

BOROUGH OF WOODBINE

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2009**

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BOROUGH OF WOODBINE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of Borough Council
Borough of Woodbine, New Jersey

We have audited the accompanying balance sheet - regulatory basis of the various funds and account groups of the Borough of Woodbine, New Jersey, as of December 31, 2009, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the Borough of Woodbine's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2008 were audited by other auditors, whose report dated August 20, 2009, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unqualified opinion under the regulatory basis of accounting on the financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough of Woodbine, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such financial statements are not intended to be presented in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Woodbine as of December 31, 2009 or the results of its operations for the year then ended.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2010 on our consideration of the Borough of Woodbine's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants

February 26, 2010

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 850,668	594,688
Investments	A-6	723,660	841,860
Change Fund	A-5	275	275
		<u>1,574,603</u>	<u>1,436,823</u>
Other Receivables:			
Due from State of New Jersey - Senior Citizens and Veterans		1,803	1,537
		<u>1,803</u>	<u>1,537</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	64,421	56,739
Tax Title Liens		192	-
Property Acquired / Assessed Valuation		570,400	570,400
Due from Grant Fund		88,311	216,802
Revenue Accounts Receivable	A-10	230,892	230,597
Due from Dog Fund	B	-	400
Due from Trust	B	-	25,000
	A	<u>954,216</u>	<u>1,099,938</u>
Deferred Charges			
Special Emergency		-	18,000
		<u>2,530,622</u>	<u>2,556,298</u>
Federal and State Grant Fund:			
Cash	A-4	2	2
Due from Current Fund		89,440	-
Federal and State Grants Receivable	A-13	3,263,040	1,813,738
		<u>3,352,482</u>	<u>1,813,740</u>
		<u>\$ 5,883,104</u>	<u>4,370,038</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 67,312	294,929
Encumbrances Payable	A-3	41,727	84,600
Prepaid Taxes		55,701	69,687
Tax Overpayments		2,013	372
Due County for Added and Omitted Taxes		1,446	1,554
Local School Tax Payable	A-12	268,101	240,686
Payroll Taxes Payable		-	4,243
Due to Federal and State Grant Fund		89,440	-
Due to Trust Fund		26,656	-
Reserve for Pinelands Property Tax Stabilization Aid	A-4	615	615
Reserve for Garden State Trust		785	836
Reserve for Land Sale Deposits		16,136	22,636
Reserve for Sale of Municipal Assets		59,438	59,438
Reserve for Revaluation		-	5,446
		<u>629,370</u>	<u>785,042</u>
Reserves for Receivables	A	954,216	1,099,938
Fund Balance	A-1	947,036	671,318
		<u>2,530,622</u>	<u>2,556,298</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	2,416,401	1,373,931
Due to Current Fund	A	88,311	216,802
Due to Capital Fund		145,508	145,508
Encumbrances Payable		702,262	77,499
		<u>3,352,482</u>	<u>1,813,740</u>
		<u>\$ 5,883,104</u>	<u>4,370,038</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS**

	Ref.	Year 2009	Year 2008
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 459,875	621,878
Miscellaneous Revenues Anticipated	A-2	3,549,863	2,260,917
Receipts from Delinquent Taxes	A-2	41,254	37,036
Receipts from Current Taxes	A-2	2,031,074	1,926,959
Nonbudget Revenues	A-2	197,040	88,969
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-11	246,154	279,273
Cancelled Grant Reserve		59,225	50,000
Adjustment to Reserve for Revaluation		5,446	40,354
Cancellation of Prior Liabilities		4,588	-
Interfunds Returned		203,442	-
		6,797,961	5,305,386
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	411,675	457,450
Other Expenses	A-3	938,325	1,051,450
Deferred Charges and			
Statutory Expenditures	A-3	68,980	77,500
Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	1,779,615	704,904
Capital Improvements	A-3	994,000	685,500
Debt Service	A-3	131,096	289,095
Deferred Charges Special Emergency	A-3	18,000	18,000
Transferred to Board of Education	A-3	8,871	9,378
County Taxes		365,156	322,791
Due County for Added and Omitted Taxes		1,446	1,554
Prior Year Senior & Vets Disallowed		-	750
Cancellation of Prior Year Tax Overpayments		-	26
Local District School Tax	A-12	1,270,204	1,215,375
Return of Prior Year Revenue		25,000	-
Interfund Created		50,000	46,172
		6,062,368	4,879,945

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
Excess (Deficit) in Revenues		735,593	425,442
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess of Fund Balance		<u>735,593</u>	<u>425,442</u>
Fund Balance January 1	A	<u>671,318</u>	<u>867,754</u>
Total		1,406,911	1,293,196
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>459,875</u>	<u>621,878</u>
Fund Balance December 31	A	<u>\$ 947,036</u>	<u>671,318</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 459,875		459,875	-
		459,875	-	459,875	-
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-10	5,000		9,040	4,040
Municipal Court	A-10	20,000		24,872	4,872
Interest and Costs on Taxes	A-10	8,300		15,835	7,535
Host Communities Benefits	A-10	400,000		412,615	12,615
Reserve for State Police Lease	A-10	175,000		192,346	17,346
Consolidated Municipal Property Tax Relief	A-10	204,050		204,050	-
Garden State Trust	A-10	836		836	-
Pinelands Personal Property Tax	A-10	615		615	-
Supplemental Gross Receipts Tax	A-10	5,676		5,676	-
Energy Receipts Tax	A-10	161,238		161,238	-
Additional Revenues Offset With Appropriations:					
Recycling Tonnage Grant	A-13		9,237	9,237	-
NJ Transportation Trust Fund Authority Act	A-13	46,000		46,000	-

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Additional Revenues Offset With Appropriations:					
Clean Communities Program	A-13	6,312		6,312	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	7,500		7,500	-
NJ DOT - Route 550	A-13	200,000		200,000	-
NJ EDA - Feasibility Study	A-13	50,000		50,000	-
NJ DOT - Woodbine Bikeway Phase 4B	A-13	250,000		250,000	-
NJ EDA - Hazardous Discharge Site Remediation - Woodbine Hat Company	A-13	35,848		35,848	-
Green Communities Program	A-13	3,000		3,000	-
DCA - Neighborhood Stabilization Program - Northside Neighborhood	A-13	689,657		689,657	-
DOT - Bike Safety - Phase I	A-13	275,000		275,000	-
Small Cities Block Grant - Municipal Well & Recreation Facilities	A-13	500,000		500,000	-
EDA Hazardous Sit Remediation	A-13		450,000	450,000	-
Alcohol Education Rehabilitation Fund	A-13		186	186	-
		<u>3,044,032</u>	<u>459,423</u>	<u>3,549,863</u>	<u>46,408</u>
Total Miscellaneous	A-2				
Receipts from Delinquent Taxes	A-2	25,000		41,254	16,254
Subtotal General Revenues		3,528,907	459,423	4,050,992	62,662
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes					
	A-2	429,595		461,627	32,032
Budget Totals		3,958,502	459,423	4,512,619	94,694
Nonbudget Revenues	A-1:A-2			197,040	197,040
		<u>\$ 3,958,502</u>	<u>459,423</u>	<u>4,709,659</u>	<u>291,734</u>

Ref. A-3 A-3
See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

<u>Analysis of Realized Revenue:</u>	<u>Ref.</u>		
<u>Allocation of Current Tax Collections:</u>			
Revenue from Collections	A-1:A-8	\$	2,031,074
Allocated to:			
School and County Taxes			<u>1,636,806</u>
Balance for Support of Municipal Budget Revenues			394,268
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		<u>67,359</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>461,627</u></u>
 <u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-8		40,524
Tax Title Lien Collections	A-9		<u>730</u>
	A-2	\$	<u><u>41,254</u></u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

<u>Analysis of Realized Revenue: (Continued)</u>	<u>Ref.</u>		
<u>Miscellaneous Revenue Not Anticipated:</u>			
Other Licenses		\$	2,465
Interest on Investments			1,221
In Lieu of Taxes			13,049
MUA Reimbursements			99,826
Municipal Searches			30
Tax Searches			30
Zoning Fees			1,735
Copies			541
Rental Registration Fees			16,760
Leases			1,700
911 Agreement			7,389
Comcast Cable			6,739
Rebate			11,515
Miscellaneous			<u>34,040</u>
	A-2:A-10		\$ <u><u>197,040</u></u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
<u>GENERAL GOVERNMENT:</u>							
Administrative and Executive							
Salaries and Wages	\$ 61,800	61,460	61,460				
Other Expenses							
Other Professional Services	31,800	31,800	29,150	2,650	-		
Miscellaneous Other Expenses		-					
Mayor and Council							
Salaries and Wages	102,500	96,000	96,000				
Other Expenses	6,000	6,000	4,303		1,697		
Municipal Clerk							
Salaries and Wages	25,550	25,500	25,500				
Other Expenses	18,000	18,000	15,839	134	2,027		
Financial Administration							
Salaries and Wages	62,350	61,800	61,800				
Other Expenses	22,000	25,697	18,254	2,200	5,243		
Audit Services							
Other Expenses	26,500	26,500	26,500				
Assessment of Taxes							
Salaries and Wages	17,525	17,200	17,200				
Other Expenses	7,000	7,000	4,245	2,500	255		
Collection of Taxes							
Salaries and Wages	41,000	40,800	40,800				
Other Expenses	2,500	4,000	3,728		272		
Liquidation of Tax Title Liens / Foreclosed Property							
Other Expenses	100	100			100		
Legal Services and Costs							
Other Expenses	50,000	52,500	51,266	428	806		
Municipal Prosecutor							
Salaries and Wages	14,500	14,500	14,500				
Municipal Court							
Salaries and Wages	60,800	60,100	60,100				
Other Expenses	5,000	5,000	4,309		691		
Public Defender							
Salaries and Wages	9,250	9,250	9,250				
Other Expenses	800	800			800		
Engineering Services and Costs							
Other Expenses	21,500	21,500	21,007		493		
Public Buildings and Grounds							
Other Expenses	30,000	30,000	29,078		922		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
GENERAL GOVERNMENT:							
Municipal Land Use Law (N.J.S. 40:55D-1)							
Planning and Zoning Board							
Salaries and Wages	9,300	9,500	9,500				
Other Expenses							
Legal	8,000	8,000	7,100		900		
Miscellaneous Other Expenses	10,500	10,500	8,983	600	917		
Insurance							
Unemployment Compensation	2,500	2,500	1,858		642		
Other Insurance Premiums	13,000	13,500	13,331		169		
Workers Compensation	29,000	29,000	29,000				
Employee Group Health	154,000	154,000	140,610	11,921	1,469		
Small Business Development							
Other Expenses	100	100			100		
PUBLIC SAFETY:							
Volunteer Fire Company - Contribution	33,000	33,000	33,000				
Interlocal Agreement with First Aid Organization	50,000	50,000	50,000				
Sub-Code Officials							
Code Enforcement							
Salaries and Wages	9,500	9,500	9,500				
Other Expenses	250	50	27		23		
Zoning and Housing Inspector							
Salaries and Wages	7,200	7,300	7,300				
Other Expenses	250	250	23		227		
Emergency Management Services							
Salaries and Wages	4,400	4,400	4,400				
Other Expenses	1,800	1,300	1,143		157		
School Crossing Guard							
Salaries and Wages	17,000	13,366	13,366				
Other Expenses	800	497	397		100		
STREETS AND ROADS:							
Road Repairs and Maintenance							
Salaries and Wages	53,575	46,649	46,649				
Other Expenses	35,000	27,500	15,682	5,415	6,403		
Solid Waste (P.L. 1987, Ch. 74)							
Recycling							
Other Expenses	500	500	296		204		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
STREETS & ROADS:							
Garbage and Trash Removal							
Other Expenses:							
Contractual	75,400	75,400	69,117	6,283	-		
Tipping Fees	62,400	62,400	56,899		5,501		
HEALTH AND WELFARE:							
Board of Health							
Other Expenses	250	-					
Dog Regulation							
Other Expenses							
Contractual	10,050	10,050	10,050				
Miscellaneous Other Expenses	11,050	11,050	11,009		41		
RECREATION AND EDUCATION:							
Parks and Playgrounds							
Salaries and Wages	3,700	3,700	3,700				
Other Expenses	20,000	20,000	18,771		1,229		
Public Relations							
Other Expenses	1,500	1,500	1,169		331		
UNCLASSIFIED:							
Utilities							
Telephones / Communications	11,500	11,500	8,840		2,660		
Electric	68,000	60,500	58,080		2,420		
Street Lighting	24,000	24,000	22,982		1,018		
Water	2,000	1,481	1,481				
Heating & Fuel	34,000	26,500	21,377		5,123		
Postage	5,000	5,000	4,000	1,000	-		
Total Operations Within "CAPS"	1,385,000	1,350,000	1,273,929	33,131	42,940	-	-
Contingent							
Total Operations Incl. Contingent Within "CAPS"	1,385,000	1,350,000	1,273,929	33,131	42,940	-	-
Detail:							
Salaries and Wages	499,950	411,675	411,675	-	-	-	-
Other Expenses	885,050	938,325	862,254	33,131	42,940	-	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>							
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	30,980	30,980	30,980				
Social Security System (O.A.S.I.)	38,000	38,000	36,816		1,184		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	68,980	68,980	67,796	-	1,184	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,453,980	1,418,980	1,341,725	33,131	44,124	-	-
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>							
Municipal Stormwater							
Street Division OE	1,500	1,500	703		797		
Dispatcher							
Other Expenses	49,500	49,500	49,259		241		
Public and Private Programs Off-Set by Revenues:							
Municipal Alliance on Drug and Alcohol Abuse							
State Share	7,500	7,500	7,500				
Borough Share	1,875	1,875	1,875				
Municipal Alcohol Education/Rehabilitation Program	186	186	186				
ARRA - Transportation Enhancement Program							
Washington Avenue Streetscape	450,000	450,000	450,000				
NJDEP - Recycling Tonnage Grant	9,237	9,237	9,237				
Clean Communities	6,312	6,312	6,312				
Green Communities	3,000	3,000	3,000				
NJ EDA - Feasibility Study	50,000	50,000	50,000				
NJ DOT - Route 550	200,000	200,000	200,000				
NJ EDA - Hazardous Discharge Site Remediation							
- Woodbine Hat Company	35,848	35,848	35,848				
DCA - Neighborhood Stabilization Program							
- Northside Neighborhood	689,657	689,657	689,657				
DOT - Bike Safety - Phase I	275,000	275,000	275,000				
		-					

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)**

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>			<u>OVER EXPENDED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>		
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>							
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,779,615	1,779,615	1,778,577	-	1,038	-	-
Detail:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	1,779,615	1,779,615	1,778,577	-	1,038	-	-
 <u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>							
Various Improvements and Infrastructure	158,000	158,000	158,000				
Public Facilities Upgrade	5,000	40,000	9,254	8,596	22,150		
State and Federal Programs Offset by Revenues:							
New Jersey Transportation Trust Fund	46,000	46,000	46,000				
Small Cities Block Grant		-					
- Municipal Well & Recreation Facilities	500,000	500,000	500,000				
NJ DOT - Woodbine Bikeway Phase 4B	250,000	250,000	250,000				
 TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	959,000	994,000	963,254	8,596	22,150	-	-
 <u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>							
Payment of Bond Anticipation and Capital Notes	118,200	118,200	118,200				
Green Trust Loan Program							
Loan Repayments for Principal and Interest	12,900	12,900	12,896				4
 TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	131,100	131,100	131,096	-	-	-	4

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)**

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
Deferred Charges:							
Special Emergency Authorizations - 5 Years	18,000	18,000	18,000				
Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 17.3)	8,871	8,871	8,871				
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,896,586	2,931,586	2,899,798	8,596	23,188	-	4
SUBTOTAL GENERAL APPROPRIATIONS	4,350,566	4,350,566	4,241,523	41,727	67,312	-	4
RESERVE FOR UNCOLLECTED TAXES	67,359	67,359	67,359				
TOTAL GENERAL APPROPRIATIONS	\$ 4,417,925	4,417,925	4,308,882	41,727	67,312	-	4
	A-2				A		
Budget	<u>Ref.</u>						
N.J.S.A. 40A:4-87	A-2	3,958,502					
	A-2	459,423					
		<u>4,417,925</u>					

	<u>Ref.</u>	<u>PAID OR CHARGED</u>
Federal and State Grants	A-14	\$ 2,524,615
Deferred Charge		18,000
BANS		118,200
Reserve for Uncollected Taxes	A-2	67,359
Disbursed	A-4	1,580,708
		<u>\$ 4,308,882</u>

EXHIBIT B - TRUST FUNDS

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
Dog License Fund:			
Cash	B-1	\$ 172	1,109
		<u>172</u>	<u>1,109</u>
Other Funds:			
Cash - Treasurer	B-1	69,945	50,967
Cash - Collector	B-2	11,915	-
Small Cities Loans Receivable		351,452	132,774
Emergency Loans Receivable		51,885	16,147
Developers Escrow Receivable		-	25,000
Interfunds			
Due to Current Fund:			
Developer's Escrow		25,152	-
TTL Premium		4	-
Community Development Block Grants		1,500	-
		<u>511,853</u>	<u>224,888</u>
		<u>512,025</u>	<u>225,997</u>
<u>Liabilities, Reserves, and Fund Balance</u>			
Dog License Fund:			
Due to Current Fund	A	-	400
Due to the State of New Jersey		-	1
Reserve for Cat Licenses		-	634
Reserve for Dog Licenses	B-3	172	74
		<u>172</u>	<u>1,109</u>
Other Funds:			
Reserves for:			
Developer's Escrow	B-8	51,409	16,165
Community Development Block Grants	B-7	28,647	20,469
Small Cities Loans Receivable		351,452	132,774
Emergency Loans Receivable	B-11	51,885	16,147
TTL Redemption Premiums	B-6	4	325
Municipal Alliance	B-9	2,998	2,994
Recreation Commission	B-10	13,543	11,014
Interfunds			
Due to Current Fund:			
Developer's Escrow		-	25,000
		<u>499,938</u>	<u>224,888</u>
Total		\$ <u>500,110</u>	<u>225,997</u>

See Accompanying Notes to Financial Statements

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EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>Ref.</u>	Balance <u>Dec. 31, 2009</u>	Balance <u>Dec. 31, 2008</u>
<u>Assets</u>			
Due from Grant Fund	C-2	\$ 145,508	145,508
Deferred Charges to Future Taxation:			
Funded	C-4	89,399	100,342
Unfunded	C-5	723,660	841,860
		<u>958,567</u>	<u>1,087,710</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Green Trust Loan Payable	C-9	89,399	100,342
Bond Anticipation Notes	C-8	723,660	841,860
Capital Improvement Fund	C-6	18,320	18,320
Improvement Authorizations:			
Funded	C-7	7,400	7,400
Unfunded	C-7	73,529	73,529
Fund Balance	C-1	46,259	46,259
		<u>\$ 958,567</u>	<u>1,087,710</u>

There were No Bonds and Notes Authorized But Not Issued at December 31, 2009 and 2008.

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2008	C	\$	46,259
No activity in 2009			
Balance December 31, 2009	C	\$	<u>46,259</u>

EXHIBIT G - GENERAL FIXED ASSETS

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**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS**

	Balance <u>Dec. 31, 2009</u>	Balance <u>Dec. 31, 2008</u>
General Fixed Assets:		
Land and Buildings	9,248,181	9,248,181
Machinery and Equipment	<u>1,296,240</u>	<u>1,301,930</u>
Total General Fixed Assets	<u><u>10,544,421</u></u>	<u><u>10,550,111</u></u>
Investment in General Fixed Assets	\$ <u><u>10,544,421</u></u>	<u><u>10,550,111</u></u>

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Woodbine include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Woodbine, as required by N.J.S. 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 the 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 taxes. The Woodbine Municipal Utilities Authority, P.O. Box 473, Woodbine, NJ 08270 and Woodbine Port Authority, P.O. Box 144, Woodbine, NJ 08270 are component units of the Borough of Woodbine and both have annual audits which can be obtained at their offices.

B. Description of Funds

The accounting policies of the Borough of Woodbine 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 the respect to public funds. Under this method of accounting, the Borough of Woodbine accounts for its financial transactions through the following separate funds:

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

Trust Funds -- 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 facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

C. Basis of Accounting

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

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts that 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 to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or 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 unencumbered appropriation balances are automatically created at December 31st 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

General Fixed Assets -- The Borough has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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 valued 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.

No depreciation has been provided for in the financial statements.

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

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

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2009.

	Balance as of 12/31/2008	Additions	Deletions	Balance as of 12/31/2009
Land, Buildings and Improvements	9,248,181			9,248,181
Machinery and Equipment	1,301,930	1,725		1,303,655
Total General Fixed Assets	<u>\$ 10,550,111</u>	<u>1,725</u>	<u>-</u>	<u>10,551,836</u>

The Borough provided funding to the School District in completing a new gymnasium and community center during the current and prior years, and has been noted above as construction in progress. The project was completed during the current year, and the building addition will be reflected as an asset of the School District.

Levy of 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 fiscal 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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.

Capitalization of Interest -- It is the policy of the Borough of Woodbine to treat interest on projects as a current expense and the interest is included in the current operating budget.

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.

D. Comparative Data

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

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual 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 2009 and 2008 statutory budgets included a reserve for uncollected taxes in the amount of \$67,359 and \$49,101, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2009 and 2008 statutory budgets was \$459,875 and \$621,878, respectively.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Committee. The following significant budget transfers were approved in the 2009 calendar year.

Budget Category	Amount
Mayor and Council S&W	(6,500)
Road Repair and Maintenance S&W	(6,926)
Road Repair and Maintenance OE	(7,500)
Electric	(7,500)
Heating and Fuel	(7,500)
Capital Improvements - Public Facilities Upgrade	35,000

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. The following budget insertions were approved during the 2009 calendar year:

<u>Budget Category</u>	<u>Amount</u>
Alcohol Education Rehabilitation	186
Recycling Tonnage Grant	9,237
ARRA - Transportation Enhancement Program	450,000

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance 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. There were no emergency appropriations authorized by Borough Council during the 2009 or 2008 calendar years. There was one special emergency appropriation for a revaluation program approved during the 2004 calendar year in the amount \$90,000.

Note 3: INVESTMENTS

As of December 31, 2009, the municipality had investments totaling \$723,660 in Bond Anticipation Notes of the Capital Fund with 0% interest rates and maturity dates of August 31, 2010 and April 21, 2010.

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

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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 returned to it. The Borough believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Borough evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. As of December 31, 2009, \$0 of the Borough’s bank balance of \$1,021,646 was exposed to custodial credit risk.

Cash and cash equivalents included various checking and money market accounts, U.S. obligations and certificates of deposit with maturities of three months or less.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2009 consisted of the following:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u> <u>Balance</u>	<u>Due in</u> <u>One Year</u>
General	\$ 942,202		129,143	813,059	50,763
Compensated Absences	39,003	14,644	27,777	25,870	-
Total	\$ 981,205	14,644	156,920	838,929	50,763

Outstanding debt whose principal and interest are paid from the Current Fund Budget of the Borough:

\$142,000 Green Trust Loan dated June 1, 2004 for Lincoln Park Improvements in the Borough. This is a direct reduction loan payable semiannually with a balance due on December 31, 2009 of \$89,399. The loan is payable semiannually on January 27 and July 27. Interest is calculated at 2%. The final payment is due January 27, 2017.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

Year Ending December 31,	Principal	Interest	Total
2010	11,163	1,952	13,115
2011	11,387	1,732	13,119
2012	11,616	1,508	13,124
2013	11,850	1,279	13,129
2014	11,163	1,732	12,895
2015-2017	32,220	5,585	37,805
Total	89,399	13,788	103,187

Summary of Municipal Debt

	Year 2009	Year 2008	Year 2007
Bond Anticipation Notes	723,660	841,860	1,111,860
Green Trust Loan Payable	89,399	100,341	111,069
Bonds & Notes Authorized but Not Issued	-	-	-
Net Bonds & Notes Issued and Authorized but Not Issued	813,059	942,201	1,222,929

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 .47%

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,682,665	(3,682,665)	-
General Debt	813,059	-	813,059
	\$ 4,495,724	(3,682,665)	813,059

Net Debt \$813,059 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$173,466,010 = .47%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,071,310
Net Debt	813,059
Remaining Borrowing Power	\$ 5,258,251

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 6: NOTES PAYABLE

The Borough had \$841,860 in outstanding bond anticipation notes as of January 1, 2008 payable to the Borough of Woodbine at a rate of 0.00% interest. During the current year, \$118,200 was paid on these notes. The notes payable to the Borough matured on April 21, 2009 and August 31, 2009 and will be renewed for another one-year period. It is the intent of the Borough Council to retire these notes over 10 years without going to permanent financing. The balance of the bond anticipation notes as of December 31, 2009 was \$723,660.

Note 7: FUND BALANCES APPROPRIATED

Current Fund balance at December 31, 2009 which is anticipated to be appropriated and included as anticipated revenue for the year ending December 31, 2009 was \$459,875. The 2010 budget has not been adopted as of the date of the audit.

Note 8: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance 12/31/2009	Balance 12/31/2008
Balance of Tax	268,101	240,686
Deferred	367,000	367,000
Taxes Payable	(98,899)	(126,314)

Note 9: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/09	Balance 12/31/08
Prepaid Taxes	\$ 55,701	69,687
Cash Liability for Taxes Collected in Advance	\$ 55,701	69,687

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 10: PENSION FUNDS

Substantially all of the Borough's employees participate in the Public Employees' Retirement System (PERS), 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 Stat of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton New Jersey, 08625 or the report can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% thru June 30, 2008 and 5.5% from July 1, 2008 to December 31, 2009 of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 6.9% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2009, 2008 and 2007 were \$30,980, \$24,270 and 13,853 respectively, equal to the required contributions for each year.

Note 11: POST-RETIREMENT BENEFITS

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1992, the Borough of Woodbine authorized participation in the State Health Benefit Program through resolution 35-3-92. The Borough authorized participation in the Local Prescription Drug Program in 2007, through resolution 4-46-2007. The Borough does not offer post-retirement benefits to retirees.

Note 12: POSTEMPLOYMENT BENEFITS

In accordance with State statute, employees participating in the Public Employees' Retirement System (PERS) who retire after accumulating 25 years of credited service are eligible to receive post-retirement health care benefits. The cost of these benefits is actuarially determined and advance funded through contributions by the State. As of December 31, 2009 there were three employees who met the eligibility requirements for post-retirement healthcare benefits. The funded status and funding progress of post-retirement benefits is combined with the funded status and funding progress of pension benefits described in Note 11.

Note 13: ACCRUED SICK AND VACATION BENEFITS

Borough employees are covered by an AFSCME union contract specifying that vacation time may be carried over to the next calendar year, with prior permission. Sick leave may be accumulated from year to year and used as needed. An employee that has reached the age of 55 and accumulated 10 years of service will be compensated for 1/2 of the accumulated sick pay at the current rate of pay upon retirement. It is estimated that the current cost of such unpaid compensation would approximate \$25,870 and \$39,003 as of December 31, 2009 and 2008, respectively. This amount is not reported either as an expenditure or liability. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absence liability. The Borough has elected not to accrue this liability as of December 31, 2009.

Note 14: ECONOMIC DEPENDENCY

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

Note 15: SANITARY LANDFILL

The Borough of Woodbine entered into a lease agreement with Foundations and Structures, Inc. for the operation of a sanitary landfill which expired in 1984. The Appellate Division of the Superior Court reserved the action of the Department of Environmental Protection's denial for granting an extension and remanded the DEP for further proceedings. To date, those proceedings have not been completed, although the landfill has remained closed and inoperative since the end of 1984.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

By Statute, the Borough and operator are each, jointly and severally responsible for the closure costs of the landfill. That closure, utilizing conventional capping techniques has been estimated as costing between six to nine million dollars, but the actual cost is uncertain. The Borough is seeking to accomplish the closure without any cost to itself, but at this time, it is not known whether those efforts will be successful.

Note 16: LITIGATION

During the normal course of operations, lawsuits are occasionally brought against the governmental unit. As of this date the outcome of these lawsuits is not presently determinable and the Borough's counsel has not given any indication that settlements would have a material adverse effect on the Borough.

Note 17: DEFERRED COMPENSATION

Employees of the Borough of Woodbine may participate in a deferred compensation plan adopted under the provision 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 employees of the Borough. Under the plan, employees may elect to defer a portion of their salaries 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.

The deferred compensation plan is administered by an unrelated financial institution. 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 are held in trust for the exclusive benefit of participants and their beneficiaries and is not a part of the financial statements of the Borough of Woodbine.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 18: INTERFUND BALANCES

As of December 31, 2009, the following interfunds were included on the balance sheets of the various funds of the Borough of Woodbine:

	From	To
Current Fund:		
Trust Fund		25,156
Grant Fund	88,311	
CDBG		1,500
Small Cities		89,440
Grant Fund:		
Current Fund		88,311
Capital	145,508	
Small Cities		
Current Fund	89,440	
Trust Fund:		
Current Fund - Other Trusts	26,656	
General Capital:		
Grant Fund		145,508
	349,915	349,915

The amount due to the Current Fund from the Grant Fund is due to the fact that the Borough does not receive all grant funds prior to expenditures being made, therefore all disbursements must be done through the current fund. The amount due to the Grant Fund from the General Capital Fund was the result of expenditures prior to the grant revenues being received.

Note 19: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The Borough maintains commercial insurance coverage for property, liability and surety bonds.

The Borough of Woodbine is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund (MEL) which also 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 Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Borough has a liability limit of \$10,000,000 under MEL. There has not been a reduction in coverage and there have not been any claims in excess of coverage.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 20: HOST COMMUNITY BENEFIT

The Borough of Woodbine has entered into a Host Community Benefit Agreement with the Cape May County Municipal Utilities Authority with respect to waste accepted at the landfill. The Authority, as owner of the landfill located in the Borough, agrees to provide the Borough with a “host community” benefit for each ton of waste it shall accept for disposal at the landfill. The amount of the benefit for the year was \$2.58 per ton of waste. This rate is scheduled to increase 2% per year.

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SUPPLEMENTARY INFORMATION

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

The Honorable Mayor and
Members of Borough Council
Borough of Woodbine, New Jersey

We have audited the financial statements - regulatory basis of the Borough of Woodbine, New Jersey as of and for the year ended December 31, 2009, and have issued our report thereon dated February 26, 2010. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Woodbine, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”)

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in the accompanying schedule of findings and responses to be material weaknesses: 09-1 and 09-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Woodbine, 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 audit disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services, which is described in the accompanying schedule of findings and responses as item 09-2.

We noted certain matters that we reported to management of the Borough of Woodbine, New Jersey in a separate letter dated February 26, 2010.

The Borough of Woodbine's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Borough of Woodbine's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Finance Committee, the Borough Mayor and Council, and the State of New Jersey, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants

February 26, 2010



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

The Honorable Mayor and
Members of Borough Council
Borough of Woodbine, New Jersey

Compliance

We have audited the compliance of the Borough of Woodbine, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended December 31, 2009. The Borough of Woodbine's major federal and state programs are identified in the *Summary of Auditor's Results Section* of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Woodbine's management. Our responsibility is to express an opinion on the Borough of Woodbine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Woodbine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Woodbine's compliance with those requirements.

In our opinion, the Borough of Woodbine, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended December 31, 2009.

Internal Control Over Compliance

The management of the Borough of Woodbine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Woodbine's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, regulations, contracts and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, Borough Council and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Swartz & Co., LLC

Swartz & Company, LLC
Certified Public Accountants

February 26, 2010

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

Schedule 1
Sheet 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance 12/31/08	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances	Cancelled	Balance 12/31/09	Cumulative Expenditures
STATE OF NEW JERSEY										
Urban Gateway 2000	n/a	01/01/00 12/31/00	25,000	18,501				18,501	-	6,499
Smart Future Program	100-022-8049-006-FFFF-6120	01/01/07 12/31/07	50,000	50,000		50,000			-	50,000
Municipal Alliance Program		01/01/09 12/31/09	7,500		7,500	3,574			3,926	3,574
Municipal Alliance Program		01/01/08 12/31/08	9,333	9,333					9,333	-
Municipal Alliance Program		01/01/07 12/31/07	11,332	11,332			289		11,621	1,951
Department of Environmental Protection										
Clean Communities	4900-765-042-4900-004	01/01/09 12/31/09	6,312		6,312	3,635			2,677	3,635
Clean Communities	4900-765-042-4900-004	01/01/08 12/31/08	4,928	720		720			-	4,928
Hazardous Site Remediation	n/a	01/01/00 12/31/00	79,670	1,500					1,500	78,170
EDA Hazardous Discharge	n/a	01/01/09 12/31/09	35,848		35,848				35,848	-
EDA Feasibility Study	n/a	01/01/09 12/31/09	50,000		50,000	50,000			-	50,000
Green Communities	4870-100-042-6120	01/01/09 12/31/09	3,000		3,000				3,000	-
Recycling Tonnage	4900-752-042-4900-001	01/01/09 12/31/09	9,237		9,237				9,237	-
Recycling Tonnage	4900-752-042-4900-001	01/01/08 12/31/08	4,647	4,647					4,647	-
Recycling Tonnage	4900-752-042-4900-001	01/01/07 12/31/07	1,515	1,515					1,515	-
Recycling Tonnage	4900-752-042-4900-001	01/01/06 12/31/06	3,548	3,548					3,548	-
Recycling Tonnage	4900-752-042-4900-001	01/01/05 12/31/05	857	857					857	-
Recycling Tonnage	4900-752-042-4900-001	01/01/04 12/31/04	4,732	4,732					4,732	-
Recycling Tonnage	4900-752-042-4900-001	01/01/01 12/31/01	3,183	104					104	3,079
Community Stewardship Tree Planting	PF04-125	01/01/06 12/31/06	25,000	25,000				25,000	-	-
Department of Transportation										
DOT Route 550	08-480-078-6300-DM1-7310	01/01/09 12/31/09	200,000		200,000	142,301			57,699	142,301
DOT Bike Safety Path Phase I		01/01/09 12/31/09	275,000		275,000				275,000	-
DOT Bike Safety Path Phase 4b		01/01/09 12/31/09	250,000		250,000				250,000	-
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/09 12/31/09	46,000		46,000	39,640			6,360	39,640
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/07 12/31/07	149,000	10,693				10,693	-	138,307
Streetscape - Additional Funds		01/01/06 12/31/06	100,000	19,206				19,206	-	80,794
Airport Entrance Road - 2008	08-480-078-6300-DM1-7310	06/01/08 05/31/10	225,000	225,000		218,923			6,077	218,923
Airport Economic Study	08-480-078-6300-DM1-7310	06/01/08 05/31/10	200,000	200,000					200,000	-
State of New Jersey State Police										
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09 12/31/09	186		186				186	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/08 12/31/08	696	696					696	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/07 12/31/07	113	113					113	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/06 12/31/06	648	648		326			322	326
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/05 12/31/05	57	57		57			-	57
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/04 12/31/04	250	250		250			-	250
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/03 12/31/03	65	65		65			-	65
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/02 12/31/02	248	52		52			-	248
Total State Assistance				\$ 588,569	883,083	509,543	289	73,400	888,998	

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

Schedule 1
Sheet 2

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	Grant Period To	Program or Award Amount	Balance 12/31/08	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances	Cancellation	Balance 12/31/09	Cumulative Expenditures
FEDERAL:											
Federal Emergency Management Agency State and Local All Hazards Emergency Operation Planning	N/A	01/01/03	12/31/03	2,406	2,406					2,406	
Total Federal Emergency Management Agency					2,406	-	-	-	-	2,406	
Environmental Protection Municipal Stormwater Regulation Program CY03	66.XXX	01/01/06	12/31/06	5,000	1,000					1,000	4,000
Total Environmental Protection					1,000	-	-	-	-	1,000	
Department of Agriculture 2008 USDA Rural Business Enterprise Grant	10.769	05/01/08	04/30/09	75,000	75,000		75,000			-	75,000
Total Department of Agriculture					75,000	-	75,000	-	-	-	
Transportation Enhancement Agency Washington Avenue Streetscape		01/01/09	12/31/09	450,000		450,000				450,000	-
Washington Avenue Streetscape Improvements	STP - 0117 (104)	01/01/02	12/31/02	500,000	277,361		273,142			4,219	495,781
Total Transportation Enhancement Agency					277,361	450,000	273,142	-	-	454,219	
Housing and Urban Development Small Cities Community Development Block Grant											
2009 Well Repair and Recreation Facilities	14.218	01/01/09	12/31/09	500,000		500,000	500,000			-	500,000
2008 IDP Grant	14.218	01/01/08	06/30/09	433,500	271,674		92,565	75,800		254,909	178,591
2007 Public Facility - Gym/Community Center	14.218	01/01/07	12/31/07	400,000	13,279		478			12,801	387,199
2007 Public Facility Housing Rehabilitation	14.218	01/01/07	12/31/07	200,000	20,562		15,400			5,162	194,838
Total Housing and Urban Development					305,515	500,000	608,443	75,800	-	272,872	
Total Federal Assistance					\$ 661,282	950,000	956,585	75,800	-	730,497	

**NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of the Borough of Woodbine, State of New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Encumbrances are considered in determining the single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements. Receipts from federal and state grants are realized as revenue when anticipated in the Borough's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the Borough's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services as follows:

	Federal	State
Expenditures per Schedule of Federal and State Awards	\$ 956,585	509,543
Add :		
County / Local Funding	9,290	
	\$ 965,875	509,543

**BOROUGH OF WOODBINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

Part I -- Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- C) Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no n/a
- F) Type of auditor's report on compliance for major programs Unqualified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? yes X no
- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG - Small Cities

**BOROUGH OF WOODBINE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

Part I -- Summary of Auditor's Results

State Awards Section

Not Applicable

- J) Dollar threshold used to determine Type A programs: _____
- K) Auditee qualified as low-risk auditee? _____ yes _____ no _____ n/a
- L) Type of auditor's report on compliance for major programs _____
- M) Internal Control over compliance:
 - 1) Material weakness(es) identified? _____ yes _____ no
 - 2) Were reportable condition(s) identified that were not considered to be material weaknesses? _____ yes _____ no
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? _____ yes _____ no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>

Part 2 - Schedule of Financial Statement Findings

09-1. Criteria

In order for Borough officials to be aware of the financial status, it is essential that general ledgers be accurately maintained for all funds.

Condition

The general ledgers for the grant and capital funds only reflected disbursements which were treated as cash transactions, when they were in fact interfund transactions. The grant fund general ledger did not reflect the current budget, and the current fund did not have any tax or other activity posted, only cash receipts and disbursements.

Cause

The CFO did not properly post current year activity in the general ledger.

Effect

Properly recorded general ledgers are essential to have a complete and accurate accounting of all funds maintained by the Borough.

Recommendation

That all general ledger activity be recorded for all funds as transactions occur.

Management Response

Borough personnel will work to improve the recording of transactions in the general ledger.

09-2. Criteria

Interfund balances should be eliminated prior to year end.

Condition

The various balance sheets of the Borough contain many interfund balances.

Cause

Interfunds were caused by payments of expenditures being made prior to receipt of all grant funds, therefore all disbursements must be made through the current fund.

Effect

The creation of interfunds has a negative effect on the fund balance and cash and reduces the effect of fund accounting whereby each fund must stand on its own.

Recommendation

That the Borough pursue collecting outstanding receivables prior to year end to eliminate interfunds.

Management Response

The Borough will make every effort to collect outstanding grant funds prior to year end.

09-3. Criteria

Technical Accounting Directive No. 1986-2 requires all municipalities to maintain a fixed asset accounting system.

Condition

The Borough does not have an accurate listing of fixed assets as required.

Cause

The Borough last had an inventory of fixed assets performed in 2003, and the list was not properly maintained or updated for additions and deletions.

Effect

Borough officials and management are not able to determine if all assets are properly accounted for and are still used in operations.

Recommendation

The Borough should obtain or create an accurate fixed asset listing, and maintain it to reflect all additions and deletions.

Management Response

A fixed asset listing will be created and properly maintained.

Part 3 - Schedule of Federal Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Treasurer	Federal and State Grant
Balance December 31, 2008	A	\$ 594,688	2
Increased by Receipts:			
Taxes Receivable	A-8	1,978,932	
Tax Title Liens		730	
2009 Prepaid Taxes	A-9	55,701	
Due from State - Sr. Citizens and Veterans		22,484	
Miscellaneous Revenue Anticipated	A-2:A-10	1,025,672	
Miscellaneous Revenue Not Anticipated	A-2:A-10	197,040	
Federal and State Grants Receivable	A-13	1,048,438	
Tax Overpayments		25,375	
Due from Dog	B	1,427	
Due from Trust	B	72,864	
Reserve for Garden State Trust		786	
		<u>4,429,449</u>	<u>-</u>
		5,024,137	2
Decreased by Disbursements:			
2009 Appropriations	A-3	1,580,708	
2007 Appropriation Reserves	A-11	133,375	
County Taxes Payable		365,156	
Due County for Added and Omitted Taxes		1,554	
Local District School Tax	A-12	1,242,789	
Federal and State Grant Expenditures	A-14	773,157	
Reserve for Land Sale Deposits		6,500	
Tax Overpayments		22,996	
Due to Dog		1,027	
Due to Trust		46,207	
		<u>4,173,469</u>	<u>-</u>
Balance December 31, 2009	A	<u>\$ 850,668</u>	<u>2</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF PETTY CASH**

Balance December 31, 2008	<u>Ref.</u> A	\$ 275
No activity for 2009		
Balance December 31, 2009	A	<u>\$ 275</u>

**CURRENT FUND
SCHEDULE OF INVESTMENTS**

Balance December 31, 2008	<u>Ref.</u> A	\$ 841,860
Decreased by:		
Budget Appropriation		<u>118,200</u>
Balance December 31, 2009	A	<u>\$ 723,660</u>

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance	2009 Levy	Added Taxes	Collections		Over-Payments Applied	Over-Payments Created	(Veterans Disallowed) or Canceled	Transferred to Arrears	Balance
	Dec. 31, 2008			2008	2009					Dec. 31, 2009
Arrears	34,984				39,737			(1,129)	30,673	27,049
2008	21,755				415	372		67	(20,901)	-
	56,739				40,152	372	-	(1,062)	9,772	27,049
2009		2,070,559	8,549	69,794	1,961,280	363	363	890	(9,772)	37,372
	<u>\$ 56,739</u>	<u>2,070,559</u>	<u>8,549</u>	<u>69,794</u>	<u>2,001,432</u>	<u>735</u>	<u>363</u>	<u>(172)</u>	<u>-</u>	<u>64,421</u>
Ref.	A								A-9	A

Taxes Receivable	Ref.								
Senior Citizens and Veterans	A-4		1,978,932						
			22,500						
			<u>2,001,432</u>						
Analysis of 2007 Property Tax Levy	Ref.								
Tax Yield:									
General Property Tax					2,070,559				
Added Taxes (54:4-63.1 et. seq.)					8,549				
	A-8						<u>2,079,108</u>		
Tax Levy:									
Local School District Tax (Abstract)	A-12				1,270,204				
County Taxes:									
County Tax (Abstract)					293,842				
County Library Tax (Abstract)					53,060				
County Open Space (Abstract)					18,254				
Due County for Added Taxes (54:4-63.1 et. seq.)					<u>1,446</u>				
Total County Taxes						366,602			
Local Tax for Municipal Purposes	A-2				429,595				
Add: Additional Tax Levied					<u>12,707</u>				
						442,302			
	A-8						<u>2,079,108</u>		

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2008	A	\$	-
Increased by:			
Transfers from Taxes Receivable			848
Interests and Costs accrued by tax sale of January 2, 2009			<u>74</u>
			922
Decreased by:			
Collections	A-4		<u>730</u>
			730
Balance December 31, 2009	A	\$	<u><u>192</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2008	Accrued In 2009	Collected	Balance Dec. 31, 2009
Miscellaneous Revenue Anticipated:					
Licenses-Alcoholic Beverages	A-2	\$ -	9,040	9,040	-
Municipal Court	A-2	1,338	24,373	24,872	839
Interest and Costs on Taxes	A-2	-	15,835	15,835	-
Energy Receipts Tax	A-2	-	161,238	161,238	-
Supplemental Gross Receipts Tax	A-2	-	5,676	5,676	-
Consolidated Municipal Property Tax Relief	A-2	-	204,050	204,050	-
Garden State Trust	A-2	-	836	836	-
Rental for State Police Lease	A-2	-	192,346	192,346	-
Pinelands Stabilization Aid	A-2	-	615	615	-
Host Community Benefits	A-2	229,259	413,409	412,615	230,053
Miscellaneous Revenue Not Anticipated:	A-2	-	197,040	197,040	-
	\$	<u>230,597</u>	<u>1,224,458</u>	<u>1,224,163</u>	<u>230,892</u>
	<u>Ref.</u>	A			A
		Treasurer		1,222,712	A-4
		Reserve		<u>1,451</u>	A
				<u>1,224,163</u>	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2008	Balance After Transfers	Paid	Balance Lapsed
Administrative and Executive				
Other Professional Services	\$ 21,448	21,448	13,525	7,923
Mayor and Council				
Other Expenses	1,913	1,913	90	1,823
Municipal Clerk				
Other Expenses	10,662	10,662	3,884	6,778
Financial Administration				
Other Expenses	22,422	22,422	15,724	6,698
Assessment of Taxes				
Other Expenses	7,161	7,161	582	6,579
Legal Services and Costs				
Other Expenses	26,645	26,645	6,892	19,753
Engineering Services and Costs				
Other Expenses	6,365	6,365	2,070	4,295
Public Buildings and Grounds				
Other Expenses	23,499	23,499	5,514	17,985
Planning and Zoning Board				
Other Expenses				
Miscellaneous Other Expenses	2,551	2,551	2,551	-
Legal Expenses	1,722	1,722	469	1,253
Insurance				
Group Insurance	11,346	11,346	9,978	1,368
Code Enforcement				
Other Expenses	500	500	63	437
Zoning & Housing				
Other Expenses	500	500	63	437
Road Repairs & Maintenance				
Other Expenses	52,865	52,865	2,088	50,777
Garbage and Trash Removal				
Other Expenses	7,700	7,700	7,700	-
Tipping Fees	16,198	16,198	5,052	11,146
Emergency Management				
Other Expenses	925	925	63	862
Recreation				
Other Expenses	6,228	6,228	3,326	2,902
Municipal Court				
Other Expenses	1,192	1,192	63	1,129
Dispatcher	12,556	12,556	12,316	240
Utilities:				
Telephones / Communications	3,795	3,795	1,479	2,316
Electric	20,216	20,216	4,655	15,561
Street Lighting	6,322	6,322	2,906	3,416
Postage	1,000	1,000	1,000	-
Heating and Fuel	7,546	7,546	2,641	4,905
Various Improvements to Infrastructure	59,447	59,447	28,681	30,766
Accounts With No Change	46,805	46,805		46,805
Totals	\$ <u>379,529</u>	<u>379,529</u>	<u>133,375</u>	<u>246,154</u>

Ref.	A	A		A-1
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Cash Disbursements	A-4 133,375
Encumbrances	A _____
Total Paid	<u>133,375</u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2008			
School Tax Payable	A	\$	240,686
Deferred School Tax Payable	A		<u>367,000</u>
			607,686
Increased by:			
Levy-School Year July 1, 2008 to June 30, 2009	A-8		<u>1,270,204</u>
			1,877,890
Decreased by:			
Payments	A-4		<u>1,242,789</u>
			<u>1,242,789</u>
Balance December 31, 2009			
School Tax Payable	A		268,101
Deferred School Tax Payable	A		<u>367,000</u>
			<u><u>635,101</u></u>
 <u>2009 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-12		1,242,789
Tax Payable December 31, 2009	A-12		<u>268,101</u>
			1,510,890
Less:			
Tax Payable December 31, 2008	A:A-12		<u>240,686</u>
Amount Charged to 2009 Operations	A-1	\$	<u><u>1,270,204</u></u>

FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2008</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2009</u>
Small Cities Block Grant:					
Public Facility Housing Rehab	\$ 34,187		34,187		-
Public Facility - Gym/Community Center Well & Recreation	39,859	500,000	39,859		500,000
NJ Transportation Sherman Avenue	59,649		59,649		-
2008 DOT Grant/Franklin & Clay	35,000		35,000		-
2008 SC IDP Grant	433,500		151,600		281,900
Urban Gateway - 2000	25,000			25,000	-
Community Stewardship - Tree Planting 2007	3,750				3,750
Municipal Alliance Program					
2006	7,586				7,586
2007	7,274				7,274
2008	8,933		5,656		3,277
2009		7,500	775		6,725
Smart Future Program - 2007	50,000		27,500		22,500
Washington Avenue Streetscape	500,000		431,774		68,226
DOT Airport Entrance Road - 2008	225,000		138,925		86,075
Airport Economic Study - 2008	200,000				200,000
USDA Rural Business Grant - 2008	75,000				75,000
NJ DCA New Public Works Garage	109,000				109,000
Clean Communities	-	6,312	6,312		-
Alcohol Education Rehabilitation Program	-	186	186		-
EDA Feasibility Study	-	50,000	50,000		-
Green Communities	-	3,000			3,000
Recycling Tonnage Grant	-	9,237	9,237		-
NJDOT 2009		46,000	21,930		24,070
NJDOT Route 550		200,000			200,000
NJDOT Bike Safety Path Phase 1		275,000			275,000
NJDOT Bike Safety Path Phase 4b		250,000			250,000
Washington Ave Streetscape - ARRA		450,000			450,000
EDA Hazardous Site	-	35,848	35,848		-
DCA Neighborhood Stabilization Program Northside	-	689,657			689,657
	<u>\$ 1,813,738</u>	<u>2,522,740</u>	<u>1,048,438</u>	<u>25,000</u>	<u>3,263,040</u>
<u>Ref.</u>	A	A-2	A-4		A

See Accompanying Auditor's Report

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATEI**

<u>Grant</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Budget Appropriation</u>	<u>Prior Year Encumbrance</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2009</u>
Alcohol Education Rehabilitation Grant	\$ 1,186	-	-	750	-	436
Community Stewardship - Tree Planting	25,000	-	-	-	25,000	-
All Hazards Emergency Operation Planning	2,406	-	-	-	-	2,406
Municipal Stormwater Regulation Program	1,000	-	-	-	-	1,000
Recycling Tonnage Grant	10,755	-	-	-	-	10,755
Municipal Alliance Program - 2007	-	-	-	-	-	-
County Share	11,332	-	1,698	1,409	-	11,621
Local Share	755	-	-	-	-	755
Hazardous Site Remediation Program - 2000	1,500	-	-	-	-	1,500
NJ Transportation Trust Fund Streetscape	19,206	-	-	-	19,206	-
NJ Transportation Sherman Avenue	10,693	-	-	-	10,693	-
Smart Future Program	50,000	-	-	50,000	-	-
2007 Small Cities Block Grant	-	-	-	-	-	-
Public Facility Housing Rehab	20,562	-	-	15,400	-	5,162
Public Facility - Gym/Community Center	13,279	-	-	478	-	12,801
Urban Gateway - 2000	18,501	-	-	-	18,501	-
Mural Project	3,500	-	-	-	-	3,500
Washington Avenue Streetscape	277,361	-	-	273,142	-	4,219
2008 SC IDP Grant	271,674	-	75,800	92,565	-	254,909
2008 Alcohol Education & Rehabilitation	696	-	-	-	-	696
2008 Clean Communities	720	-	-	720	-	-
2008 DOT Airport Entrance Road	225,000	-	-	218,923	-	6,077
2008 Airport Economic Study	200,000	-	-	-	-	200,000
2008 USDA Rural Business Grant	75,000	-	-	75,000	-	-
2008 Recycling Tonnage	4,647	-	-	-	-	4,647
NJ DCA New Public Works Garage	109,000	-	-	-	-	109,000
2008 Municipal Alliance	9,333	-	-	-	-	9,333
2009 Municipal Alliance	-	7,500	-	3,574	-	3,926
Local Share	-	1,875	-	802	-	1,073
Cape May County Joint Venture - Franklin & Clay	10,825	-	-	-	10,825	-
DOT 2009	-	46,000	-	39,640	-	6,360
DOT route 550	-	200,000	-	142,301	-	57,699
DOT bike safety path phase 1	-	275,000	-	-	-	275,000
DOT bike safety path phase 4b	-	250,000	-	-	-	250,000
Wash Ave Streetscape ARRA	-	450,000	-	-	-	450,000
EDA Feasibility Study	-	50,000	-	50,000	-	-
DCA Neighborhood Stabilization Program	-	689,657	-	7,079	-	682,578
Clean Communities	-	6,312	-	3,635	-	2,677
EDA Hazardous Discharge	-	35,848	-	-	-	35,848
Alcohol Education Rehabilitation Grant	-	186	-	-	-	186
Green Communities	-	3,000	-	-	-	3,000
Small Cities Block Grant Well & Rec	-	500,000	-	500,000	-	-
2009 Recycling Tonnage	-	9,237	-	-	-	9,237
\$	1,373,931	2,524,615	77,498	1,475,418	84,225	2,416,401
<u>Ref.</u>	<u>A</u>	<u>A-3</u>				<u>A</u>
				702,261		
				773,157		A-4
				<u>1,475,418</u>		

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2008	B	\$ 1,109	50,642
Increased by Receipts:			
Dog License Fees 2009	B-3	490	
Due to State of New Jersey	B-4	73	
Due to Current			46,207
Community Development Block Grant	B-7		14,207
Recreation Commission	B-10		14,051
Municipal Alliance	B-9		4
Developer's Escrow Fees	B-8		217,117
		<u>563</u>	<u>291,586</u>
		1,672	342,228
Decreased by Disbursements			
Statutory Expenditures	B-3	1,026	
Due to State of New Jersey	B-4	74	
Due to Current Fund		400	72,860
Community Development Block Grant	B-7		6,029
Developer's Escrow Fees	B-8		181,872
Recreation Commission	B-10		11,522
		<u>1,500</u>	<u>272,283</u>
Balance December 31, 2009	B	<u>\$ 172</u>	<u>69,945</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	<u>Tax Title Lien Redemption</u>
Balance December 31, 2008	B	\$ 325
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	B-5	<u>72,772</u>
		<u>72,772</u>
		73,097
Decreased by Disbursements:		
Refunds on Tax Sale Certificates	B-5	<u>61,182</u>
		<u>61,182</u>
Balance December 31, 2009	B	\$ <u><u>11,915</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	Ref.	
Balance December 31, 2008	B	\$ 708
Increased by:		
Dog License Fees Collected	B-1	490
		1,198
Decreased by:		
Expenditures under N.J.S. 4:19-15:11	B-1	1,026
Balance December 31, 2009	B	\$ 172

License Fees Collected:

Year	Amount
2007	709
2008	993
	\$ 1,702

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 1
Increased by:		
Collected in 2009:		
2009 State License Fees	B-1	73
		<hr/> 74
Decreased by:		
Disbursements to the State	B-1	74
		<hr/> 74
Balance December 31, 2009	B	<u><u>\$ -</u></u>

TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 325
Increased by:		
Deposits Received - Collector	B-2	<u>60,861</u>
		61,186
Decreased by:		
Refunds - Tax Sale Certificates	B-2	<u>61,182</u>
Balance December 31, 2009	B	<u><u>\$ 4</u></u>

TRUST FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ -
Increased by:		
Deposits Received - Collector		<u>11,915</u>
Balance December 31, 2009	B	<u><u>\$ -</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR COMMUNITY
DEVELOPMENT BLOCK GRANT**

	<u>Ref.</u>		
Balance December 31, 2008	B		\$ 20,469
Increased by:			
Receipts	B-1	<u>14,207</u>	<u>14,207</u>
			34,676
Decreased by:			
Expenditures	B-1		<u>6,029</u>
Balance December 31, 2009	B		<u><u>\$ 28,647</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW FEES**

Balance December 31, 2008	B		\$ 16,164
Increased by:			
Deposits	B-1	<u>217,117</u>	<u>217,117</u>
			233,281
Decreased by:			
Payments	B-1	<u>181,872</u>	<u>181,872</u>
Balance December 31, 2009	B		<u><u>\$ 51,409</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL ALLIANCE**

	<u>Ref.</u>		
Balance December 31, 2008	B		\$ 2,994
Increased by:			
Interest	B-1	<u>4</u>	<u>4</u>
			<u>2,998</u>
Balance December 31, 2009	B		<u><u>\$ 2,998</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION**

	<u>Ref.</u>		
Balance December 31, 2008	B		\$ 11,014
Increased by:			
Deposits	B-1	14,051	<u>14,051</u>
			25,065
Decreased by:			
Expenditures	B-1	<u>11,522</u>	<u>11,522</u>
Balance December 31, 2009	B		<u><u>\$ 13,543</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR EMERGENCY LOANS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 16,147
Increased by:		
Prior year adjustment	B-1	<u>35,738</u>
		51,885
Decreased by:		
Repayments	B-1	<u>-</u>
Balance December 31, 2009	B	<u><u>\$ 51,885</u></u>

**GENERAL CAPITAL FUND
AMOUNT DUE TO/(FROM) CURRENT FUND**

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ -
Increased by:		
Budget Appropriation	A-4	<u>158,000</u>
		(158,000)
Decreased by:		
Improvement Authorization	C-7	<u>158,000</u>
Balance December 31, 2009	C	<u><u>\$ -</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2008	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2009
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 46,259							46,259
Capital Improvement Fund	18,320	158,000				158,000		18,320
Encumbrances Payable	-							-
Due from Grant Funds	(145,508)							(145,508)
Due from Current Fund		(158,000)		(158,000)				-
 <u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
434-01 Various Improvements	-			158,000			158,000	-
456-04 Lincoln Park Improvements	7,400							7,400
463-05 Construction of Sanitary Wastewater Treatment Plant	73,529							73,529
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,000</u>	<u>158,000</u>	<u>-</u>
	C			C-2:C-7	C-2			C

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ 100,342
Decreased by Budget Appropriation		10,943
Balance December 31, 2009	C	<u>\$ 89,399</u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009	Analysis of Balance Dec. 31, 2009		
						Unexpended Improvement Authorization	Financed by Notes	Expended
429A-01	Various Improvements	\$ 81,860		42,200	39,660		39,660	
463-05	Construction of Sanitary Wastewater Treatment Plant	760,000		76,000	684,000		684,000	
		<u>\$ 841,860</u>	<u>0</u>	<u>118,200</u>	<u>723,660</u>	<u>-</u>	<u>723,660</u>	<u>0</u>
		C	C-2:C-7	C-2:C-10	C:C-10	C-7	C-8	C-3
						Improvement Authorization A-7	\$ 73,529	
						Unexpended proceeds Ordinance # 463-05		<u>73,529</u>
								<u>\$ -</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2008	<u>Ref.</u> C	\$ 18,320
Increased by:		
2009 Budget Appropriation		158,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		158,000
Balance December 31, 2009	C	<u>\$ 18,320</u>

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2008		2009 Authorizations		Expended	Balance Dec. 31, 2009	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charge to Future Taxation		Funded	Unfunded
456-04	Lincoln Park Improvements	7/15/04	7,400	\$ 7,400					7,400	
463-05	Construction of Sanitary Wastewater Treatment Plant	04/21/05	800,000		73,529					73,529
507-09	Various Capital Improvements	09/03/09	158,000			158,000		158,000		
				<u>\$ 7,400</u>	<u>73,529</u>	<u>158,000</u>	<u>-</u>	<u>158,000</u>	<u>7,400</u>	<u>73,529</u>
				C	C	C-6	C-5:C-10		C	C:C-5
							Disbursed Encumbered		C-2 C-3	
								<u>-</u>		

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**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Purpose	Date of Original Issue	Date of Issue	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
Various Improvements	8/31/2001	8/31/2005	306,820	0.00%	\$ 81,860		42,200	39,660
Various Improvements	4/21/2005	4/21/2005	760,000	0.00%	760,000		76,000	684,000
					<u>\$ 841,860</u>	<u>-</u>	<u>118,200</u>	<u>723,660</u>
					C			C

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**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
Lincoln Park	6/1/2000	142,000	2%	\$ 100,342		10,943	89,399
				<u>\$ 100,342</u>	<u>-</u>	<u>10943</u>	<u>89,399</u>
				C	C-2		C

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
434-01	Various Improvements	\$ -		-	-
		<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
		C	C-5:C-7	C-5	C

See Accompanying Auditor's Report

BOROUGH OF WOODBINE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2009

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GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$29,000 except by contract or agreement."

The governing body of the Borough of Woodbine has the responsibility of determining whether the expenditures in any category will exceed \$21,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising during the current year.

Our examination of expenditures did not reveal payments in excess of \$29,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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 15, 2009, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the Borough Council of the Borough of Woodbine, in accordance with Chapter 435, New Jersey Laws of 1979, and N.J.S.A. 54:4-67, 54:5-32, 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Woodbine, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at 8 percent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes and assessments become delinquent,"

"This Resolution shall take effect January 1, 2009."

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on January 2, 2009 and was complete. There are several bankruptcies from prior years not sold.

The following comparison is made of the number of tax title liens on December 31st of the last three years:

<u>Year</u>	<u>Number</u>
2009	2
2008	0
2007	0

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2009 and 2010 Taxes	10
Municipal Court	10

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

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 collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2009	\$ 2,079,108	2,031,920	97.73%
2008	1,977,280	1,926,959	97.46%
2007	1,789,687	1,748,337	97.69%
2006	1,521,166	1,480,179	97.31%
2005	1,428,597	1,395,685	97.70%

Comparative Schedule of Tax Rate Information

	<u>2009</u>	<u>2008</u>	<u>2007 *</u>	<u>2006</u>	<u>2005</u>
Tax Rate	1.146	2.510	1.000	2.510	2.400
Apportionment of Tax Rate:					
Municipal	0.238	0.238	0.231	0.409	0.410
County	0.204	0.182	0.154	0.416	0.420
Local School	0.704	0.679	0.615	1.685	1.572
Assessed Valuation	180,677,045	179,062,422	178,440,561	59,701,776	58,772,528

* Revaluation took place in 2007.

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2009	192	64,420	64,612	3.11%
2008	-	56,739	56,739	2.87%
2007	-	43,076	43,076	2.41%
2006	-	41,914	41,914	2.76%
2005	-	35,215	35,215	2.47%

STATUS OF PRIOR RECOMMENDATIONS

Finding 08-1

Condition

An accurate general ledger was not maintained for all funds.

Current Status

This recommendation was not cleared during 2009.

Corrective Action to be Taken

The CFO will continue to work toward maintaining an accurate general ledger for all funds.

Finding 08-2

Condition

Interfund balances existed at the end of the year.

Current Status

This recommendation was not cleared during 2009.

Corrective Action to be Taken

Checks will be written to clear the interfunds.

RECOMMENDATIONS

- * 1. The Chief Financial Officer maintain an accurate general ledger for all funds.
 - * 2. That all interfunds be liquidated prior to the end of the year.
 - 3. The Borough should obtain or create an accurate fixed asset listing, and maintain it to reflect all additions and deletions.
- * - similar recommendation made in prior years.

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

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Swartz & Co., LLC

Swartz & Co., LLC
Certified Public Accountants