

BOROUGH OF WOODBINE

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

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BOROUGH OF WOODBINE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2010



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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, 2010 and 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, 2010. 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.

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, 2010 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, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2011 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 and 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
April 25, 2011

EXHIBIT A - CURRENT FUND

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 739,061	850,668
Investments	A-6	684,000	723,660
Change Fund	A-5	300	275
		<u>1,423,361</u>	<u>1,574,603</u>
Other Receivables:			
Due from State of New Jersey - Senior Citizens and Veterans		1,907	1,803
		<u>1,907</u>	<u>1,803</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	89,945	64,421
Tax Title Liens		2,423	192
Property Acquired / Assessed Valuation		570,400	570,400
Due from Grant Fund		39,044	88,311
Revenue Accounts Receivable	A-10	228,030	230,892
	A	929,842	954,216
		<u>2,355,110</u>	<u>2,530,622</u>
Federal and State Grant Fund:			
Cash	A-4	2	2
Due from Current Fund		4,009	89,440
Federal and State Grants Receivable	A-13	3,390,144	3,263,040
		<u>3,394,155</u>	<u>3,352,482</u>
	\$	<u>5,749,265</u>	<u>5,883,104</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 118,191	67,312
Encumbrances Payable	A-3	31,035	41,727
Prepaid Taxes		63,974	55,701
Tax Overpayments		3,881	2,013
Due County for Added and Omitted Taxes		1,764	1,446
Local School Tax Payable	A-12	271,816	268,101
Due to Federal and State Grant Fund		4,009	89,440
Due to Trust Fund		25,150	25,156
Due to Capital		130,967	-
Due to CDBG		1,500	1,500
Reserve for Pinelands Property Tax Stabilization Aid	A-4	615	615
Reserve for Garden State Trust		-	785
Reserve for Land Sale Deposits		16,136	16,136
Reserve for Sale of Municipal Assets		59,438	59,438
		<u>728,476</u>	<u>629,370</u>
Reserves for Receivables	A	929,842	954,216
Fund Balance	A-1	696,792	947,036
		<u>2,355,110</u>	<u>2,530,622</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	2,519,537	2,416,401
Due to Current Fund	A	39,044	88,311
Due to Capital Fund		145,508	145,508
Encumbrances Payable		690,066	702,262
		<u>3,394,155</u>	<u>3,352,482</u>
		<u>\$ 5,749,265</u>	<u>5,883,104</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 437,000	459,875
Miscellaneous Revenues Anticipated	A-2	3,161,729	3,549,863
Receipts from Delinquent Taxes	A-2	45,993	41,254
Receipts from Current Taxes	A-2	2,041,708	2,031,074
Nonbudget Revenues	A-2	119,665	197,040
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-11	10,247	246,154
Cancelled Grant Reserve		-	59,225
Adjustment to Reserve for Revaluation		-	5,446
Cancellation of Prior Liabilities		-	4,588
Interfunds Returned		49,011	203,442
		<u>5,865,353</u>	<u>6,797,961</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	475,650	411,675
Other Expenses	A-3	893,760	938,325
Deferred Charges and			
Statutory Expenditures	A-3	70,302	68,980
Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	809,424	1,779,615
Capital Improvements	A-3	1,703,402	994,000
Debt Service	A-3	52,556	131,096
Deferred Charges Special Emergency	A-3	-	18,000
Transferred to Board of Education	A-3	6,881	8,871
County Taxes		387,048	365,156
Due County for Added and Omitted Taxes		1,764	1,446
Local District School Tax	A-12	1,277,635	1,270,204
Return of Prior Year Revenue		175	25,000
Interfund Created		-	50,000
		<u>5,678,597</u>	<u>6,062,368</u>

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

	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Excess (Deficit) in Revenues		186,756	735,593
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		186,756	735,593
Fund Balance January 1	A	947,036	671,318
Total		1,133,792	1,406,911
Decreased by:			
Utilization as Anticipated Revenue	A-2	437,000	459,875
Fund Balance December 31	A	<u>\$ 696,792</u>	<u>947,036</u>

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

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 437,000		437,000	-
		437,000	-	437,000	-
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-10	9,000		9,656	656
Municipal Court	A-10	24,600		14,648	(9,952)
Interest and Costs on Taxes	A-10	15,600		12,092	(3,508)
Host Communities Benefits	A-10	400,000		428,487	28,487
Reserve for State Police Lease	A-10	160,000		177,550	17,550
Consolidated Municipal Property Tax Relief	A-10	94,884		94,884	-
Woodbine MUA contribution		25,000			(25,000)
Energy Receipts Tax	A-10	194,653		194,653	-
Additional Revenues Offset With Appropriations:					
NJ Transportation Trust Fund Authority Act	A-13	174,000		174,000	-

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

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Additional Revenues Offset With Appropriations:					
Clean Communities Program	A-13		6,573	6,573	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	7,500		7,500	-
NJ DOT Centers of Place Streetscape Phase V	A-13	500,000		500,000	-
NJ DOT Bikeway Program Heilprin and Webster	A-13	325,000		325,000	-
USDA - Rural Business Enterprise Grant	A-13		98,000	98,000	-
Small Cities Block Grant Housing		200,000		200,000	-
Small Cities Block Grant - Improvements to Elementary School		489,402		489,402	-
EDA Hazardous Sit Remediation	A-13		428,178	428,178	-
Alcohol Education Rehabilitation Fund	A-13		1,106	1,106	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total Miscellaneous	A-2	2,619,639	533,857	3,161,729	8,233
Receipts from Delinquent Taxes	A-2	45,000		45,993	993
Subtotal General Revenues		3,101,639	533,857	3,644,722	9,226
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes					
	A-2	429,886		428,663	(1,223)
Budget Totals		3,531,525	533,857	4,073,385	8,003
Nonbudget Revenues	A-1:A-2			119,665	119,665
		<hr/>	<hr/>	<hr/>	<hr/>
	\$	3,531,525	533,857	4,193,050	127,668
	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	\$	2,041,708
Allocated to:			
School and County Taxes			<u>1,666,448</u>
Balance for Support of Municipal Budget Revenues			375,260
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		<u>53,403</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>428,663</u></u>
 <u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-8		45,993
Tax Title Lien Collections	A-9		-
	A-2	\$	<u><u>45,993</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		\$	1,677
Interest on Investments			1,290
In Lieu of Taxes			11,106
MUA Reimbursements			7,679
Municipal Searches			16
Tax Searches			16
Zoning Fees			3,480
Copies			192
Rental Registration Fees			15,000
Leases			1,300
911 Agreement			7,389
Comcast Cable			6,999
JIF Reimbursements			22,766
FEMA Reimbursement			1,926
Miscellaneous			<u>38,829</u>
	A-2:A-10	\$	<u>119,665</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	61,800	61,460			340	
Other Expenses							
Other Professional Services	31,800	31,800	29,150	2,650		-	
Miscellaneous Other Expenses		-					
Mayor and Council							
Salaries and Wages	96,000	96,000	96,000				
Other Expenses	6,000	6,000	5,218	11		771	
Municipal Clerk							
Salaries and Wages	25,550	25,550	25,500			50	
Other Expenses	18,000	18,000	13,852	858		3,290	
Financial Administration							
Salaries and Wages	62,350	62,350	56,685			5,665	
Other Expenses	22,000	19,100	12,900	469		5,731	
Audit Services							
Other Expenses	27,250	27,250	27,250				
Assessment of Taxes							
Salaries and Wages	17,525	17,525	17,200			325	
Other Expenses	7,000	11,000	10,637			363	
Collection of Taxes							
Salaries and Wages	41,000	41,000	35,685			5,315	
Other Expenses	2,500	2,500	2,207	30		263	
Liquidation of Tax Title Liens / Foreclosed Property							
Other Expenses	100	100				100	
Legal Services and Costs							
Other Expenses	55,000	55,000	43,988			11,012	
Municipal Prosecutor							
Salaries and Wages	14,500	14,500	14,500				
Municipal Court							
Salaries and Wages	60,800	60,800	60,100			700	
Other Expenses	5,000	5,000	3,762	328		910	
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	12,884	1,498		7,118	
Public Buildings and Grounds							
Other Expenses	33,000	33,000	27,683	1,555		3,762	

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>							
<u>GENERAL GOVERNMENT:</u>							
Municipal Land Use Law (N.J.S. 40:55D-1)							
Planning and Zoning Board							
Salaries and Wages	9,500	9,500	9,500				
Other Expenses							
Legal	8,800	8,800	5,575			3,225	
Miscellaneous Other Expenses	11,500	11,500	4,785	62		6,653	
Insurance							
Unemployment Compensation	2,500	2,500	2,008			492	
Other Insurance Premiums	14,000	14,000	13,803			197	
Workers Compensation	29,000	29,000	28,195			805	
Employee Group Health	160,160	160,160	144,491	5,520		10,149	
Small Business Development							
Other Expenses	100	100				100	
<u>PUBLIC SAFETY:</u>							
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	8,708			792	
Other Expenses	250	250	192			58	
Zoning and Housing Inspector							
Salaries and Wages	7,200	7,300	7,300				
Other Expenses	250	250	52			198	
Emergency Management Services							
Salaries and Wages	4,400	4,400	4,400				
Other Expenses	1,800	1,800	1,050			750	
School Crossing Guard							
Salaries and Wages	15,000	15,000	11,357			3,643	
Other Expenses	800	800				800	
<u>STREETS AND ROADS:</u>							
Road Repairs and Maintenance							
Salaries and Wages	35,375	37,475	36,927			548	
Other Expenses	26,600	22,200	6,031	5,536		10,633	
Solid Waste (P.L. 1987, Ch. 74)							
Recycling							
Other Expenses	500	500				500	

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	75,400				
Tipping Fees	62,400	62,400	58,839		3,561		
HEALTH AND WELFARE:							
Board of Health							
Other Expenses	250	250			250		
Dog Regulation							
Other Expenses							
Contractual	10,800	10,800	10,800				
County Shelter	11,400	11,400	11,366		34		
Miscellaneous Other Expenses	500	1,600	1,470		130		
RECREATION AND EDUCATION:							
Parks and Playgrounds							
Salaries and Wages	3,700	3,700	3,700				
Other Expenses	20,000	20,000	13,005	1,738	5,257		
Public Relations							
Other Expenses	1,500	1,500	830		670		
UNCLASSIFIED:							
Utilities							
Telephones / Communications	11,500	11,500	9,844	283	1,373		
Electric	68,000	68,000	65,145		2,855		
Street Lighting	24,000	24,000	21,333	2,297	370		
Water	2,000	2,000	1,456		544		
Heating & Fuel	34,000	34,000	24,876	1,862	7,262		
Postage	5,000	5,000	3,500	1,500	-		
Total Operations Within "CAPS"	1,369,410	1,369,410	1,234,849	26,197	108,364	-	-
Contingent							
Total Operations Incl. Contingent Within "CAPS"	1,369,410	1,369,410	1,234,849	26,197	108,364	-	-
Detail:							
Salaries and Wages	473,450	475,650	458,272	-	17,378	-	-
Other Expenses	895,960	893,760	776,577	26,197	90,986	-	-

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	31,302	31,302	31,302				
Social Security System (O.A.S.I.)	39,000	39,000	34,988		4,012		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	70,302	70,302	66,290	-	4,012	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,439,712	1,439,712	1,301,139	26,197	112,376	-	-
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>							
Insurance N.J.S.A. 40A:4-45.3(00)							
Employee Group Health	15,192	15,192	10,356	4,836	-		
Municipal Stormwater							
Street Division OE	1,500	1,500	926		574		
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		1,106	1,106				
Clean Communities		6,573	6,573				
Hazardous Discharge Site Remediation Fund		428,178	428,178				
2010 Rural Business Enterprise Grant		98,000	98,000				
Small Cities - Housing Rehab	200,000	200,000	200,000				

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 EXCLUDED FROM "CAPS":</u>							
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	275,567	809,424	803,773	4,836	815	-	-
Detail:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	275,567	809,424	803,773	4,836	815	-	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>							
Capital Improvement Fund	210,000	210,000	210,000				
Public Facilities Upgrade	5,000	5,000			5,000		
State and Federal Programs Offset by Revenues:							
New Jersey Transportation Trust Fund	174,000	174,000	174,000				
- Improvements to Elementary School	489,402	489,402	489,402				
NJ DOT - Streetscape Phase V	500,000	500,000	500,000				
NJ Dot Bikeway Program Heilprin and Webster	325,000	325,000	325,000				
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	1,703,402	1,703,402	1,698,402	-	5,000	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>							
Payment of Bond Anticipation and Capital Notes	39,660	39,660	39,660				
Green Trust Loan Program							
Loan Repayments for Principal and Interest	12,900	12,900	12,896				4
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	52,560	52,560	52,556	-	-	-	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		-					
Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 17.3)	6,881	6,881	6,881				
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,038,410	2,572,267	2,561,612	4,836	5,815	-	4
SUBTOTAL GENERAL APPROPRIATIONS	3,478,122	4,011,979	3,862,751	31,033	118,191	-	4
RESERVE FOR UNCOLLECTED TAXES	53,403	53,403	53,403				
TOTAL GENERAL APPROPRIATIONS	\$ 3,531,525	4,065,382	3,916,154	31,033	118,191	-	4
	A-2				A		
	<u>Ref.</u>						
Budget	A-2	3,531,525					
N.J.S.A. 40A:4-87	A-2	533,857					
		<u>4,065,382</u>					

	<u>Ref.</u>	<u>PAID OR CHARGED</u>
Federal and State Grants	A-14	\$ 2,231,634
Capital Improvement Fund		210,000
BANS		39,660
Reserve for Uncollected Taxes	A-2	53,403
Disbursed	A-4	1,381,457
		<u>\$ 3,916,154</u>

EXHIBIT B - TRUST FUNDS

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Dog License Fund:			
Cash	B-1	\$ <u>258</u>	<u>172</u>
		<u>258</u>	<u>172</u>
Other Funds:			
Cash - Treasurer	B-1	56,693	69,945
Cash - Collector	B-2	13,382	11,915
Small Cities Loans Receivable		351,452	351,452
Emergency Loans Receivable		51,885	51,885
Interfunds			
Due to Current Fund:			
Developer's Escrow		25,152	25,152
TTL Premium		-	4
Community Development Block Grants		1,500	1,500
		<u>500,064</u>	<u>511,853</u>
		<u>500,322</u>	<u>512,025</u>
<u>Liabilities, Reserves, and Fund Balance</u>			
Dog License Fund:			
Due to the State of New Jersey Reserve for Dog Licenses	B-3	- <u>258</u>	- <u>172</u>
		<u>258</u>	<u>172</u>
Other Funds:			
Reserves for:			
Developer's Escrow	B-8	46,898	51,409
Community Development Block Grants	B-7	21,048	28,647
Small Cities Loans Receivable		351,452	351,452
Emergency Loans Receivable	B-11	51,885	51,885
TTL Redemption	B-5	2	4
TTL Redemption Premiums	B-6	13,380	11,915
Municipal Alliance	B-9	2,914	2,998
Recreation Commission	B-10	12,485	13,543
		<u>500,064</u>	<u>511,853</u>
Total		\$ <u>500,322</u>	<u>512,025</u>

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EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>Ref.</u>	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
<u>Assets</u>			
Due from Grant Fund	C-2	\$ 145,508	145,508
Due from Current Fund		130,967	-
Deferred Charges to Future Taxation:			
Funded	C-4	78,235	89,398
Unfunded	C-5	684,000	723,660
		<u>1,038,710</u>	<u>958,566</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrance Payable		52,687	-
Green Trust Loan Payable	C-9	78,235	89,398
Bond Anticipation Notes	C-8	684,000	723,660
Capital Improvement Fund	C-6	58,320	18,320
Improvement Authorizations:			
Funded	C-7	45,680	7400
Unfunded	C-7	73,529	73,529
Fund Balance	C-1	46,259	46,259
		<u>\$ 1,038,710</u>	<u>958,566</u>

There were No Bonds and Notes Authorized But Not Issued at December 31, 2010 and 2009.

**GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>		
Balance December 31, 2009	C	\$	46,259
No activity in 2010			
			<hr/>
Balance December 31, 2010	C	\$	<u><u>46,259</u></u>

See Accompanying Notes to Financial Statements

EXHIBIT G - GENERAL FIXED ASSETS

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

	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
General Fixed Assets:		
Land and Buildings	\$ 9,248,181	9,248,181
Machinery and Equipment	<u>1,330,954</u>	<u>1,296,240</u>
Total General Fixed Assets	<u>10,579,135</u>	<u>10,544,421</u>
Investment in General Fixed Assets	\$ <u>10,579,135</u>	<u>10,544,421</u>

See Accompanying Notes to Financial Statements

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 AND 2009**

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, 2010 AND 2009**

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, 2010.

	Balance as of 12/31/2009	Additions	Deletions	Balance as of 12/31/2010
Land, Buildings and Improvements	9,248,181			9,248,181
Machinery and Equipment	1,303,655	27,299		1,330,954
Total General Fixed Assets	\$ 10,551,836	27,299	-	10,579,135

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, 2010 AND 2009**

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 2010 and 2009 statutory budgets included a reserve for uncollected taxes in the amount of \$118,191 and \$67,359, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2010 and 2009 statutory budgets was \$437,000 and \$459,875, 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 2010 calendar year.

Budget Category	Amount
Financial Administration OE	\$ (2,900)
Road Repair and Maintenance S&W	2,100
Road Repair and Maintenance OE	(4,400)
Assessor of Tax OE	4,000

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 2010 calendar year:

Budget Category	Amount
Alcohol Education Rehabilitation	1,106
Clean Communities	6,573
NJ Economic Development Authority	428,178
USDA - Rual Development	98,000

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 2010 or 2009 calendar years

Note 3: INVESTMENTS

As of December 31, 2010, the municipality had investments totaling \$684,000 in Bond Anticipation Notes of the Capital Fund with 0% interest rates and maturity date of April 21, 2011.

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, 2010 AND 2009**

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 municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in Qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2010 and 2009, \$0 of the municipality’s bank balance of \$965,230 and \$1,021,646, respectively, 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, 2010 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	\$ 813,058		50,823	762,235	11,387
Compensated Absences	25,869	13,109	16,832	22,146	-
Total	\$ 838,927	13,109	67,655	784,381	11,387

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, 2010 of \$78,235. 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, 2010 AND 2009**

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

Year Ending December 31,	Principal	Interest	Total
2011	11,387	1,508	12,895
2012	11,616	1,279	12,895
2013	11,850	1,045	12,895
2014	12,088	808	12,896
2015	12,331	564	12,895
2016-2017	18,963	381	19,344
Total	<u>78,235</u>	<u>5,585</u>	<u>83,820</u>

Summary of Municipal Debt

	Year 2010	Year 2009	Year 2008
Bond Anticipation Notes	684,000	723,660	841,860
Green Trust Loan Payable	78,235	89,399	100,341
Bonds & Notes Authorized but Not Issued	-	-	-
Net Bonds & Notes Issued and Authorized but Not Issued	<u>762,235</u>	<u>813,059</u>	<u>942,201</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .43%

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,682,665	(3,682,665)	-
General Debt	762,235	-	762,235
	<u>\$ 4,444,900</u>	<u>(3,682,665)</u>	<u>762,235</u>

Net Debt \$762,235 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$177,897,838 = .43%.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	6,226,424
Net Debt		762,235
Remaining Borrowing Power	\$	<u>5,464,189</u>

Note 6: NOTES PAYABLE

The Borough had \$723,660 in outstanding bond anticipation notes as of January 1, 2010 payable to the Borough of Woodbine at a rate of 0.00% interest. During the current year, \$39,660 was paid on these notes. The notes payable to the Borough matured on April 21, 2010 and August 31, 2010 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, 2010 was \$684,000.

Note 7: FUND BALANCES APPROPRIATED

Current Fund balance at December 31, 2010 which is anticipated to be appropriated and included as anticipated revenue for the year ending December 31, 2010 was \$437,000. The 2011 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	Balance
	<u>12/31/2010</u>	<u>12/31/2009</u>
Balance of Tax	638,816	635,101
Deferred	<u>367,000</u>	<u>367,000</u>
Taxes Payable	<u>271,816</u>	<u>268,101</u>

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	Balance
	<u>12/31/10</u>	<u>12/31/09</u>
Prepaid Taxes	<u>\$ 63,974</u>	<u>55,701</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 63,974</u>	<u>55,701</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 5.5% 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, 2010, 2009 and 2008 were \$31,302, \$30,980 and \$24,270 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, 2010 AND 2009**

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, 2010 and 2009 there were two and three employees, respectively, who met the eligibility requirements for post-retirement healthcare benefits. During 2010, \$138,223 was paid by the Borough for health care, of which \$8,893 was paid for retirees. The amount paid during 2009 was \$123,633, of which \$13,244 was paid for retirees. 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 \$22,146 and \$25,869 as of December 31, 2010 and 2009, 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, 2010.

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 matter to 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, 2010 AND 2009**

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, 2010 AND 2009**

Note 18: INTERFUND BALANCES

As of December 31, 2010, the following interfunds were included on the balance sheets of the various funds of the Borough of Woodbine:

	From	To
Current Fund:		
Trust Fund		25,150
Grant Fund	39,044	
CDBG		1,500
Small Cities		4,009
General Capital		130,967
Grant Fund:		
Current Fund		39,044
Capital	145,508	
Small Cities	4,009	
Trust Fund:		
Current Fund - Other Trusts	26,650	
General Capital:		
Current Fund	130,967	
Grant Fund		145,508
	346,178	346,178

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

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.

Note 21: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 25, 2011, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

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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, 2010, and have issued our report thereon dated April 25, 2011. 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.

A deficiency in internal controls 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 deficiency in the accompanying schedule of findings and questioned costs to be material weaknesses: 10-1.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services.

We noted certain matters that we reported to management of the Borough of Woodbine, New Jersey in a separate letter dated April 25, 2011.

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

April 25, 2011



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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, 2010. 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, 2010.

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

April 25, 2011

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010**

Schedule 1
Sheet 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance 12/31/09	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances	Cancelled	Balance 12/31/10	Cumulative Expenditures
		From	To								
STATE OF NEW JERSEY											
Municipal Alliance Program		01/01/10	12/31/10	7,500	-	7,500				7,500	-
Municipal Alliance Program		01/01/09	12/31/09	7,500	3,926					3,926	3,574
Municipal Alliance Program		01/01/08	12/31/08	9,333	9,333		954			8,379	954
Municipal Alliance Program		01/01/07	12/31/07	13,572	11,621		6,790			4,831	8,741
Department of Community Affairs											
Neighbor Stabilization Program		01/01/09	12/31/09	689,657	682,578		274,441			408,137	281,519
Public Works Garage		01/01/08	12/31/08	109,000	109,000		68,950			40,050	68,950
Department of Environmental Protection											
Clean Communities	4900-765-042-4900-004	01/01/10	12/31/10	6,573	-	6,573				6,573	-
Clean Communities	4900-765-042-4900-004	01/01/09	12/31/09	6,312	2,677		4,355	4,355		2,677	4,355
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			-	35,848
EDA Hazardous Discharge	n/a	01/01/10	12/31/10	428,178	-	428,178	428,178			-	35,848
Green Communities	4870-100-042-6120	01/01/09	12/31/09	3,000	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	856	856					856	-
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
Department of Transportation											
DOT Route 550	08-480-078-6300-DM1-7310	01/01/09	12/31/09	200,000	57,699		166,094	125,150		16,755	183,246
DOT Bike Safety - Routes to School		01/01/09	12/31/09	275,000	275,000		28,171			246,829	28,171
DOT Bike Safety Path Phase 4b		01/01/09	12/31/09	250,000	250,000		250,000			-	250,000
DOT Bike Safety Path - Webster		01/01/10	12/31/10	325,000		325,000	287,156			37,844	287,156
New Jersey Transportation Trust Fund Authority Act - Scott		01/01/10	12/31/10	174,000		174,000	173,295			705	173,295
New Jersey Transportation Trust Fund Authority Act - Franklin	6320-480-601395-61	01/01/09	12/31/09	46,000	6,360		11,704	5,905		561	45,438
Airport Entrance Road - 2008	08-480-078-6300-DM1-7310	06/01/08	05/31/10	225,000	6,077		23,661	17,584		-	225,000
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	01/01/10	12/31/10	1,106	-	1,106				1,106	-
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	114	114					114	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/06	12/31/06	648	322					322	326
Total State Assistance					\$ 1,680,576	942,357	1,762,597	152,994	-	1,013,330	

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 12/31/09	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances	Cancellation	Balance 12/31/10	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	01/01/10	12/31/10	98,000		98,000				98,000	
2008 USDA Rural Business Enterprise Grant	10.769	05/01/08	04/30/09	75,000	-		61,000	61,000		-	75,000
Total Department of Agriculture					-	98,000	61,000	61,000	-	98,000	
Transportation Enhancement Agency Washington Avenue Streetscape Streetscape Phase V		01/01/09	12/31/09	450,000	450,000					450,000	- -
Washington Avenue Streetscape Improvements	STP - 0117 (104)	01/01/10	12/31/10	500,000		500,000	19,129			480,871	19,129
Washington Avenue Streetscape Improvements		01/01/02	12/31/02	500,000	4,219		16,031	16,031		4,219	495,781
Total Transportation Enhancement Agency					454,219	500,000	35,160	16,031	-	935,090	
Housing and Urban Development Small Cities Community Development Block Grant 2010 Public Facility - Improvement to School	14.218	01/01/10	12/31/10	489,402	-	489,402	489,402			-	489,402
2010 Housing Rehabilitation	14.218	01/01/09	12/31/09	200,000	-	200,000	4,200			195,800	4,200
2009 Well Repair and Recreation Facilities	14.218	01/01/09	12/31/09	500,000	-		471,950	471,950		-	500,000
2008 IDP Grant	14.218	01/01/08	06/30/09	433,500	254,909		5,409			249,500	184,000
2007 Public Facility - Gym/Community Center	14.218	01/01/07	12/31/07	400,000	12,801		287	287		12,801	387,199
2007 Public Facility Housing Rehabilitation	14.218	01/01/07	12/31/07	200,000	5,162					5,162	194,838
Total Housing and Urban Development					272,872	689,402	971,248	472,237	-	463,263	
Total Federal Assistance					\$ 730,497	1,287,402	1,067,408	549,268	-	1,499,759	

**NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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	\$ 1,067,408	1,762,595
Add :		
County / Local Funding	755	
	\$ 1,068,163	1,762,595

**BOROUGH OF WOODBINE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

Part I -- Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? _____ yes X no _____ n/a
- L) Type of auditor's report on compliance for major programs Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes X no
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? _____ yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? _____ yes X no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
480-078-6300-XXX-XXXXX	NJ Department of Transportation
4900-515-042-4910-002	EDA Hazardous Discharge

Part 2 - Schedule of Financial Statement Findings

10-1. 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.

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, 2009	A	\$ 850,668	2
Increased by Receipts:			
Taxes Receivable	A-8	2,010,055	
Tax Overpayments		2,641	
Prepaid Taxes		63,974	
Due from State - Sr. Citizens and Veterans		20,640	
Miscellaneous Revenue Anticipated	A-2:A-10	931,970	
Miscellaneous Revenue Not Anticipated	A-2:A-10	118,880	
Federal and State Grants Receivable	A-13	2,102,654	
Due from Dog	B	417	
Due from Trust	B	51,977	
Due from CDBG		7,600	
		5,310,808	-
		6,161,476	2
Decreased by Disbursements:			
2010 Appropriations	A-3	1,381,457	
2009 Appropriation Reserves	A-11	98,792	
County Taxes Payable		387,048	
Due County for Added and Omitted Taxes		1,446	
Local District School Tax	A-12	1,273,920	
Federal and State Grant Expenditures	A-14	2,140,694	
Change Fund		25	
Due to Dog		417	
Due to Capital		79,033	
Due to CDBG		7,600	
Due to Trust		51,983	
		5,422,415	-
Balance December 31, 2010	A	\$ 739,061	2

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF PETTY CASH**

Balance December 31, 2009	<u>Ref.</u> A	\$ 275
No activity for 2010		
Balance December 31, 2010	A	<u>\$ 275</u>

**CURRENT FUND
SCHEDULE OF INVESTMENTS**

Balance December 31, 2009	<u>Ref.</u> A	\$ 723,660
Decreased by:		
Budget Appropriation		<u>39,660</u>
Balance December 31, 2010	A	<u>\$ 684,000</u>

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

Year	Balance	2010 Levy	Added Taxes	Collections		Over-Payments Applied	Over-Payments Created	(Veterans Disallowed) or Canceled	Transferred to Arrears	Balance
	Dec. 31, 2009			2009	2010					Dec. 31, 2010
Arrears	27,049				4,654			(962)	-	23,357
2009	37,372		626		41,339		2,812	(529)		-
	64,421				45,993	-	2,812	(1,491)	-	23,357
2010		2,093,712	15,387	55,701	1,985,062	3,281	2,336	803		66,588
\$	64,421	2,093,712	15,387	55,701	2,031,055	3,281	5,148	(688)	-	89,945
Ref.	A								A-9	A
Taxes Receivable				<u>Ref.</u>	2,010,055					
Senior Citizens and Veterans				A-4	21,000					
					<u>2,031,055</u>					
Analysis of 2010 Property Tax Levy				<u>Ref.</u>						
Tax Yield:										
General Property Tax						2,093,712				
Added Taxes (54:4-63.1 et. seq.)						15,387				
				A-8			<u>2,109,099</u>			
Tax Levy:										
Local School District Tax (Abstract)				A-12		1,277,635				
County Taxes:										
County Tax (Abstract)						315,681				
County Library Tax (Abstract)						53,074				
County Open Space (Abstract)						18,294				
Due County for Added Taxes (54:4-63.1 et. seq.)						1,764				
Total County Taxes							388,813			
Local Tax for Municipal Purposes				A-2		429,886				
Add: Additional Tax Levied						12,765				
							442,651			
				A-8			<u>2,109,099</u>			

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2009	A	\$	192
Increased by:			
Transfers from Taxes Receivable			2,156
Interests and Costs accrued by tax sale of January 4, 2010			<u>75</u>
			2,231
Decreased by:			
Collections	A-4		<u>-</u>
Balance December 31, 2010	A	\$	<u><u>2,423</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance Dec. 31, 2009	Accrued In 2010	Collected	Balance Dec. 31, 2010
Miscellaneous Revenue Anticipated:					
Licenses-Alcoholic Beverages	A-2	\$ -	9,656	9,656	-
Municipal Court	A-2	839	14,504	14,648	695
Interest and Costs on Taxes	A-2	-	12,092	12,092	-
Energy Receipts Tax	A-2	-	194,653	194,653	-
Consolidated Municipal Property Tax Relief	A-2	-	94,884	94,884	-
Rental for State Police Lease	A-2	-	177,550	177,550	-
Host Community Benefits	A-2	230,053	425,769	428,487	227,335
Miscellaneous Revenue Not Anticipated:	A-2	-	119,665	119,665	-
	\$	<u>230,892</u>	<u>1,048,773</u>	<u>1,051,635</u>	<u>228,030</u>
	<u>Ref.</u>	A			A
		Treasurer Reserve		1,050,850 785	A-4 A
				<u>1,051,635</u>	

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

only updated dates	Balance Dec. 31, 2009	Balance After Transfers	Paid	Balance Lapsed
Administrative and Executive				
Other Professional Services	\$ 2,650	12,301	12,301	-
Mayor and Council				
Other Expenses	1,697	197		197
Municipal Clerk				
Other Expenses	2,161	661	473	188
Financial Administration				
Other Expenses	7,443	2,818	549	2,269
Assessment of Taxes				
Other Expenses	2,755	4,255	4,255	-
Legal Services and Costs				
Other Expenses	1,234	1,234		1,234
Public Defender				
Other Expenses	800	-		-
Tax Collector				
Other Expenses	272	72		72
Liquidation of TTL	100	-		-
Engineering Services and Costs				
Other Expenses	493	16,220	16,220	-
Public Buildings and Grounds				
Other Expenses	922	1,922	1,118	804
Planning and Zoning Board				
Other Expenses				
Miscellaneous Other Expenses	1,517	1,217	1,152	65
Legal Expenses	900	-		-
Insurance				
Other Insurance Premiums	169	-		-
Unemployment	642	-		-
Group Insurance	13,390	11,921	11,921	-
Small Business Development				
Other Expenses	100	-		-
Code Enforcement				
Other Expenses	23	-		-
Zoning and Housing				
Other Expenses	227	-		-
Road Repairs & Maintenance				
Other Expenses	11,818	7,693	6,912	781
Garbage and Trash Removal				
Other Expenses	6,283	6,283	6,283	-
Tipping Fees	5,501	-		-
Recycling				
Other Expenses	204	-		-
Emergency Management				
Other Expenses	157	-		-
School Crossing Guard				
Other Expenses	100	-		-
Recreation				
Other Expenses	1,229	1,229	666	563
Public Relations				
Other Expenses	331	183	183	-
Municipal Court				
Other Expenses	691	334		334
Utilities:				
Telephones / Communications	2,660	3,285	1,791	1,494
Electric	2,420	-		-
Street Lighting	1,018	1,018	801	217
Postage	1,000	1,000	1,000	-
Heating and Fuel	5,123	3,371	2,379	992
Social Security System	1,184	-		
Municipal Stormwater Street Division				
Other Expenses	798	798	42	756
Public Facilities Upgrade	30,746	30,746	30,746	-
Various Improvements to Infrastructure				
Accounts With No Change	281	281		281
Totals	\$ 109,039	109,039	98,792	10,247

Ref.	A	A	A-1
	Cash Disbursements	A-4	98,792
	Encumbrances	A	_____
	Total Paid		<u>98,792</u>

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

Balance December 31, 2009			
School Tax Payable	A	\$	268,101
Deferred School Tax Payable	A		<u>367,000</u>
			635,101
Increased by:			
Levy-School Year July 1, 2009 to June 30, 2010	A-8		<u>1,277,635</u>
			1,912,736
Decreased by:			
Payments	A-4		<u>1,273,920</u>
			<u>1,273,920</u>
Balance December 31, 2010			
School Tax Payable	A		271,816
Deferred School Tax Payable	A		<u>367,000</u>
			<u>638,816</u>
<u>2010 Liability for Local District School Tax</u>			
Tax Paid	A-4:A-12		1,273,920
Tax Payable December 31, 2010	A-12		<u>271,816</u>
			1,545,736
Less:			
Tax Payable December 31, 2009	A:A-12		<u>268,101</u>
Amount Charged to 2010 Operations	A-1	\$	<u><u>1,277,635</u></u>

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

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2010</u>
Smart Future Program - 2007	\$ 22,500		22,500		-
Municipal Alliance Program					
2006	7,586				7,586
2007	7,274				7,274
2008	3,277				3,277
2009	6,725		4,519		2,206
2010		7,500			7,500
Clean Communities	-	6,573	6,573		-
EDA Hazardous Site	-				-
EDA Hazardous Discharge Landfill		428,178	428,178		-
EDA Feasibility Study	-				-
Green Communities	3,000		3,000		-
Community Stewardship - Tree Planting 2007	3,750				3,750
DOT Airport Entrance Road - 2008	86,075		86,075		-
NJDOT 2009	24,070		18,364		5,706
NJDOT 2010 Scott Avenue		174,000	107,096		66,904
NJDOT Route 550	200,000		160,000		40,000
NJDOT Bike Safety Path Phase 1	275,000				275,000
NJDOT Bike Safety Path Phase 4b	250,000		160,350		89,650
NJDOT Bike Safety 2010 Hailprin - Webster		325,000	151,800		173,200
NJ DCA New Public Works Garage	109,000		68,950		40,050
DCA Neighborhood Stabilization Program Northside	689,657		130,885		558,772
Airport Economic Study - 2008	200,000				200,000
Alcohol Education Rehabilitation Program	-	1,106	1,106		-
USDA Rural Business Grant - 2008	75,000				75,000
Rural Business Enterprise		98,000			98,000
Washington Avenue Streetscape	68,225				68,225
Washington Ave Streetscape	450,000				450,000
Streetscape Phase V		500,000			500,000
Small Cities Block Grant:					
Public Facility Housing Rehab	-	200,000			200,000
Improvement to School	-	489,402	378,390		111,012
Well & Recreation	500,000		374,868		125,132
2008 IDP Grant	281,900				281,900
	<u>\$ 3,263,039</u>	<u>2,229,759</u>	<u>2,102,654</u>	<u>-</u>	<u>3,390,144</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 - APPROPRIATED**

<u>Grant</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Prior Year Encumbrance</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Balance Dec. 31, 2010</u>
2007 Municipal Alliance	11,621			6,576	214	4,831
Local Share	755			755		-
2008 Municipal Alliance	9,333			901	53	8,379
2009 Municipal Alliance	3,926					3,926
Local Share	1,073					1,073
2010 Municipal Alliance		7,500				7,500
Local Share		1,875				1,875
Clean Communities	-	6,573				6,573
Clean Communities	2,677			4,355		2,677
Hazardous Site Remediation Program - 2000	1,500		4,355	4,355		1,500
EDA Hazardous Discharge		428,178		165,185	262,993	-
EDA Hazardous Discharge	35,848			35,848		-
Green Communities	3,000			3,000		-
Recycling Tonnage	4,647					4,647
Recycling Tonnage Grant	10,755					10,755
2009 Recycling Tonnage	9,237					9,237
NJ DCA New Public Works Garage	109,000			68,950		40,050
DCA Neighborhood Stabilization Program	682,578			130,886	143,555	408,137
DOT route 550	57,699		125,150	163,858	2,236	16,755
DOT bike safety path phase 1	275,000			11,666	16,505	246,829
DOT bike safety path phase 4b	250,000			176,585	73,415	-
DOT Bike Safety 2010		325,000		261,406	25,750	37,844
DOT 2009	6,360		5,905	11,704		561
DOT Scott Avenue		174,000		161,740	11,555	705
2008 DOT Airport Entrance Road	6,077		17,584	23,661		-
2008 Airport Economic Study	200,000					200,000
Alcohol Education Rehabilitation Grant	436					436
Alcohol Education Rehabilitation Grant	696					696
Alcohol Education Rehabilitation Grant	186					186
Alcohol Education Rehabilitation Grant		1,106				1,106
All Hazards Emergency Operation Planning	2,406					2,406
Municipal Stormwater Regulation Program	1,000					1,000
Wash Ave Streetscape	450,000					450,000
Streetscape Phase V		500,000		19,129		480,871
Washington Avenue Streetscape	4,219		16,031	-	16,031	4,219
Small Cities						
2008 SC IDP Grant	254,909			3,244	2,165	249,500
Public Facility - Gym/Community Center	12,801		287		287	12,801
Public Facility Housing Rehab	5,162					5,162
Well			471,950	452,855	19,095	-
Improvement to Schools		489,402		378,390	111,012	-
Housing Rehab		200,000		4,200		195,800
Rural Business Grant		98,000				98,000
Rural Business USDA Market Initiative			61,000	55,800	5,200	-
Mural Project	3,500					3,500
	<u>\$ 2,416,401</u>	<u>2,231,634</u>	<u>702,262</u>	<u>2,140,694</u>	<u>690,066</u>	<u>2,519,537</u>
<u>Ref.</u>	A	A-3		A-4		A

TRUST FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Dog Licenses	Other
Balance December 31, 2009	B	\$ 172	69,945
Increased by Receipts:			
Dog License Fees 2010	B-3	463	
Due to State of New Jersey	B-4	125	
Due to Current			
Community Development Block Grant	B-7		1
Recreation Commission	B-10		8,691
Municipal Alliance	B-9		4
Developer's Escrow Fees	B-8		47,377
		<u>588</u>	<u>56,073</u>
		760	126,018
Decreased by Disbursements			
Statutory Expenditures	B-3	377	
Due to State of New Jersey	B-4	125	
Due to Current Fund		-	-
Community Development Block Grant	B-7		7,600
Developer's Escrow Fees	B-8		51,888
Municipal Alliance	B-9		88
Recreation Commission	B-10		9,749
		<u>502</u>	<u>69,325</u>
Balance December 31, 2010	B	<u>\$ 258</u>	<u>56,693</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	<u>Tax Title Lien Redemption</u>	
Balance December 31, 2009	B		\$ 11,915
Increased by Receipts:			
Due to Current		\$ 2	
Deposits for Redemption of Tax Sale Certificates	B-5	<u>68,363</u>	
			<u>68,365</u>
			80,280
Decreased by Disbursements:			
Refunds on Tax Sale Certificates	B-5	<u>66,898</u>	
			<u>66,898</u>
Balance December 31, 2010	B		\$ <u><u>13,382</u></u>

See Accompanying Auditor's Report

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

	Ref.	
Balance December 31, 2009	B	\$ 172
Increased by:		
Dog License Fees Collected	B-1	463
		635
Decreased by:		
Expenditures under N.J.S. 4:19-15:11	B-1	377
Balance December 31, 2010	B	\$ 258

License Fees Collected:

Year	Amount
2008	993
2009	490
	\$ 1,483

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

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ -
Increased by:		
Collected in 2010:		
2010 State License Fees	B-1	<u>125</u>
		125
Decreased by:		
Disbursements to the State	B-1	<u>125</u>
Balance December 31, 2010	B	<u><u>\$ -</u></u>

TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 4
Increased by:		
Deposits Received - Collector	B-2	<u>66,898</u>
		66,902
Decreased by:		
Refunds - Tax Sale Certificates	B-2	<u>66,902</u>
Balance December 31, 2010	B	<u><u>\$ -</u></u>

TRUST FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 11,915
Increased by:		
Deposits Received - Collector		<u>1,465</u>
Balance December 31, 2010	B	<u><u>\$ 13,380</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 28,647
Increased by:			
Receipts	B-1	1	1
			28,648
Decreased by:			
Expenditures	B-1		7,600
Balance December 31, 2010	B		\$ 21,048

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

Balance December 31, 2009	B		\$ 51,409
Increased by:			
Deposits	B-1	47,377	47,377
			98,786
Decreased by:			
Payments	B-1	51,888	51,888
Balance December 31, 2010	B		\$ 46,898

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

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 2,998
Increased by:			
Interest		4	
	B-1		4
			3,002
Decreased by:			
Expenditures		88	
	B-1		88
			88
Balance December 31, 2010	B		\$ 2,914

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

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 13,543
Increased by:			
Deposits		8,691	
	B-1		8,691
			22,234
Decreased by:			
Expenditures		9,749	
	B-1		9,749
			9,749
Balance December 31, 2010	B		\$ 12,485

TRUST FUND
SCHEDULE OF RESERVE FOR EMERGENCY LOANS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 51,885
Increased by:		
Prior year adjustment	B-1	<u>-</u>
		51,885
Decreased by:		
Repayments	B-1	<u>-</u>
Balance December 31, 2010	B	<u><u>\$ 51,885</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ -
Increased by:		
Budget Appropriation	A-4	<u>210,000</u>
		(210,000)
Decreased by:		
Improvement Authorization	C-7	<u>79,033</u>
Balance December 31, 2010	C	<u><u>\$ (130,967)</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2009	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2010
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 46,259							46,259
Capital Improvement Fund	18,320	210,000				170,000		58,320
Encumbrances Payable	-						52,687	52,687
Due from Grant Funds	(145,508)							(145,508)
Due from Current Fund	-	(210,000)		(79,033)				(130,967)
 <u>Improvement Authorizations:</u>								
<u>Ordinance</u>								
<u>Number</u>								
456-04 Lincoln Park Improvements	7,400							7,400
463-05 Construction of Sanitary Wastewater Treatment Plant	73,529							73,529
515-10 Various Improvements				35,232		3,095	70,000	31,673
516-10 Various Improvements				43,801		49,592	100,000	6,607
	\$ -	-	-	-	-	222,687	222,687	-
	C	A-3		C-2:C-7	C-2			C

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

	<u>Ref.</u>		
Balance December 31, 2009	C	\$	89,398
Decreased by Budget Appropriation			11,163
Balance December 31, 2010	C	\$	<u>78,235</u>

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010	Analysis of Balance Dec. 31, 2010		
						Unexpended Improvement Authorization	Financed by Notes	Expended
429A-01	Various Improvements	\$ 39,660		39,660	-		-	
463-05	Construction of Sanitary Wastewater Treatment Plant	684,000			684,000		684,000	
		<u>\$ 723,660</u>	<u>0</u>	<u>39,660</u>	<u>684,000</u>	<u>-</u>	<u>684,000</u>	<u>-</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>

See Accompanying Auditor's Report

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

Balance December 31, 2009	<u>Ref.</u> C	\$ 18,320
Increased by:		
2010 Budget Appropriation		210,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		170,000
Balance December 31, 2010	C	\$ <u>58,320</u>

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2009		2010 Authorizations		Expended	Balance Dec. 31, 2010	
				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
515-10	Various Capital Improvements	05/05/10	70,000			70,000		38,327	31,673	
516-10	Various Capital Improvements	05/05/10	100,000			100,000		93,393	6,607	
				<u>\$ 7,400</u>	<u>73,529</u>	<u>170,000</u>	<u>-</u>	<u>131,720</u>	<u>45,680</u>	<u>73,529</u>
				C	C	C-6	C-5:C-10		C	C:C-5
							Disbursed	79,033	C-2	
							Encumbered	<u>52,687</u>	C-3	
								<u>131,720</u>		

**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, 2009	Increased	Decreased	Balance Dec. 31, 2010
Various Improvements	8/31/2001	8/31/2005	306,820	0.00%	\$ 39,660		39,660	-
Various Improvements	4/21/2005	4/21/2005	760,000	0.00%	684,000			684,000
					<u>\$ 723,660</u>	<u>-</u>	<u>39,660</u>	<u>684,000</u>
					C			C

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding at December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
Lincoln Park	6/1/2000	142,000	2011	11,387	2%	\$ 89,398		11,163	78,235
			2012	11,616					
			2013	11,850					
			2014	12,088					
			2015	12,331					
			2016	12,579					
			2017	6,384					
						<u>\$ 89,398</u>	<u>-</u>	<u>11,163</u>	<u>78,235</u>
						C	C-2		C

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BOROUGH OF WOODBINE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 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 \$21,000 (\$26,000 as of July 1, 2010) 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 (\$26,000 as of July 1, 2010) 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 the following bids were requested by public advertising during the current year.

- Reconstruction of Scott Ave.
- Construction of a Bikeway
- Construction of a Bike Path

Our examination of expenditures did not reveal payments in excess of \$21,000 (\$26,000 as of July 1, 2010) "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 21, 2010, 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, 2010."

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 4, 2010 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>
2010	1
2009	2
2008	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>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2010	\$ 2,109,099	2,042,062	96.82%
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%

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007 *</u>	<u>2006</u>
Tax Rate	1.156	1.146	1.099	1.000	2.510
Apportionment of Tax Rate:					
Municipal	0.237	0.238	0.238	0.231	0.409
County	0.215	0.204	0.182	0.154	0.416
Local School	0.704	0.704	0.679	0.615	1.685
Assessed Valuation	181,627,030	180,677,045	179,062,422	178,440,561	59,701,776

* 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>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	2,422	89,944	92,366	4.44%
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%

FINDINGS AND RECOMMENDATIONS

10-2. 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.

STATUS OF PRIOR RECOMMENDATIONS

Finding 09-1

Condition

An accurate general ledger was not maintained for all funds.

Current Status

This recommendation was not cleared during 2010.

Corrective Action to be Taken

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

Finding 09-2

Condition

Interfund balances existed at the end of the year.

Current Status

This recommendation was not cleared during 2010.

Corrective Action to be Taken

Checks will be written to clear the interfunds.

Finding 09-3

Condition

The Borough did not maintain an accurate listing of fixed assets.

Current Status

This recommendation was cleared during 2010.

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.
- * - 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