10,000	160,000			

¹CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of The American Bankers Association by S&P Global Market Intelligence. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF WOODSTOWN
COUNTY OF SALEM, NEW JERSEY**

Elected Officials

Don Dietrich	Mayor
Joe Hiles	Council President
Glenn Merkle	Council Member
Bertha Hyman	Council Member
Stacy Shorter-Carney	Council Member
Valerie Lacy	Council Member
John Hall	Council Member

**Cynthia Dalessio
Borough Clerk**

**Judson Moore Jr.
Chief Financial Officer**

**Solicitor
Adam I. Telsey, Esquire
Telsey & Telsey, LLC
Salem, New Jersey**

**Auditor
Bowman & Company LLP
Woodbury and Voorhees, New Jersey**

**Bond Counsel
Parker McCay P.A.
Mount Laurel, New Jersey**

**Municipal Advisor
Acacia Financial Group, Inc.
Mount Laurel, New Jersey**

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, bond ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the Borough Clerk during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or any underwriter.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUTHORIZATION FOR THE BONDS	1
PURPOSE OF THE ISSUE	1
DESCRIPTION OF THE BONDS	3
General	3
Redemption Provisions	4
Book-Entry-Only System	5
Discontinuance of Book-Entry-Only System	7
SECURITY FOR THE BONDS	8
GENERAL INFORMATION REGARDING THE BOROUGH	8
General	8
Financial	8
CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT	8
Local Bond Law	8
Local Fiscal Affairs Law	10
Local Budget Law	10
Miscellaneous Revenues	11
Real Estate Taxes	12
Deferral of Current Expenses	13
Budget Transfers	13
Capital Budget	13
Related Constitutional and Statutory Provisions	13
The Municipal Finance Commission	14
Limitation of Remedies Under Federal Bankruptcy Code	14
TAXATION	15
Procedure for Assessment and Collection of Taxes	15
Tax Appeals	16
TAX MATTERS	16
Federal	16
New Jersey	17
Changes in Federal and State Tax Law	17
LITIGATION	18
RATING	18
RECENT HEALTHCARE DEVELOPMENTS	18
PREPARATION OF OFFICIAL STATEMENT	19
UNDERWRITING	19
LEGALITY FOR INVESTMENT	19
MUNICIPAL ADVISOR	20
NO DEFAULT	20
CONTINUING DISCLOSURE	20
LEGAL MATTERS	20
ADDITIONAL INFORMATION	21
APPENDIX A: CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE BOROUGH OF WOODSTOWN	
APPENDIX B: FINANCIAL STATEMENTS OF THE BOROUGH OF WOODSTOWN	
APPENDIX C: FORM OF BOND COUNSEL OPINION	
APPENDIX D: FORM OF CONTINUING DISCLOSURE AGREEMENT	

\$3,425,000
BOROUGH OF WOODSTOWN
County of Salem, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$1,325,000 General Improvement Bonds
\$1,950,000 Water Utility Bonds
\$150,000 Open Space Bonds

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Borough of Woodstown, County of Salem, New Jersey ("Borough") of its \$3,425,000 aggregate principal amount of General Obligation Bonds, Series 2020 ("Bonds"). The Bonds consist of: (i) \$1,325,000 General Improvement Bonds; (ii) \$1,950,000 Water Utility Bonds; and (iii) \$150,000 Open Space Bonds.

AUTHORIZATION FOR THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2019-08 and 2020-03 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Borough Council on February 25, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on March __, 2020.

PURPOSE OF THE ISSUE

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The improvements to be permanently financed with the proceeds of the Bonds include the following:

[Remainder of Page Intentionally Left Blank.]

General Improvement Ordinances

<u>Ordinance Number</u>	<u>Purpose/ Improvements</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
2019-08(D)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	\$70,000	\$40,000	\$40,000
2019-08(E)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	45,000	35,000	35,000
2019-08(G)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	250,000	197,000	197,000
2019-08(J)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	400,000	395,000	395,000
2019-08(K)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	75,000	70,000	70,000
2019-08(B)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	317,000	23,000	23,000
2019-08(F)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	55,000	27,000	27,000
2020-03	Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	553,375	0	538,000
Total		\$1,765,375	\$787,000	\$1,325,000

[Remainder of Page Intentionally Left Blank.]

Water Utility Ordinances

<u>Ordinance Number</u>	<u>Purpose/Improvements</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
2019-08(C)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	\$665,000	\$11,000	\$11,000
2019-08(L)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	170,000	162,000	162,000
2019-08(M)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	200,000	200,000	200,000
2019-08(N)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	2,250,000	2,000,000	1,577,000
Total		\$3,285,000	\$2,373,000	\$1,950,000

Open Space Ordinances

<u>Ordinance Number</u>	<u>Purpose/Improvements</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Bonds to be Issued</u>
2019-08(I)	Amended and Restated Bond Ordinance for Acquisition of Various Equipment and Completion of Various Capital Improvements	\$270,000	\$150,000	\$150,000
Total		\$270,000	\$150,000	\$150,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$3,425,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on March 15 and September 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing September 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth below. The Bonds will mature on March 15 in the years and in the principal amounts all as shown on the inside front cover page of this Official Statement.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the

books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Borough, or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Borough, or its hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Borough or its hereafter designated paying agent, if any.

Redemption Provisions

The Bonds maturing on and after March 15, 2029 are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after March 15, 2028, at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last known address, if any, appearing on the registration books of the Borough. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any Participant or any failure of a Participant to notify any Beneficial Owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into

¹ Source: The Depository Trust Company

the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or the hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or its hereafter designated paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Borough or its hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or its hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough or its hereafter designated paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but neither the Borough nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR ITS HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds may be registered on the books maintained by the Borough or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Borough or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the Borough or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE BONDS

The full faith and credit of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Borough payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough without limitation as to rate or amount.

The Borough may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

GENERAL INFORMATION REGARDING THE BOROUGH

General

General information concerning the Borough, including economic, financial, demographic and other relevant data is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Borough for the year ended December 31, 2019 and (b) audited financial statements of the Borough for the years ended December 31, 2018 and 2017. The compiled financial data was provided by Bowman & Company LLP, Woodbury and Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. The audited financial statements were provided by Petroni & Associates, LLC, Glassboro, New Jersey ("Petroni"). Bowman & Company LLP, has consented to the inclusion of their compiled financial statements in this Official Statement. Petroni is currently conducting its review pursuant to the Statement of Auditing Standards No. 133, "*Auditor Involvement with Exempt Offering Documents.*" As a result, Petroni is not able to provide its consent to the inclusion of the Borough's 2018 audited financial statement as of the date of this Preliminary Official Statement. At Closing, both firms will, however, provide formal consents to the inclusion of the compiled financial statements and the 2018 audited financial statements. Copies of the complete reports of audit may be obtained upon request to the office of the Clerk of the Borough.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

General - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds

and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits - The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Borough, including the issuance of the Bonds, will not exceed its three and one-half percent (3.50%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the Borough may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the Notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the Notes are issued.

Bonds – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of bonds.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the Borough.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 is on file with the Borough Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The Annual Compiled Financial Statement for the year ended December 31, 2019 is on file with the Borough Clerk and is available for review during business hours.

Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State states, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various

exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.00%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.00% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes, including the Bonds.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually

realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

Real Estate Taxes

Receipts from Delinquent Taxes - Revenues are permitted by *N.J.S.A. 40A:4-29* to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 *et seq.*, or the State tax court pursuant to R.S.54:48-1 *et seq.* in accordance with Chapter 56 of P.L. 2010.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School, County and Fire District Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3.00%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Capital Budget

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

Related Constitutional and Statutory Provisions

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the State's Superior Court. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

The Local Finance Board also serves as the "Funding Commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such Funding Commission for the proposed reorganization of its debt.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a

petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE BOROUGH EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Borough was effective for the year 2008.

Upon the filing of certified adopted budgets by the Borough, the Regional School District and the County of Salem ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included

in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Borough are periodically assigned to the Borough Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough ("Bond Counsel"), assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

LITIGATION

To the knowledge of the Borough's Solicitor, Adam I. Telsey, Esquire, of the firm Telsey & Telsey, LLC, Salem, New Jersey ("Solicitor"), there is no litigation of any nature now pending, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

RATING

Moody's Investors Service ("Rating Agency") has assigned a rating of "A2" to the Bonds based upon the creditworthiness of the Borough.

The rating reflects only the views of the Rating Agency. Any desired explanation of the significance of such rating should be obtained directly from the Rating Agency. The Borough furnished to the Rating Agency certain information and materials concerning the Bonds and the Borough. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

RECENT HEALTHCARE DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States. While the effects of COVID-19 may be temporary, the outbreak of the disease has affected travel, commerce and financial markets globally and may affect economic growth worldwide. While any direct impact of COVID-19 on the Borough, or the Bonds, is currently uncertain, the Borough is monitoring the spread and effects of COVID-19, and is communicating with other appropriate governmental agencies in this regard.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds by certificates signed by various officers and officials of the Borough upon issuance and delivery of the Bonds.

All of the information has been obtained from sources which the Borough considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Woodbury and Voorhees, New Jersey, compiled this Official Statement from information obtained from Borough management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountant's Compilation Report.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated March __, 2020. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds and notes into investment trusts) at yields higher than the public offering yield set forth on the inside front cover page of this Official Statement, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators,

guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the Borough, including the Bonds, and such bonds and notes are authorized security for any and all public deposits.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as municipal advisor to the Borough with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the Borough.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Borough has undertaken to file notice of certain enumerated events, pursuant to a Continuing Disclosure Agreement, in the form attached as Appendix "D" to this Official Statement.

The Borough currently does not have undertakings with regard to continuing disclosure within the past five years as the Borough had no outstanding debt within such time period. The Borough has appointed Acacia Financial Group, Inc., Mount Laurel, New Jersey to act as continuing disclosure agent (the "Continuing Disclosure Agent") to assist in the filing of certain information on EMMA as required with respect to the Bonds and future obligations.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Borough by its Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Judson Moore Jr., Treasurer and Chief Financial Officer, Borough of Woodstown, at 856-769-2200 ext. 29, or to the Borough's Municipal Advisor, Acacia Financial Group, Inc. at 856-234-2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Treasurer and Chief Financial Officer of the Borough for and on behalf of the Borough.

BOROUGH OF WOODSTOWN, NEW JERSEY

By: _____
JUDSON MOORE JR., Chief Financial Officer

Dated: March __, 2020

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE BOROUGH OF WOODSTOWN**

GENERAL INFORMATION ON THE BOROUGH

History

The Borough of Woodstown (the "Borough") was created in 1882 from portions of Pilesgrove Township, and was incorporated in 1925. The Borough is approximately 1.625 square miles, and is completely surrounded by Pilesgrove Township.

The population of the Borough as of the 2010 census was 3,505 residents, up from the 2000 census population of 3,136.

Local Government

The Borough is governed under the Mayor-Council form of government, with a Mayor and six-member Council. The Mayor and Council are elected directly by the voters in partisan elections, the Mayor serves a four-year term in office and the Council serves three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk. Legislative responsibility is vested with the Council.

The day-to-day administrative duties are the responsibility of the Borough Municipal Clerk, who is appointed by the Borough Council. To that end, the Borough Municipal Clerk keeps the Borough Council informed as to the conduct of the Borough affairs.

The financial affairs of the Borough are administered by the Chief Financial Officer, who reports to the Borough Council. The Chief Financial Officer prepares the annual municipal budget, and then maintains it on a daily basis after adoption by the Borough Council.

Business Management

The Mayor and Borough Council have taken an active role in the preparation and administration of the Borough's annual operating and capital budgets. Joint purchasing agreements, use of state contract purchases, and the solicitation of competitive price proposals for a majority of purchases are just a few measures employed to reduce costs. User fees for Borough services are continually examined and increased when needed, and an aggressive tax collection program contributes to the Borough's financial well-being.

In addition, the Borough has made use of shared services agreements with neighboring municipalities to control costs. The Mid-Salem County Municipal Court (Borough of Woodstown) utilizes one judge and a single administrative and support staff to serve the Townships of Mannington, Oldmans, Quinton, and the Borough of Elmer. The Borough utilizes a shared service agreement for Uniform Construction Code with the Township of Oldmans and a shared service agreement for Solid Waste collection with the Township of Logan. The Borough's unique relationship with the Township of Pilesgrove, which is completely surrounds the Borough, encourages joint and/or shared services. The Borough and Township of Pilesgrove share a common school district, fire company, home rehabilitation program and municipal alliance.

Fire Protection and Emergency Services

The Borough shares the services of the Reliance Fire Company with the Township of Pilesgrove. The Borough contributes to the operating budget of the Fire Company and provides funding to the Company to facilitate capital purchases.

Police

The Borough is serviced by a local police department with eight full time officers. Service is provided 24 hours a day. The police department is represented by a collective bargaining unit.

Public Works

The Borough Public Works department strives to maintain roads in the Borough in first class condition. The Public Works Department, with a full-time work force of 5.

The Public Works Department is responsible for the maintenance of nearly 12 miles of Borough roads, including minor road repairs, road signage, snow plowing and removal. The road department, while relatively small, is a well managed, efficient operation that operates within or under budget each year. A preventive maintenance and repair program greatly reduces the need for outside services.

Parks and Recreation

In addition to a few Borough parks, Borough residents have access to Marlton Park. Pilesgrove Township is the owner of the Marlton Park, a 65 acre site in the western portion of the Township. Marlton Park is an excellently maintained facility that is home to numerous athletic fields, including baseball, football, lacrosse, soccer and softball. In addition, there are two large pavilions for use by various community organizations. In 2008, state of the art playground equipment was added to the Park. There are also walking trails and exercise stations for use by the public. The Park is used for the annual Fourth of July celebration in the community, which culminates in a fireworks display.

Water and Sewer Utilities

The Borough of Woodstown provides public water utilities and the Woodstown Sewerage Authority provides public sewer utilities.

Borough Employees

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Permanent Employees	20	22	22	20	21
Part-time Employees	<u>31</u>	<u>37</u>	<u>49</u>	<u>40</u>	<u>47</u>
Total	<u>51</u>	<u>59</u>	<u>71</u>	<u>60</u>	<u>68</u>

Employee Collective Bargaining Units

The Borough currently has 2 employee collective bargaining units. The following is a schedule of the employee bargaining units, number of employees represented and dates of contract expiration:

<u>Bargaining Unit</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Woodstown Police Officers Association	7	12/31/2018 *
CWA Union (Public Works)	Not available	No new contract *

* currently in negotiations

Business and Industry

The Borough's commercial base is mainly on U.S. Route 40 and Main Street. The Woodstown Pilesgrove Business Association is a local organization that serves the community. Its mission is to build an organization that will serve the business community by 1) Developing a strong relationship with Woodstown and Pilesgrove, 2) Encouraging increased cooperation and communication to address the needs and concerns of all businesses, 3) Promoting and maintaining existing business, and 4) Strengthening economic growth while preserving our community's way of life.

Transportation and Infrastructure

The Borough of Woodstown is located in the center of northern Salem County. State Route 40 traverses the Borough east to west; likewise, State Route 45 runs through the Borough north to south. State Route 55 and Interstate 295 are easily accessed from the Borough.

The New Jersey Transit system provides public bus transportation, and there is a County funded bus program for the elderly and disabled.

LARGEST PRIVATE SECTOR EMPLOYERS

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
PSE&G	Nuclear Power Generating Plant	1,500
Mannington Mills, Inc.	Floor Coverings	550
Salem Medical Center	Medical Facility	400
R.E. Pierson Construction	Construction	125
Inspira Hospital - Elmer	Acute Care Facility	Cannot verify#
Atlantic City Electric	Public Utility	500
McLane NJ	Grocery Distribution	400

Building, Zoning and Development Codes

The Borough has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building. The Borough land use regulations conform to the State Municipal Land Use Law and Residential Site Improvement Standards.

The Borough building codes conform to standards of the Uniform Construction Code of New Jersey. These codes and other municipal codes are codified as a basis for improved administration and regulation.

Building Permits Issued (1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2020(2)	14	\$63,897
2019	173	2,113,374
2018	210	1,249,199
2017	220	1,810,782
2016	193	1,619,249
2015	230	2,439,684

(1) Source: Borough Construction Official

(2) As of February 18, 2020

Borough Population(1)

2010 Federal Census	3,505
2000 Federal Census	3,136
1990 Federal Census	3,154
1980 Federal Census	3,250

Borough Labor Force(2)

The following table discloses current labor force data for the Borough, County and State.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Borough					
Labor Force	1,556	1,578	1,626	1,673	1,635
Employment	1,495	1,504	1,540	1,564	1,515
Unemployment	61	74	86	109	120
Unemployment Rate	3.9%	4.7%	5.3%	6.5%	7.3%
County					
Labor Force	28,795	29,188	30,010	30,816	31,079
Employment	27,226	27,392	28,092	28,552	28,435
Unemployment	1,569	1,796	1,918	2,264	2,644
Unemployment Rate	5.4%	6.2%	6.4%	7.3%	8.5%
State					
Labor Force	4,422,900	4,453,500	4,474,700	4,489,000	4,487,000
Employment	4,239,600	4,247,500	4,252,100	4,229,200	4,183,500
Unemployment	183,400	206,000	222,600	259,800	303,500
Unemployment Rate	4.1%	4.6%	5.0%	5.8%	6.8%

GENERAL INFORMATION ON THE SCHOOL DISTRICT (3)

Primary and Secondary Education

As a type II district, the Board of Education of the Woodstown-Pilesgrove Regional ("School District") functions independently through an eleven-member Board, nine elected by the voters for alternate three year terms and two appointed by the sending districts on an annual basis.

The School District has a total of four facilities; one early childhood center, one elementary school, one middle school and one high school. See "Present School Facilities", Enrollment and Capacities" herein. Special education students are mainstreamed into the public school system.

Students from Alloway Township, Upper Pittsgrove Township and Oldman's Township attend the Woodstown-Pilesgrove Regional High School as sending district students.

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: New Jersey Department of Labor

(3) Source: School District officials

**WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
ELEMENTARY/MIDDLE SCHOOL ENROLLMENTS (1)**

Grade	OCTOBER 15,				
	2019	2018	2017	2016	2015
Pre-K/Pre-School	27	32	41	28	38
K	95	94	100	102	103
1	97	93	85	88	72
2	97	81	88	72	74
3	88	85	70	73	60
4	85	69	76	62	65
5	71	73	75	63	75
6	82	68	65	73	72
7	74	72	78	73	74
8	73	79	79	77	83
Special Education	<u>118</u>	<u>128</u>	<u>131</u>	<u>118</u>	<u>140</u>
Totals	<u>907</u>	<u>874</u>	<u>888</u>	<u>829</u>	<u>856</u>

**WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
HIGH SCHOOL ENROLLMENTS (1)**

Grade	OCTOBER 15,				
	2019	2018	2017	2016	2015
9	131	124	116	130	139
10	134	110	129	131	120
11	119	126	134	113	152
12	126	136	115	156	157
Special Education	<u>76</u>	<u>106</u>	<u>99</u>	<u>104</u>	<u>103</u>
Totals	<u>586</u>	<u>602</u>	<u>593</u>	<u>634</u>	<u>671</u>

PRESENT SCHOOL FACILITIES AND CAPACITY (1)

Name of School	Date Constructed	Renovations/ Additions	Grades	Enrollment	Functional
				October 15, 2018	Capacity
William Roper Early Childhood Ctr.	2013		PreK/K	142	131
Mary S. Shoemaker Elementary	1958	1990	1-5	468	423
* Woodstown High/Middle School	1915/1950	2012 & 2014	6-12	866	1,035

* 1936/1949/ (Middle School Wing) 1950/1963/1984

(1) Source: School District officials

EDUCATIONAL FACILITIES

Primary and secondary public educational facilities in the County include twenty-two elementary schools, six middle schools, five high schools, a special education school, and a vocational and technical school. Higher education consists of the Salem Community College in Carneys Point. In close proximity to the County are Rowen University, Rutgers - the State University - Camden Campus, University of Pennsylvania and the Wharton School of Business in Philadelphia, the University of Delaware, and Widener College. In addition, there is a Business/Industry Outreach Program which provides customized training, on-site training, and cooperative education to prospective and current employees, as well as companies.

The Salem County Vocational Technical School ("SCVTS") operates a special purpose district in which a wide range of educational programs and services are provided to county residents. The educational programs offered by the SCVTS focus on secondary full time and share time careers, technical education programs, and Career Academy programs offered in partnership with four school districts in the County. SCVTS also operates the New Jersey Regional Day School for the New Jersey Department of Education. The program serves disabled students from Cumberland, Gloucester, and Salem Counties. Additionally, SCVTS provides programs for post-secondary students and a wide array of community and continuing education programs, all of which are available for one purpose; to serve the community's interests.

Salem Community College ("SCC") is a two-year, public, comprehensive institution of higher education authorized to grant associate degrees in the arts, fine arts, science and applied science, and certificates. SCC offers more than 40 programs of study in liberal arts, social science, business, nursing, allied health and technology. SCC features the nation's only associate degree program in scientific glass technology and offers a unique fine arts degree program in glass art. Thanks to a federal grant, SCC now offers associate in applied science degree programs in nuclear and sustainable energy technology. Fall semester enrollment exceeded 1,500 students. SCC also enrolls students in noncredit courses and customized training programs.

CERTAIN TAX INFORMATION TEN LARGEST TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>2019 Assessed Valuation</u>
Hillcrest Gardens Apartments	\$4,600,000
Erdners Busy Corner Warehouse Inc.	3,661,000
Woodstown Development Group LLC	2,985,400
Hillcrest II Limited Partnership	2,200,000
ARHC SCWDSNJ01, LLC	2,062,300
The Bank	1,716,000
Taxpayer 1	1,464,000
McDonald's (JDKD Enterprise LP)	1,093,900
Ekiz Brothers Investment, LLC	989,300
Taxpayer 2	920,500

(1) Source: Borough Tax Assessor

CURRENT TAX COLLECTIONS (1)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019 (2)	\$10,013,529	\$9,719,216	97.06%	\$239,735	2.39%
2018	9,759,157	9,399,106	96.31	293,879	3.01
2017	9,679,591	9,331,557	96.40	301,171	3.11
2016	9,479,222	9,181,851	96.86	245,556	2.59
2015	8,908,486	8,608,335	96.63	260,965	2.93

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred To/From To Liens</u>	<u>Other Credits/ Adjustments</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2019 (2)	\$293,880	---	\$295,538	100.00%	\$1,265	(\$2,923)	---
2018	302,946	\$3,655	306,573	99.99	---	27	\$1
2017	245,573	250	237,555	96.64	6,492	---	1,776
2016	269,539	882	270,404	99.99	---	---	17
2015	222,727	1,340	213,766	95.40	1,227	500	8,574

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Transfer to Taxes Receivable</u>	<u>Balance Dec. 31</u>
2019 (2)	\$40,473	\$16,327	---	---	\$56,800
2018	30,461	10,012	---	---	40,473
2017	12,559	17,902	---	---	30,461
2016	9,559	3,000	---	---	12,559
2015	5,252	4,307	---	---	9,559

FORECLOSED PROPERTY (1) (3)

<u>Year</u>	<u>Assessed Valuations</u>
2019(2)	\$107,000
2018	107,000
2017	107,000
2016	107,000
2015	107,000

(1) Source: Annual Reports of Audit, unless otherwise noted

(2) Information from Annual Compiled Financial Statement

(3) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.

CURRENT WATER COLLECTIONS(1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019 (2)	\$72,214	\$1,095,493	\$1,086,016	93.00%	\$80,863	6.92%
2018	85,913	952,685	965,540	92.97	72,214	6.95
2017	74,468	912,331	900,886	91.29	85,913	8.71
2016	77,020	950,900	953,453	92.76	74,468	7.24
2015	85,460	780,425	788,865	91.11	77,020	8.89

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (4)</u>					
		<u>Total</u>	<u>County</u>	<u>County Open Space</u>	<u>Regional School</u>	<u>Municipal</u>	<u>Municipal Open Space</u>
2019	\$278,275,800	\$3.598	\$1.142	\$0.020	\$1.697	\$0.724	\$0.015
2018	280,819,300	3.469	1.086	0.019	1.658	0.696	0.010
2017	285,067,436	3.395	1.060	0.019	1.636	0.670	0.010
2016	287,987,833	3.289	1.017	0.020	1.602	0.641	0.009
2015	288,898,808	3.060	0.931	0.020	1.479	0.615	0.015

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (5)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita(6)</u>
2019	\$278,275,800	103.59%	\$268,631,914	76,642
2018	280,819,300	107.01	262,423,418	74,871
2017	283,956,200	107.42	264,342,022	75,419
2016	286,898,800	104.88	273,549,580	78,046
2015	287,723,800	105.49	272,749,834	77,817

(1) Source: Annual Reports of Audit, unless otherwise noted

(2) Information from Annual Compiled Financial Statement

(3) Source: Borough's Tax Collector

(4) Per \$100 of assessed valuation

(5) Source: State of New Jersey, Department of Treasury, Division of Taxation

(6) Based on 2010 Federal Census of 3,505

REAL PROPERTY CLASSIFICATION (1)

<u>Year</u>	Assessed Value Land Use <u>Improvements</u>	Vacant <u>Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
2019	\$278,275,800	\$2,377,000	\$227,677,300	\$38,051,400	---	\$10,064,400	\$105,700
2018	280,819,300	2,423,100	229,994,200	38,110,700	---	10,169,400	121,900
2017	283,956,200	2,332,300	232,183,400	39,012,100	---	10,306,500	121,900
2016	286,898,800	2,239,200	234,699,300	39,355,800	---	10,408,100	196,400
2015	287,723,800	2,513,500	236,296,300	37,827,300	---	10,890,300	196,400

(1) Source: Borough's Tax Assessor

**BOROUGH OF WOODSTOWN
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the Borough in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water Utility and debt of the Regional School District. Deductions from gross debt to arrive at net debt include deductible school debt, and debt considered to be self-liquidating. The resulting net debt of \$1,458,076 represents 0.539% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions		Net Debt
	<u>Bonds and Loans</u>	<u>Notes</u>			<u>School Debt</u>	<u>Self-Liquidating</u>	
General		\$ 937,000	\$ 521,076	\$ 1,458,076			\$ 1,458,076
School - Regional	\$ 6,872,973			6,872,973	\$ 6,872,973		-
Water Utility	1,222,629	2,373,000	250,000	3,845,629		\$ 3,845,629	-
	<u>\$ 8,095,602</u>	<u>\$ 3,310,000</u>	<u>\$ 771,076</u>	<u>\$ 12,176,679</u>	<u>\$ 6,872,973</u>	<u>\$ 3,845,629</u>	<u>\$ 1,458,076</u>

(1) As of December 31, 2019

Source: Borough Auditor

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$270,536,171
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018, and 2019	0.539%
2019 Net Valuation Taxable	\$278,275,800
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$268,631,914
Gross Debt (2):	
As a percentage of 2019 Net Valuation Taxable	4.38%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	4.53%
Net Debt (2):	
As a percentage of 2019 Net Valuation Taxable	0.52%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.54%
Gross Debt Per Capita (3)	\$3,474
Net Debt Per Capita (3)	\$416

BOROUGH BORROWING CAPACITY(1)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$270,536,171)	\$9,468,766
Net Debt	<u>1,458,076</u>
Remaining Borrowing Capacity	<u><u>\$8,010,690</u></u>

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY (1)

4% of Average (2017-19) Equalized Valuation of Real Property including Improvements (\$725,132,705)	\$29,005,308
Regional School District Debt(4)	<u>18,422,000</u>
Remaining Borrowing Capacity	<u><u>\$10,583,308</u></u>

(1) As of December 31, 2019

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 3,505

(4) Debt portion allocated to the Borough is \$6,872,973

**BOROUGH OF WOODSTOWN
OVERLAPPING DEBT
AS OF DECEMBER 31, 2019**

	DEBT ISSUED				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Issuer</u>	Debt Auth. but not Issued
County of Salem:					
General	\$ 45,144,000	\$ 6,494,592 (1)	\$ 38,649,408	\$2,071,608 (3)	\$ 667
Salem County Improvement Authority	7,882,873	7,882,873 (2)	-		
	\$ 53,026,873	\$ 14,377,465	\$ 38,649,408	\$2,071,608	\$ 667

(1) Deductible from County College Bonds

(2) Deductible in accordance with N.J.S. 40:37A-80

(3) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 5.36%.

**BOROUGH OF WOODSTOWN
SCHEDULE OF BOROUGH DEBT SERVICE
(BONDED DEBT ONLY)**

<u>Year</u>	<u>Existing Debt (1) Water Utility Fund</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2020	\$ 54,493.42	\$ 53,786.58	\$ 108,280.00
2021	52,045.80	56,234.20	108,280.00
2022	49,486.79	58,793.21	108,280.00
2023	46,811.33	61,468.67	108,280.00
2024	44,014.12	64,265.88	108,280.00
2025	41,089.62	67,190.38	108,280.00
2026	38,032.04	70,247.96	108,280.00
2027	34,835.32	73,444.68	108,280.00
2028	31,493.12	76,786.88	108,280.00
2029	27,998.84	80,281.16	108,280.00
2030	24,345.55	83,934.45	108,280.00
2031	20,526.01	87,753.99	108,280.00
2032	16,532.65	91,747.35	108,280.00
2033	12,357.58	95,922.42	108,280.00
2034	7,992.50	100,287.50	108,280.00
2035	3,428.79	100,484.04	103,912.83
	<u>\$505,483.48</u>	<u>\$ 1,222,629.35</u>	<u>\$ 1,728,112.83</u>

<u>Year</u>	<u>General Capital</u>			<u>Proposed General Obligation Bonds, Series 2020 Water Utility Fund</u>			<u>Open Space Fund</u>			<u>Grand Total</u>
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	
2020										
2021		\$ 100,000.00			\$ 110,000.00			\$ 10,000.00		
2022		110,000.00			115,000.00			10,000.00		
2023		115,000.00			120,000.00			10,000.00		
2024		115,000.00			120,000.00			10,000.00		
2025		120,000.00			120,000.00			10,000.00		
2026		120,000.00			125,000.00			10,000.00		
2027		125,000.00			125,000.00			10,000.00		
2028		125,000.00			130,000.00			10,000.00		
2029		130,000.00			130,000.00			10,000.00		
2030		130,000.00			135,000.00			10,000.00		
2031		135,000.00			140,000.00			10,000.00		
2032					140,000.00			10,000.00		
2033					145,000.00			10,000.00		
2034					145,000.00			10,000.00		
2035					150,000.00			10,000.00		
	<u>\$ -</u>	<u>\$ 1,325,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000.00</u>	<u>\$ -</u>	

(1) As of December 31, 2019

**BOROUGH OF WOODSTOWN
2019 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 200,000.00
Miscellaneous Revenues:	
Local Revenues	367,200.00
State Aid without Offsetting Appropriations	249,062.00
Dedicated Uniform Construction Code Fees	45,000.00
Shared Service Agreements	559,950.00
Public and Private Programs Offset with Appropriations	4,276.04
Other Special Items	13,230.00
Receipts from Delinquent Taxes	240,000.00
Amount to be Raised by Taxation for Municipal Purposes	2,016,278.00
Total Appropriated Revenues	\$ 3,694,996.04
Appropriations:	
Within CAPS:	
Operations	\$ 1,982,460.00
Deferred Charges and Statutory Expenditures	346,649.44
Excluded from CAPS:	
Other Operations	22,200.00
Shared Service Agreements	742,950.00
Public and Private Programs	5,576.04
Capital Improvements	70,000.00
Debt Service	128,610.56
Deferred Charges	9,000.00
Transferred to Board of Education	11,409.00
Reserve for Uncollected Taxes	376,141.00
Total Appropriations	\$ 3,694,996.04

WATER UTILITY FUND

Anticipated Revenues:	
Fund Balance	\$ 40,000.00
Rents	965,000.00
Total Anticipated Revenues	\$ 1,005,000.00
Appropriations:	
Operating	\$ 513,200.00
Capital Improvement Fund	75,000.00
Debt Service	206,076.48
Deferred Charges	823.52
Deferred Charges and Statutory Expenditures	41,900.00
Surplus (General Budget)	168,000.00
Total Appropriations	\$ 1,005,000.00

(1) As Adopted.

**BOROUGH OF WOODSTOWN
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2019- 2021(1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in-Aid and Other Funds</u>	<u>Bonds and Notes Self Liquidating</u>
Purchase of Public Works Truck	\$ 12,000.00	\$ 12,000.00		
Improvements to Borough Hall	25,000.00		\$ 25,000.00	
Water Utility - Storm Water Improvements	1,200,000.00	60,000.00		\$ 1,140,000.00
Water Utility - Purchase of Truck	12,000.00	12,000.00		
	<u>\$ 1,249,000.00</u>	<u>\$ 84,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 1,140,000.00</u>

(1) As Adopted.

APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH OF WOODSTOWN



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Woodstown
Woodstown, New Jersey 08098

Management is responsible for the accompanying financial statements of the Borough of Woodstown, in the County of Salem, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance-- regulatory basis of the various funds as of December 31, 2019 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices 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.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
March 2, 2020

BOROUGH OF WOODSTOWN
CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2019

ASSETS:

Regular Fund:

Cash - Chief Financial Officer	\$ 2,673,138.78
Cash - Tax Collector	286,230.02
Cash - Change Fund	25.00

2,959,393.80

Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	239,734.97
Tax Title Liens	56,799.63
Property Acquired for Taxes -- Assessed Valuation	107,000.00
Due from Trust -- Other Funds	46,674.68

450,209.28

Deferred Charges:

Special Emergency	16,000.00
Emergency Appropriations	38,000.00

54,000.00

Total Regular Fund

3,463,603.08

Federal and State Grant Fund:

Due from Current Fund	31,610.50
Federal and State Grants Receivable	589,637.18

621,247.68

Total Federal and State Grant Fund

\$ 4,084,850.76

(Continued)

BOROUGH OF WOODSTOWN
CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2019

LIABILITIES, RESERVES
AND FUND BALANCE:

Regular Fund:

Liabilities:

Appropriation Reserves	\$ 140,917.89
Reserve for Encumbrances	21,572.10
Tax Overpayments	29,358.05
Prepaid Taxes	119,264.33
Due State of NJ - Senior Citizens & Veterans' Deductions	5,451.95
Regional School District Tax Payable	1,567,655.50
Due to Federal and State Grant Fund	31,610.50
Due to General Capital Fund	319,983.51
Due to Utility Operating Fund	21,961.83
Reserve for:	
Due County of Salem - PILOT Revenue	7,525.38
Due Outside Lien Holders	1,177.84
Memorial Lake Dock Donations	1,463.50
Police Forfeitures	66.00
Veterans Walk - Appropriated	3,893.26
Revaluation	8,272.41
Master Plan	3,866.50
Due State of New Jersey:	
Construction DCA Fees	632.00

2,284,672.55

Reserves for Receivables and Other Assets	450,209.28
Fund Balance	<u>728,721.25</u>

Total Regular Fund 3,463,603.08

Federal and State Grant Fund:

Appropriated Reserves	<u>621,247.68</u>
-----------------------	-------------------

Total Federal and State Grant Fund 621,247.68

\$ 4,084,850.76

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODSTOWN

CURRENT FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis

For the Year Ended December 31, 2019

REVENUE AND OTHER INCOME REALIZED:

Fund Balance Anticipated	\$ 200,000.00
Miscellaneous Revenues Anticipated	1,435,779.98
Receipts from Delinquent Taxes and Tax Title Liens	297,037.59
Receipts from Current Taxes	9,719,215.94
Non-Budget Revenue	66,847.47
Other Credits to Income	<u>230,653.36</u>

Total Income 11,949,534.34

EXPENDITURES:

Budget Appropriations:

Within "CAPS":

Operations:

Salaries and Wages	1,239,397.33
Other Expenses	780,473.92
Deferred Charges and Statutory Expenditures	346,611.44

Excluded from "CAPS":

Operations:

Salaries and Wages	304,850.26
Other Expenses	631,535.85
Capital Improvements	70,000.00
Municipal Debt Service	128,593.56
Deferred Charges	20,409.00

Regional School District Tax	4,723,902.00
County Taxes	3,230,712.17
Municipal Open Space Tax	41,742.00
Prior Year Seniors Citizens Deductions Disallowed	1,500.00
Creation of Interfunds Receivable	<u>6,708.01</u>

Total Expenditures 11,526,435.54

Excess in Revenue 423,098.80

Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Year 38,000.00

Statutory Excess to Fund Balance 461,098.80

FUND BALANCE:

Balance January 1, 467,622.45

928,721.25

Utilized as Anticipated Revenue 200,000.00

Balance December 31, \$ 728,721.25

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODSTOWN
TRUST FUNDS
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

ASSETS:

Animal Control Fund:	
Cash	\$ 165.22
Total Animal Control Fund	<u>165.22</u>
Municipal Open Space Fund:	
Cash	<u>51,024.60</u>
Total Municipal Open Space Fund	<u>51,024.60</u>
Other Funds:	
Cash - Chief Financial Officer	331,404.46
Cash - Tax Collector	131,523.35
Deficit - Outside Employment of Police Officers	<u>736.28</u>
Total Other Funds	<u>463,664.09</u>
Length of Service Awards Program:	
Investments	<u>659,590.18</u>
Total Length of Service Awards Program	<u>659,590.18</u>
	<u>\$ 1,174,444.09</u>

(Continued)

BOROUGH OF WOODSTOWN
TRUST FUNDS
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES
AND FUND BALANCE:

Animal Control Fund:	
Reserve for Animal Control Fund Expenditures	<u>\$ 165.22</u>
Total Animal Control Fund	<u>165.22</u>
Municipal Open Space Fund:	
Due to General Capital Fund	30,882.72
Reserve for Future Use	<u>20,141.88</u>
Total Municipal Open Space Fund	<u>51,024.60</u>
Other Funds:	
Due to Current Fund	46,674.68
Due to Water Utility Operating Fund (Water Escrow)	0.03
Reserve for:	
Developers Escrow	3,797.30
South Jersey Gas Escrow	48,789.85
Water Escrow	919.27
Landfill Closure	89,712.11
Outside Employment of Police Officers	-
Parking Offense Adjudication Act	2,235.05
Net Payroll / Payroll Agency	18,222.24
Performance Bond Escrow	4,208.58
Public Defender	20.00
Uniform Fire Safety Penalty	1,250.31
Affordable Housing	12,445.36
Small Cities Revolving Loan Fund	14,670.52
Storm Recovery	2,800.48
Unemployment Compensation	86,005.06
Shade Tree	413.25
Tax Sale Premium	131,500.00
Tax Title Lien Redemption	<u>-</u>
Total Other Funds	<u>463,664.09</u>
Length of Service Awards Program:	
Reserve for LOSAP	<u>659,590.18</u>
Total Length of Service Awards Program	<u>659,590.18</u>
	<u>\$ 1,174,444.09</u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODSTOWN
GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

ASSETS:

Cash	\$	76,482.14
Grant Receivable		47,048.75
Amount to be Provided by Capital Lease		25,646.14
Due from Current Fund		319,983.51
Due from Trust -- Municipal Open Space		30,882.72
Due from Reliance Fire Company		1,932.78
Due from Pilesgrove Township		67,860.28
Deferred Charges to Future Taxation:		
Unfunded		1,458,076.44
		1,458,076.44
	\$	2,027,912.76

LIABILITIES, RESERVES
AND FUND BALANCE:

Bond Anticipation Notes		937,000.00
Improvement Authorizations:		
Funded		75,801.39
Unfunded		587,604.83
Encumbrances/Contracts Payable		141,027.17
Capital Lease Payable		25,646.14
Reserve for Preliminary Costs:		
Landfill		14,541.20
Memorial Lake Dam		6,876.81
Safe Routes to Schools		7,180.25
Stormwater Improvements		1,440.00
Street Improvement & Road Replacement		2,025.00
Stormwater Improvements		2,388.53
Reserve for:		
Purchase of Emergency Equipment		35,213.51
Reconstruction of Municipal Roads		20,000.00
Purchase of Furniture & Fixtures		1,906.08
Capital Improvement Fund		132,348.12
Fund Balance		36,913.73
		36,913.73
	\$	2,027,912.76

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODSTOWN
WATER UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

ASSETS:

Operating Fund:

Cash	\$ 776,068.24
Change Fund	40.00
Due from Current Fund	21,961.83
Due from Trust -- Other Funds	0.03
Due from Woodstown Sewerage Authority	<u>77.15</u>
	<u>798,147.25</u>

Receivables with Full Reserves:

Water Rents Receivable	80,863.43
Water Liens Receivable	<u>1,737.98</u>
	<u>82,601.41</u>

Deferred Charges:

Overexpenditure of Appropriation	<u>32,764.52</u>
----------------------------------	------------------

Total Operating Fund	<u>913,513.18</u>
----------------------	-------------------

Capital Fund:

Cash	844,304.81
Fixed Capital	5,633,343.16
Fixed Capital Authorized and Uncompleted	3,523,000.00
Due from Woodstown Sewerage Authority	44,400.96
Due from Utility Operating Fund	258,790.97
Small Cities Grant Receivable	<u>400,000.00</u>

Total Capital Fund	<u>10,703,839.90</u>
--------------------	----------------------

\$ 11,617,353.08

(Continued)

BOROUGH OF WOODSTOWN

WATER UTILITY FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

As of December 31, 2019

LIABILITIES, RESERVES
AND FUND BALANCE:

Operating Fund:

Liabilities:

Appropriation Reserves	\$ 71,565.48
Reserve for Encumbrances	2,187.47
Accrued Interest on Bonds and Notes	62,035.89
Utility Rent Overpayments	2,961.75
Due to Utility Capital Fund	<u>258,790.97</u>

397,541.56

Reserves and Fund Balance:

Reserve for Receivables	82,601.41
Fund Balance	<u>433,370.21</u>

Total Operating Fund

913,513.18

Capital Fund:

Loan Payable	1,222,629.35
Bond Anticipation Note	2,373,000.00
Improvement Authorizations:	
Funded	2,823.10
Unfunded	1,107,471.52
Reserve for Encumbrances	552,091.37
Capital Improvement Fund	121,734.32
Reserve for Payment of Debt	7,721.45
Reserve for Amortization	4,410,713.81
Reserve for Deferred Amortization	900,000.00
Fund Balance	<u>5,654.98</u>

Total Capital Fund

10,703,839.90

\$ 11,617,353.08

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODSTOWN
WATER UTILITY OPERATING FUND
Statement of Operations and Changes in Operating Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2019

REVENUE AND OTHER INCOME REALIZED:

Operating Surplus Anticipated	\$	40,000.00
Water Rents		1,086,016.42
Miscellaneous		25,378.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		25,592.28
Total Income		1,176,986.79

EXPENDITURES:

Operating		513,200.00
Capital Improvements		75,000.00
Debt Service		237,656.39
Deferred Charges and Statutory Expenditures		42,723.52
Surplus - Anticipated in General Budget		168,000.00
Total Expenditures		1,036,579.91

Excess in Revenue 140,406.88

Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		32,764.52

Statutory Excess to Fund Balance 173,171.40

FUND BALANCE:

Balance January 1		300,198.81
		473,370.21
Decreased by:		
Utilized as Revenue		40,000.00
Balance December 31		\$ 433,370.21

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF WOODSTOWN
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Woodstown (hereafter referred to as the "Borough") was created in 1882 from portions of Pilesgrove Township and incorporated in 1925. The Borough, located in the County of Salem, New Jersey, has a total area of approximately 1.625 square miles, and is located approximately thirty-three miles from the City of Philadelphia. The Borough is completely surrounded by Pilesgrove Township. According to the 2010 census, the population is 3,505.

The Borough is governed under the Mayor-Council form of government, with a Mayor and six-member Council. The Mayor and Council are elected directly by the voters in partisan elections, the Mayor serves a four-year term in office and the Council serves three-year terms in office on a staggered basis, with two seats coming up for election each year. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk. Legislative responsibility is vested with the Council.

Component Units - The financial statements of the component units of the Borough are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Woodstown Sewerage Authority
25 West Avenue
Woodstown, New Jersey 08098

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd) -

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows (Cont'd):

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Water Utility Operating and Capital Funds - The water utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting – The Borough must adopt an annual budget for its current, municipal open space, and water utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and water utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Salem, and the Woodstown-Pilesgrove Regional School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Woodstown-Pilesgrove Regional School District. Operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Salem. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

INDEX

	Page
PART I	1
Independent Auditor's Report	2-4
CURRENT FUND	5
A Comparative Balance Sheet - Current Fund - Regulatory Basis	6-7
A-1 Comparative Statement of Operations and Change in Fund Balance - Current Fund - Regulatory Basis	8-9
A-2 Statement of Revenues - Current Fund - Regulatory Basis	10-11
A-3 Statement of Expenditures - Current Fund - Regulatory Basis	12-18
TRUST FUND	19
B Comparative Balance Sheet - Trust Fund - Regulatory Basis	20-23
GENERAL CAPITAL FUND	24
C Comparative Balance Sheet - General Capital Fund - Regulatory Basis	25
C-1 Statement of Fund Balance - Regulatory Basis	25
WATER UTILITY FUND	26
D Comparative Balance Sheet - Water Utility Fund - Regulatory Basis	27-28
D-1 Comparative Statement of Operations and Change in Fund Balance - Water Utility Fund - Regulatory Basis	29
D-2 Statement of Fund Balance - Water Capital Fund - Regulatory Basis	30
D-3 Statement of Revenues - Water Utility Fund - Regulatory Basis	30
D-4 Statement of Expenditures - Water Utility Fund - Regulatory Basis	31
PUBLIC ASSISTANCE FUND	32
E Comparative Balance Sheet - Public Assistance Fund - Regulatory Basis	33
GENERAL FIXED ASSETS	34
F Statement of General Fixed Assets - Regulatory Basis	35
NOTES TO FINANCIAL STATEMENTS - Regulatory Basis	36-63
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68 & GASB 71)	64
G-1 Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS	65
G-2 Schedule of Borough Contributions - PERS	66
G-3 Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS	67
G-4 Schedule of Borough Contributions - PFRS	68
G-5 Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS - Special Funding Situation	69
G-6 Schedule of Borough Contributions - PFRS - Special Funding Situation	70

**INDEX
(CONTINUED)**

	Page
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POSTEMPLOYMENT BENEFITS (GASB 75)	71
H-1 Schedule of Changes in the Borough's Net OPEB Liability and Related Ratios	72
H-2 Schedule of Changes in the Borough's Net OPEB Liability and Related Ratios - Special Funding Situation	73
SUPPLEMENTARY INFORMATION	74
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	75-76
CURRENT FUND	77
A-4 Schedule of Current Fund Cash - Treasurer	78
A-5 Schedule of Current Fund Cash - Collector	79
A-6 Schedule of Deferred Charges NJSA 40A:4-55 Special Emergency - Revaluation Program	80
A-7 Schedule of Taxes Receivable and Analysis of Property Tax Levy	81-82
A-8 Schedule of Tax Title Liens Receivable	83
A-9 Schedule of Property Acquired for Taxes (At Assessed Valuation)	83
A-10 Schedule of Grants Receivable	84
A-11 Schedule of Revenue Accounts Receivable	85
A-12 Schedule of Appropriation Reserves	86
A-13 Schedule of Encumbrances Payable	87
A-14 Schedule of Due to State of New Jersey - Senior Citizen and Veterans Deductions	87
A-15 Schedule of Regional District School Tax Payable	88
A-16 Schedule of Reserve for Grants - Unappropriated	89
A-17 Schedule of Reserve for Local Grants - Appropriated	89
A-18 Schedule of Reserve for Grants - Appropriated	90
TRUST FUND	91
B-1 Schedule of Trust Fund Cash - Treasurer	92
B-2 Schedule of Reserve for Dog Fund Expenditures	93
B-3 Schedule of Cash Collector	93
B-4 Schedule of Reserve for Tax Sale Premiums	94
GENERAL CAPITAL FUND	95
C-2 Schedule of General Capital Cash - Treasurer	96
C-3 Analysis of General Capital Fund Cash	97
C-4 Schedule of Deferred Charges to Future Taxation - Unfunded	98
C-5 Schedule of Capital Improvement Fund	99
C-6 Schedule of Grants Receivable	99
C-7 Schedule of Improvement Authorizations	100
C-8 Schedule of Bond Anticipation Notes Payable	101
C-9 Schedule of Bonds and Notes Authorized But Not Issued	102

**INDEX
(CONTINUED)**

	Page
WATER UTILITY FUND	103
D-5 Schedule of Water Utility Fund Cash - Treasurer	104
D-6 Analysis of Water Utility Capital Fund Cash	105
D-7 Schedule of Consumer Accounts Receivable	106
D-8 Schedule of Water Liens	106
D-9 Schedule of Fixed Capital	107
D-10 Schedule of Fixed Capital Authorized and Uncompleted	108
D-11 Schedule of Appropriation Reserves	109
D-12 Schedule of Encumbrances Payable	109
D-13 Schedule of Capital Improvement Fund	110
D-14 Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	110
D-15 Schedule of Improvement Authorizations	111
D-16 Schedule of Water Capital FHA Loan Payable	112
D-17 Schedule of Bond Anticipation Notes Payable	113
D-18 Schedule of Deferred Reserve for Amortization	114
D-19 Schedule of Bonds and Notes Authorized But Not Issued	115
PUBLIC ASSISTANCE FUND	116
E-1 Schedule of Public Assistance Cash - Treasurer	117
PART II – LETTER OF COMMENTS AND RECOMMENDATIONS	118
General Comments	119-122
Other Comments	122-123
Status of Prior Recommendations	123-124
Findings and Recommendations	124-125

PART I

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Woodstown
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

ASSETS	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

LIABILITIES, RESERVES, AND FUND BALANCE	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

Revenue and Other Income Realized	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	
Total Income		12,444,440.19	11,457,520.85
Expenditures			
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	
Total Expenditures		12,252,848.28	11,166,011.18

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	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
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	
LAND USE ADMINISTRATION						
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	
CODE ENFORCEMENT & ADMINISTRATION					
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
INSURANCE					
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
PUBLIC SAFETY FUNCTIONS					
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	
PUBLIC WORKS FUNCTION					
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
HEALTH & HUMAN SERVICES					
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		
PARK & RECREATION FUNCTIONS					
Maintenance of Parks & Playgrounds					
Other Expenses	25,500.00	25,500.00	24,229.28		1,270.72
OTHER COMMON OPERATING FUNCTIONS					
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	
UTILITY EXPENSES AND BULK PURCHASES					
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
LANDFILL/SOLID WASTE DISPOSAL COSTS					
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
MUNICIPAL COURT FUNCTIONS					
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	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
STATUTORY EXPENDITURES					
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
OPERATIONS EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Award Program (PL 1977, c.388)	14,000.00	14,000.00		14,000.00	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Recycling Tax	3,000.00	3,300.00	2,764.23		535.77
EDUCATION FUNCTIONS					
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
SHARED SERVICE AGREEMENTS					
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	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
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	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
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	
DEBT SERVICE						
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	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
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

ASSETS	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

ASSETS (CONTINUED)	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>
LIABILITIES, RESERVES, AND FUND BALANCE			
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

LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)	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

LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)	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
ASSETS			
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>
LIABILITIES, RESERVES, AND FUND BALANCE			
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

ASSETS	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

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Operating Fund			
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
		<u>655,406.90</u>	<u>391,403.21</u>
Total Operating Fund			
Capital Fund			
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
		<u>10,007,095.52</u>	<u>6,435,745.10</u>
Total Capital Fund			
Escrow Fund			
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

Revenue and Other Income Realized	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
Total Income		<u>1,063,339.53</u>	<u>927,088.06</u>
Expenditures			
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
Total Expenditures		<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
Fund Balance			
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	
Balance December 31	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
ASSETS			
Cash - Treasurer	E-1	\$ 3,460.01	\$ 3,460.01
LIABILITIES AND RESERVES			
Reserve for Public Assistance		\$ 3,460.01	\$ 3,460.01

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

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 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 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

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

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

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

D. Comparative Data

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

**BOROUGH OF WOODSTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 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
Current Fund		
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	
Payroll Agency		
Current Fund	51.80	36,072.98
Outside Employment of Off-Duty Police	637.00	
Unemployment Trust Fund		2,947.33
Federal and State Grant Fund		
Current Fund	89,471.70	
Small Cities Revolving Loan Fund		30,253.00
Water Operating Fund		16,582.28
Unemployment Trust Fund		
Payroll Agency	2,947.33	
Municipal Open Space Trust		
General Capital Fund		30,882.72
Public Defender Trust		
Current Fund		201.06
Tax Sale Premium		
Current Fund		6.75
Small Cities Revolving Loan Trust		
Federal and State Grant Fund	30,253.00	
General Capital Fund		16,865.72
Water Capital Fund		19,988.56
Outside Employment of Off-Duty Police		
Current Fund		3,538.90
Payroll Agency		637.00
Parking Offense Adjudication Trust		
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
Performance Bond Escrow Trust		
Current Fund		0.32
Uniform Fire Safety Penalty Trust		
Current Fund		1.41
Storm Recovery Trust		
Current Fund		3.02
Tax Sale Redemption Trust		
Current Fund		3.64
General Capital Fund		
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	
Water Operating Fund		
Federal and State Grant Fund	16,582.28	
Water Escrow Fund	0.03	
Water Capital Fund		199,358.32
Current Fund		378.10
Water Capital Fund		
General Capital Fund		14,230.91
Small Cities Revolving Loan Trust	19,988.56	
Water Operating Fund	199,358.32	
Water Escrow Fund		
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
ISSUED					
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	<u>1,073,084.44</u>
Remaining Borrowing Power	<u><u>\$ 8,301,355.89</u></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><u>\$ 316,795.26</u></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 1/7th of the required amount, beginning in fiscal years 2012.

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

**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
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

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	19,689,501,539	23,278,401,588
 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
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

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

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
YEAR ENDED DECEMBER 31, 2018 and 2017**

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Reduced</u>	<u>Balance Dec. 31, 2018</u>
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
Federal Grants:						
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
State Grants:						
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
Miscellaneous Revenue Anticipated					
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		
Miscellaneous Revenue Not Anticipated					
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
Federal Grants:						
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
State Grants:						
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	
		<hr/>	102,609.28
			<hr/>
			395,077.43
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	
		<hr/>	275,158.15
			<hr/>
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
State Grants:				
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.

Corrective action was not implemented. |
| *2017-002 | Finding: There are interfund loans existing as of the end of the year.

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.

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.

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.

Corrective action was implemented. |
| 2017-006 | Finding: The Tax Collector's Annual Report was not prepared as required by NJSA54:4-91.

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.

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

APPENDIX C

FORM OF BOND COUNSEL OPINION



March __, 2020

Mayor and Borough Council
of the Borough of Woodstown
Municipal Building
25 West Avenue
Woodstown, New Jersey

RE: \$3,425,000 BOROUGH OF WOODSTOWN, COUNTY OF SALEM, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2020

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Borough of Woodstown, County of Salem, New Jersey ("Borough"). The Bonds consist of: (i) \$1,325,000 General Improvement Bonds; (ii) \$1,950,000 Water Utility Bonds; and (iii) \$150,000 Open Space Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on February 25, 2020 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on March __, 2020 ("Award Certificate").

The Bonds are dated their date of delivery, mature on March 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on March 15 and September 15, commencing September 15, 2020, in each year until maturity or earlier redemption.

[Remainder of Page Intentionally Left Blank.]



<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water Utility Bonds</u>	<u>Open Space Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2021	\$100,000	\$110,000	\$10,000	\$220,000	%
2022	110,000	115,000	10,000	235,000	
2023	115,000	120,000	10,000	245,000	
2024	115,000	120,000	10,000	245,000	
2025	120,000	120,000	10,000	250,000	
2026	120,000	125,000	10,000	255,000	
2027	125,000	125,000	10,000	260,000	
2028	125,000	130,000	10,000	265,000	
2029	130,000	130,000	10,000	270,000	
2030	130,000	135,000	10,000	275,000	
2031	135,000	140,000	10,000	285,000	
2032	0	140,000	10,000	150,000	
2033	0	145,000	10,000	155,000	
2034	0	145,000	10,000	155,000	
2035	0	150,000	10,000	160,000	

The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to maturity as stated therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the cost of various capital improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; (ii) permanently finance the cost of various capital improvements for obligations which have been authorized, but not yet issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the Borough given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments, certifications and opinions examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the Borough enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").



2. For the payment of principal and interest on the Bonds, the Borough has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Borough without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.



In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Borough and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of March, 2020 between the Borough of Woodstown, County of Salem, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2020, in the principal amount of \$3,425,000 ("Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

"Annual Report" shall mean, the Borough's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Borough or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

"Official Statement" shall mean the Official Statement of the Borough, dated March ___, 2020, relating to the Bonds.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Borough.

"Rule" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2020). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Borough, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Borough certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the Borough fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Borough advising of such failure. Whether or not such notice is given or received, if the Borough thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Borough) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) certain financial information and operating data of the Borough consisting of: (a) Borough and overlapping indebtedness, including a schedule of outstanding debt issued by the Borough; (b) the Borough's most current adopted budget; (c) property valuation information; and (d) tax rate, levy and collection data; and (ii) the Borough's annual financial statements, audited by an independent certified public accountant, provided that the annual audited financial statements of the Borough may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Borough are included in the Annual Report. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Borough shall within eight (8) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with

¹ The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

the National Repository within two (2) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Borough.

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the Borough under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Borough is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borough may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Borough shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borough from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borough chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the Borough to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Disclosure Agreement. A failure of the Borough to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Borough to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Woodstown
25 West Avenue
Woodstown, New Jersey 08098
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive, Suite 410
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borough, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The Borough shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Borough or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

BOROUGH OF WOODSTOWN, NEW JERSEY

By: _____
JUDSON MOORE, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____
JENNIFER G. EDWARDS, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Borough of Woodstown, County of Salem, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2020

Date of Issuance of the Affected
Bond Issue: March __, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated March __, 2020, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: Borough of Woodstown, New Jersey