

BOROUGH OF WOODBINE

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

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BOROUGH OF WOODBINE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Woodbine, as of December 31, 2012 and 2011, 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, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the the United States of America, the financial position of each fund of the Borough of Woodbine as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Woodbine's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2013 on our consideration of the Borough of Woodbine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Woodbine's internal control over financial reporting and compliance.

Kenneth Moore

Kenneth Moore, CPA, RMA #231

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

February 15, 2013

EXHIBIT A - CURRENT FUND

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 631,717	\$ 625,002
Investments	A-6	509,000	634,000
Change Fund	A-5	300	300
		<u>1,141,017</u>	<u>1,259,302</u>
Other Receivables:			
Due from State of New Jersey - Senior Citizens and Veterans		1,204	1,803
		<u>1,204</u>	<u>1,803</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	97,851	105,118
Tax Title Liens	A-9	8,373	5,565
Property Acquired / Assessed Valuation		570,400	570,400
Due from Grant Fund		610,184	315,459
Revenue Accounts Receivable	A-10	321,872	225,854
	A	<u>1,608,680</u>	<u>1,222,396</u>
		<u>2,750,901</u>	<u>2,483,501</u>
Federal and State Grant Fund:			
Cash	A-4	2	2
Due from Current Fund		-	59,505
Federal and State Grants Receivable	A-13	2,441,273	2,683,153
		<u>2,441,275</u>	<u>2,742,660</u>
		<u>\$ 5,192,176</u>	<u>\$ 5,226,161</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Appropriation Reserves	A-3	\$ 102,854	\$ 122,090
Encumbrances Payable	A-3	42,964	69,789
Prepaid Taxes	A-4	117,427	55,468
Tax Overpayments		878	858
Due County for Added and Omitted Taxes		1,046	317
Local School Tax Payable	A-12	346,197	271,844
Due to Federal and State Grant Fund		-	59,505
Due to Trust Fund	B	25,168	25,170
Due to Capital	C	293,639	266,225
Due to CDBG	B	1,500	1,500
Reserve for Pinelands Property Tax Stabilization Aid	A-4	615	615
Reserve for Land Sale Deposits		8,436	10,436
Reserve for Sale of Municipal Assets		59,438	59,438
		<u>1,000,162</u>	<u>943,255</u>
Reserves for Receivables	A	1,608,680	1,222,396
Fund Balance	A-1	142,059	317,850
		<u>2,750,901</u>	<u>2,483,501</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	1,592,238	1,482,217
Unappropriated Reserves	A-15	4,402	4,956
Due to Current Fund	A	610,184	315,459
Due to Capital Fund	C	145,508	145,508
Encumbrances Payable	A-14	88,943	794,520
		<u>2,441,275</u>	<u>2,742,660</u>
		<u>\$ 5,192,176</u>	<u>\$ 5,226,161</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 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 218,000	\$ 400,000
Miscellaneous Revenues Anticipated	A-2	2,631,401	1,801,778
Receipts from Delinquent Taxes	A-2	89,902	62,176
Receipts from Current Taxes	A-2	2,220,210	2,029,515
Nonbudget Revenues	A-2	245,765	149,918
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	A-11	120,638	112,120
Interfunds Returned			
		<u>5,525,916</u>	<u>4,555,507</u>
<u>Expenditures:</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	383,699	374,162
Other Expenses	A-3	849,350	900,335
Deferred Charges and			
Statutory Expenditures	A-3	69,562	75,470
Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	1,247,777	340,523
Capital Improvements	A-3	490,000	804,176
Debt Service	A-3	137,896	62,896
Transferred to Board of Education	A-3	6,767	6,824
County Taxes	A-8	447,717	401,432
Due County for Added and Omitted Taxes	A-8	1,046	317
Local District School Tax	A-12	1,426,397	1,277,692
Return of Prior Year Revenue			1,155
Interfund Created		423,496	289,467
		<u>\$ 5,483,707</u>	<u>\$ 4,534,449</u>

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess (Deficit) in Revenues		\$ 42,209	\$ 21,058
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		42,209	21,058
Fund Balance January 1	A	<u>317,850</u>	<u>696,792</u>
Total		360,059	717,850
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>218,000</u>	<u>400,000</u>
Fund Balance December 31	A	<u>\$ 142,059</u>	<u>\$ 317,850</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	\$ 218,000	\$	\$ 218,000	\$ -
		<u>218,000</u>	<u>-</u>	<u>218,000</u>	<u>-</u>
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-10	9,000		10,000	1,000
Interest and Costs on Taxes	A-10	14,000		13,626	(374)
Host Communities Benefits	A-10	400,000		421,677	21,677
Reserve for State Police Lease	A-10	160,000		177,550	17,550
Consolidated Municipal Property Tax Relief	A-10	78,564		78,564	-
Interfund Returned	A-10	100,000		100,000	-
Woodbine MUA contribution	A-10	120,000		130,069	10,069
Energy Receipts Tax	A-10	210,973		210,973	-
Additional Revenues Offset With Appropriations:					
NJ Transportation Trust Fund Authority Act	A-13			-	-
Clean Communities Program	A-13	6,279		6,279	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	7,500		7,500	-
Small Cities Public Facilities		400,000		400,000	-
Recycling Tonnage Grant		4,794		4,794	-
Alcohol Education/Rehabilitation		162		162	-
NJ Dept. of Environmental Protection				-	-
FEMA		<u>1,070,207</u>		<u>1,070,207</u>	<u>-</u>
Total Miscellaneous	A-2	<u>2,581,479</u>	<u>-</u>	<u>2,631,401</u>	<u>49,922</u>

See Accompanying Notes to Financial Statements

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

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	A-2	75,000		89,902	14,902
Subtotal General Revenues		2,874,479	-	2,939,303	64,824
Amount to be Raised by Taxes for Support to Municipal Budget - Local Tax for Municipal Purposes	A-2	418,035		452,455	34,420
Budget Totals		3,292,514	-	3,391,758	99,244
Nonbudget Revenues	A-1:A-2			245,765	245,765
		\$ 3,292,514	\$ -	\$ 3,637,523	\$ 345,009
	Ref.	A-3	A-3		

**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	\$	2,220,210
Allocated to:			
School and County Taxes			<u>1,875,157</u>
Balance for Support of Municipal Budget Revenues			345,053
Add:			
Appropriation: "Reserve for Uncollected Taxes"	A-3		<u>107,402</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>452,455</u></u>
 <u>Receipts from Delinquent Taxes:</u>			
Delinquent Tax Collections	A-8		83,391
Tax Title Lien Collections	A-9		<u>6,511</u>
	A-2	\$	<u><u>89,902</u></u>

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

<u>Analysis of Realized Revenue: (Continued)</u>	<u>Ref.</u>		
<u>Miscellaneous Revenue Not Anticipated:</u>			
Other Licenses		\$ 2,800	
Interest on Investments		894	
In Lieu of Taxes		13,545	
Recycling Rebate		14,224	
Health Reimbursements		4,672	
Tax Searches		10	
Zoning Fees		6,633	
Municipal Court		13,367	
Copies		169	
Canceled Grants		2,976	
Rental Registration Fees		18,720	
Leases		500	
911 Agreement		7,389	
Comcast Cable		7,248	
JIF Reimbursements		30,109	
FEMA Reimbursement		18,618	
Miscellaneous		<u>103,891</u>	
	A-2:A-10		\$ <u><u>245,765</u></u>

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
GENERAL GOVERNMENT:							
Administrative and Executive							
Salaries and Wages	\$ 73,000	\$ 73,000	\$ 68,960		\$ 4,040		\$
Other Expenses							
Other Professional Services	31,800	31,800	29,150	2,650	-		
Mayor and Council							
Salaries and Wages	101,000	101,000	96,000		5,000		
Other Expenses	6,000	6,000	4,034		1,966		
Municipal Clerk							
Salaries and Wages	27,000	27,000	25,500		1,500		
Other Expenses	17,000	17,000	11,345	990	4,665		
Financial Administration							
Salaries and Wages	55,000	55,000	49,874		5,126		
Other Expenses	19,000	16,000	11,193		4,807		
Audit Services							
Other Expenses	27,250	27,250	27,250				
Assessment of Taxes							
Salaries and Wages	18,100	18,100	17,200		900		
Other Expenses	7,000	4,000	1,378		2,622		
Collection of Taxes							
Salaries and Wages	34,000	34,000	28,873		5,127		
Other Expenses	3,000	3,000	2,230		770		
Liquidation of Tax Title Liens / Foreclosed Property							
Other Expenses	100	100			100		
Legal Services and Costs							
Other Expenses	55,000	67,000	61,410	2,564	3,026		
Municipal Court							
Other Expenses	500	500	357		143		
Engineering Services and Costs							
Other Expenses	20,000	20,000	15,362	1,135	3,503		
Public Buildings and Grounds							
Other Expenses	31,000	34,000	26,506	5,801	1,693		

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<u>OPERATIONS WITHIN "CAPS"</u>							
GENERAL GOVERNMENT:							
Municipal Land Use Law (N.J.S. 40:55D-1)							
Planning and Zoning Board							
Salaries and Wages	\$ 10,000	\$ 10,000	\$ 9,500		\$ 500		\$
Other Expenses							
Legal	7,500	7,500	4,500		3,000		
Miscellaneous Other Expenses	10,500	7,500	4,783	31	2,686		
Insurance							
Unemployment Compensation	2,200	2,200	1,599		601		
Other Insurance Premiums	11,950	11,950	11,950				
Workers Compensation	31,250	29,250	29,225		25		
Employee Group Health	127,000	129,000	126,939		2,061		
Small Business Development							
Other Expenses	100	100			100		
PUBLIC SAFETY:							
Volunteer Fire Company - Contribution	34,000	34,000	34,000				
Interlocal Agreement with First Aid Organization	50,000	50,000	50,000				
Sub-Code Officials							
Code Enforcement							
Salaries and Wages	4,000	4,000	3,500		500		
Other Expenses	250	250	217		33		
Zoning and Housing Inspector							
Salaries and Wages	8,000	8,000	7,300		700		
Other Expenses	250	250			250		
Emergency Management Services							
Salaries and Wages	4,400	4,400	4,400				
Other Expenses	1,800	1,800	1,407	300	93		
School Crossing Guard							
Salaries and Wages	13,000	12,499	10,317		2,182		
Other Expenses	800	800		204	596		
STREETS AND ROADS:							
Road Repairs and Maintenance							
Salaries and Wages	33,000	33,000	30,821		2,179		
Other Expenses	22,600	19,600	5,801	4,516	9,283		
Solid Waste (P.L. 1987, Ch. 74)							
Recycling							
Other Expenses	100	100			100		

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	66,000	63,000	52,789		10,211		
HEALTH AND WELFARE:							
Board of Health							
Other Expenses	100	100			100		
Dog Regulation							
Other Expenses							
Contractual	10,800	10,800	8,991		1,809		
County Shelter	12,200	12,200	12,117		83		
Miscellaneous Other Expenses	1,200	1,200	629		571		
RECREATION AND EDUCATION:							
Parks and Playgrounds							
Salaries and Wages	3,700	3,700	3,700				
Other Expenses	20,000	20,000	20,000				
Public Relations							
Other Expenses	1,000	1,000	234		766		
UNCLASSIFIED:							
Utilities							
Telephones / Communications	11,500	11,500	9,915	492	1,093		
Electric	68,000	63,000	62,877		123		
Street Lighting	25,200	30,200	24,667	2,958	2,575		
Water	2,000	2,500	2,469		31		
Heating & Fuel	34,000	34,000	24,997	3,423	5,580		
Postage	3,500	3,500	3,500				
Total Operations Within "CAPS"	<u>1,233,050</u>	<u>1,233,049</u>	<u>1,115,166</u>	<u>25,064</u>	<u>92,819</u>	-	-
Contingent							
Total Operations Incl. Contingent Within "CAPS"	<u>1,233,050</u>	<u>1,233,049</u>	<u>1,115,166</u>	<u>25,064</u>	<u>92,819</u>	-	-
Detail:							
Salaries and Wages	384,200	383,699	355,945	-	27,754	-	-
Other Expenses	848,850	849,350	759,221	25,064	65,065	-	-

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	\$ 38,562	\$ 38,562	\$ 38,562		\$	\$	\$
Social Security System (O.A.S.I.)	30,000	30,000	26,687		3,313		
DCRP	1,000	1,000			1,000		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	69,562	69,562	65,249	-	4,313	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,302,612	1,302,611	1,180,415	25,064	97,132	-	-
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>							
Municipal Stormwater							
Street Division OE	1,500	1,500	1,078		422		
Dispatcher							
Other Expenses	49,259	49,260	49,259		1		
Municipal Court Services							
Other Expenses	61,200	61,200	61,200				
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				
Alcohol Education Rehabilitation	162	162	162				
Clean Communities	6,279	6,279	6,279				
Recycling Tonnage	4,794	4,794	4,794				
Small Cities - Match	45,000	45,000	45,000				
FEMA	1,070,207	1,070,207	1,070,207				
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,247,776	1,247,777	1,247,354	-	423	-	-
Detail:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	1,247,776	1,247,777	1,247,354	-	423	-	-

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>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>							
Capital Improvement Fund	\$ 50,000	\$ 50,000	\$ 50,000	\$ 6,900	\$ 5,299	\$	\$
Various Improvements and Infrastructure	22,000	22,000	9,801				
Road Reconstruction	18,000	18,000	18,000				
State and Federal Programs Offset by Revenues:							
New Jersey Transportation Trust Fund		-					
Small Cities Block Grant - Public Facilities	400,000	400,000	400,000				
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	490,000	490,000	477,801	6,900	5,299	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>							
Payment of Bond Anticipation and Capital Notes Green Trust Loan Program	125,000	125,000	125,000				
Loan Repayments for Principal and Interest	12,900	12,900	12,896				4
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	137,900	137,900	137,896	-	-	-	4

See Accompanying Notes to Financial Statements

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

	APPROPRIATIONS		EXPENDITURES			OVER EXPENDED	UNEXPENDED BALANCE CANCELED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>		
Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 17.3)	\$ 6,824	\$ 6,824	\$ 6,767	\$	\$	\$	\$ 57
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>1,882,500</u>	<u>1,882,501</u>	<u>1,869,818</u>	<u>6,900</u>	<u>5,722</u>	-	<u>61</u>
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	<u>3,185,112</u> <u>107,402</u>	<u>3,185,112</u> <u>107,402</u>	<u>3,050,233</u> <u>107,402</u>	<u>31,964</u>	<u>102,854</u>	-	<u>61</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,292,514</u>	<u>\$ 3,292,514</u>	<u>\$ 3,157,635</u>	<u>\$ 31,964</u>	<u>\$ 102,854</u>	<u>\$ -</u>	<u>\$ 61</u>

A-2

A

Budget
N.J.S.A. 40A:4-87

Ref.

A-2	\$ 2,222,307
A-2	<u>1,070,207</u>
	<u>\$ 3,292,514</u>

Ref.

PAID OR
CHARGED

Federal and State Grants	A-14	\$ 1,535,817
Capital Improvement Fund		50,000
BANS		125,000
Reserve for Uncollected Taxes	A-2	107,402
Disbursed	A-4	<u>1,339,416</u>
		<u>\$ 3,157,635</u>

EXHIBIT B - TRUST FUNDS

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Dog License Fund:			
Cash	B-1	\$ <u>383</u>	\$ <u>470</u>
		<u>383</u>	<u>470</u>
Other Funds:			
Cash - Treasurer	B-1	49,383	24,965
Cash - Collector	B-2	18,596	8,200
Small Cities Loans Receivable		329,852	351,452
Emergency Loans Receivable		51,885	51,885
Interfunds			
Due to Current Fund:			
Developer's Escrow		25,168	25,170
Community Development Block Grants		1,500	1,500
		<u>476,384</u>	<u>463,172</u>
		\$ <u><u>476,767</u></u>	\$ <u><u>463,642</u></u>
<u>Liabilities, Reserves, and Fund Balance</u>			
Dog License Fund:			
Reserve for Dog Licenses	B-3	\$ <u>383</u>	\$ <u>470</u>
		<u>383</u>	<u>470</u>
Other Funds:			
Reserves for:			
Developer's Escrow	B-8	50,510	42,895
Community Development Block Grants	B-7	22,597	5,756
Small Cities Loans Receivable		329,852	351,452
Emergency Loans Receivable	B-10	51,885	51,885
TTL Redemption	B-5	10,716	320
TTL Redemption Premiums	B-6	7,880	7,880
Municipal Alliance	B-9	2,634	2,916
Section 125	B-11	310	68
		<u>476,384</u>	<u>463,172</u>
Total		\$ <u><u>476,767</u></u>	\$ <u><u>463,642</u></u>

See Accompanying Notes to Financial Statements

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EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>Ref.</u>	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
<u>Assets</u>			
Due from Grant Fund	C-2	\$ 145,508	\$ 145,508
Due from Current Fund	C-2	293,640	266,225
Deferred Charges to Future Taxation:			
Funded	C-4	55,232	66,848
Unfunded	C-5	509,000	634,000
		<u>1,003,380</u>	<u>1,112,581</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Encumbrance Payable	C-7	\$ 17,635	\$ 35,509
Green Trust Loan Payable	C-9	55,232	66,848
Bond Anticipation Notes	C-8	509,000	634,000
Capital Improvement Fund	C-6	233,320	208,320
Improvement Authorizations:			
Funded	C-7	68,405	48,116
Unfunded	C-7	-	73,529
Fund Balance	C-1	119,788	46,259
		<u>1,003,380</u>	<u>1,112,581</u>

There were No Bonds and Notes Authorized But Not Issued at December 31, 2012 and 2011.

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

	<u>Ref.</u>		
Balance December 31, 2011	C	\$	46,259
Canceled Improvement Authorization			<u>73,529</u>
Balance December 31, 2012	C	\$	<u><u>119,788</u></u>

EXHIBIT G - GENERAL FIXED ASSETS

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

	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
General Fixed Assets:		
Land and Buildings	\$ 9,262,543	\$ 9,262,543
Machinery and Equipment	<u>1,359,767</u>	<u>1,330,954</u>
Total General Fixed Assets	<u>10,622,310</u>	<u>10,593,497</u>
Investment in General Fixed Assets	\$ <u>10,622,310</u>	\$ <u>10,593,497</u>

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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.

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.

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, 2012.

	Balance as of 12/31/2011	Additions	Deletions	Balance as of 12/31/2012
Land, Buildings and Improvements	\$ 9,262,543	\$	\$	\$ 9,262,543
Machinery and Equipment	1,330,954	28,813		1,359,767
Total General Fixed Assets	<u>\$ 10,593,497</u>	<u>\$ 28,813</u>	<u>\$ -</u>	<u>\$ 10,622,310</u>

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.

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.

E. Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 “Items Previously Reported as Assets and Liabilities”. This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the City’s financial reporting.

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

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

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

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 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$107,402 and \$76,476, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$218,000 and \$400,000, 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 2012 calendar year.

Budget Category	Amount
Legal Expenses OE	\$ 12,000
Electric	(5,000)
Street Lighting	5,000

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 2012 calendar year:

Budget Category	Amount
FEMA	\$ 1,070,207

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 2011 or 2010 calendar years

Note 3: INVESTMENTS

As of December 31, 2012, the municipality had investments totaling \$509,000 in Bond Anticipation Notes of the Capital Fund with 0% interest rates and maturity date of April 21, 2013.

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.

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, 2012 and 2011, \$0 of the municipality’s bank balance of \$775,923 and \$740,471, 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, 2012 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	\$ 700,848	\$	\$ 136,616	\$ 564,232	\$ 61,616
Compensated Absences	12,601	3,900	4,001	12,500	
Total	<u>\$ 713,449</u>	<u>\$ 3,900</u>	<u>\$ 140,617</u>	<u>\$ 576,732</u>	<u>\$ 61,616</u>

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, 2012 of \$55,232. The loan is payable semiannually on January 27 and July 27. Interest is calculated at 2%. The final payment is due January 27, 2017.

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

Year Ending December 31,	Principal	Interest	Total
2013	\$ 11,850	\$ 1,045	\$ 12,895
2014	12,088	808	12,896
2015	12,331	564	12,895
2016	12,579	317	12,896
2017	6,384	64	6,448
Total	\$ <u>55,232</u>	\$ <u>2,798</u>	\$ <u>58,030</u>

Summary of Municipal Debt

	Year 2012	Year 2011	Year 2010
Bond Anticipation Notes	\$ 509,000	\$ 634,000	\$ 684,000
Green Trust Loan Payable	55,232	66,848	78,235
Bonds & Notes Authorized but Not Issued	-	-	-
Net Bonds & Notes Issued and Authorized but Not Issued	\$ <u>564,232</u>	\$ <u>700,848</u>	\$ <u>762,235</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 .311%

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,512,000	\$ (3,512,000)	\$ -
General Debt	564,232	-	564,232
	\$ <u>4,076,232</u>	\$ <u>(3,512,000)</u>	\$ <u>564,232</u>

Net Debt \$564,232 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$181,151,913 = .311%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,340,317
Net Debt	564,232
Remaining Borrowing Power	\$ <u>5,776,085</u>

Note 6: NOTES PAYABLE

The Borough had \$634,000 in outstanding bond anticipation notes as of January 1, 2012 payable to the Borough of Woodbine at a rate of 0.00% interest. During the current year, \$125,000 was paid on these notes. The notes payable to the Borough matured on April 21, 2012 and August 31, 2012 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, 2012 was \$509,000.

Note 7: FUND BALANCES APPROPRIATED

Current Fund balance at December 31, 2011 which is anticipated to be appropriated and included as anticipated revenue for the year ending December 31, 2012 was \$218,000. The 2013 budget has not been adopted as of the date of the audit.

Note 8: SCHOOL TAXES

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

	Local District School Tax	
	Balance 12/31/2012	Balance 12/31/2011
Balance of Tax	\$ 713,197	\$ 638,844
Deferred	<u>367,000</u>	<u>367,000</u>
Taxes Payable	<u>\$ 346,197</u>	<u>\$ 271,844</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 12/31/12	Balance 12/31/11
Prepaid Taxes	<u>\$117,427</u>	<u>\$55,468</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 117,427</u>	<u>\$55,468</u>

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.shtml>.

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 6.5% through September 30, 2012 and 6.6% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 11% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2012, 2011 and 2010 were \$38,562, \$40,470, and \$31,302 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.

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, 2012 and 2011 there were two and two employees, respectively, who met the eligibility requirements for post-retirement healthcare benefits. During 2012, \$126,939 was paid by the Borough for health care, of which \$5,844 was paid for retirees. The amount paid during 2011 was \$132,939, of which \$6,231 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 \$12,500 and \$12,601 as of December 31, 2012 and 2011, 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, 2012.

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.

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.

Note 18: INTERFUND BALANCES

As of December 31, 2012, the following interfunds were included on the balance sheets of the various funds of the Borough of Woodbine:

	From	To
Current Fund:		
Trust Fund		\$ 25,168
Grant Fund	\$ 508,806	
CDBG		1,500
Small Cities	101,378	
General Capital		293,639
Grant Fund:		
Current Fund		508,806
Capital	145,508	
Small Cities		101,378
Trust Fund:		
Current Fund - CDBG	1,500	
Current Fund - Other Trusts	25,168	
General Capital:		
Current Fund	293,639	
Grant Fund		145,508
	\$ 1,075,999	\$ 1,075,999

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

Note 19: RISK MANAGEMENT

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

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

The Borough of Woodbine is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any

member of the fund. The Borough has a liability limit of \$10,000,000 under MEL. There has not been a reduction in coverage and there have not been any claims in excess of coverage.

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

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 February 15, 2013, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated February 15, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kenneth Moore

Kenneth Moore, CPA RMA #231

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

February 15, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Woodbine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Woodbine's major federal and state programs for the year ended December 31, 2012. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Borough of Woodbine's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 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 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Borough of Woodbine's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Borough of Woodbine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Borough of Woodbine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Borough of Woodbine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Woodbine's internal control over compliance.

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

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

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

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the balance sheets – regulatory basis of the various funds and account group of the Borough of Woodbine as of and for the year ended December 31, 2012, and have issued our report thereon dated February 15, 2013, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole

Kenneth Moore

Kenneth Moore, CPA RMA #231

Ford Scott & Associates, LLC

Ford Scott & Associates, LLC

February 15, 2013

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**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule 1
Sheet 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance 12/31/11	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances	Cancelled	Balance 12/31/12	Cumulative Expenditures
STATE OF NEW JERSEY										
Municipal Alliance Program		01/01/12 12/31/12	\$ 7,500	\$	\$ 7,500				\$ 7,500	\$ -
Municipal Alliance Program		01/01/11 12/31/11	7,500	7,500		6,482			1,018	6,482
Municipal Alliance Program		01/01/10 12/31/10	7,500	2,006		2,784	778		-	7,500
Department of Community Affairs				-					-	-
Neighbor Stabilization Program		01/01/09 12/31/09	689,657	69,924					69,924	619,733
Department of Environmental Protection										
Clean Communities	4900-765-042-4900-004	01/01/12 12/31/12	6,279	-	6,279				6,279	-
Clean Communities	4900-765-042-4900-004	01/01/11 12/31/11	6,260	6,260		5,348			912	5,348
Clean Communities	4900-765-042-4900-004	01/01/10 12/31/10	6,573	5,728		5,597		131	-	6,442
Hazardous Site Remediation	n/a	01/01/00 12/31/00	79,670	-		1,500	1,500		-	79,670
EDA Hazardous Discharge	n/a	01/01/10 12/31/10	428,178	-		242,424	242,424		-	428,178
Recycling Tonnage	4900-752-042-4900-001	01/01/12 12/31/12	4,794		4,794				4,794	-
Recycling Tonnage	4900-752-042-4900-001	01/01/11 12/31/11	10,755	1,876		8,879	8,879	392	1,484	8,879
Recycling Tonnage	4900-752-042-4900-001	01/01/10 12/31/10	6,050			6,050	6,050		-	6,050
Recycling Tonnage	4900-752-042-4900-001	01/01/09 12/31/09	9,237			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		-	4,647
Department of Transportation										
DOT Route 550	08-480-078-6300-DM1-7310	01/01/09 12/31/09	200,000	16,755			1,086	16,755	1,086	182,159
DOT Bike Safety - Routes to School		01/01/09 12/31/09	275,000	4,984		57,968	53,069		85	274,915
DOT Bike Safety Path Phase 4b		01/01/09 12/31/09	250,000	2,905				2,905	-	247,095
DOT Bike Safety Path - Webster		01/01/10 12/31/10	325,000	2,092				2,092	-	322,908
DOT 2001 Fremont Avenue		01/01/11 12/31/11	205,000	1,477		186,316	184,839		-	205,000
New Jersey Transportation Trust Fund Authority Act - Franklin	6320-480-601395-61	01/01/09 12/31/09	46,000	561				561	-	45,439
Airport Entrance Road - 2011	08-480-078-6300-DM1-7310	06/01/11 05/31/12	200,000	12,659		185,447	176,206		3,418	196,582
Airport Entrance Road - 2008		06/01/08 05/31/10	225,000	-					-	225,000
Airport Economic Study	08-480-078-6300-DM1-7310	06/01/08 05/31/10	200,000	-		40,000	40,000		-	200,000
State of New Jersey State Police										
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/11 12/31/11	162		162				162	-
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				\$ 137,151	\$ 18,735	\$ 762,679	\$ 728,715	\$ 22,836	\$ 99,086	

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 12/31/11	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances	Cancellation	Balance 12/31/12	Cumulative Expenditures
FEDERAL:											
Federal Emergency Management Agency											
Hazardous Mitigation Grant	N/A	01/01/12	12/31/12	\$ 1,070,207	\$	\$ 1,070,207	\$	\$	\$	\$ 1,070,207	\$ -
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	65,856		19,941	418		46,333	51,667
Total Department of Agriculture					65,856	-	19,941	418	-	46,333	
Transportation Enhancement Agency											
Washington Avenue Streetscape		01/01/09	12/31/09	450,000	450,000		446,301			3,699	446,301
Streetscape Phase V		01/01/10	12/31/10	500,000	409,784		463,383	54,052		453	499,547
Washington Avenue Streetscape Improvements	STP - 0117 (104)	01/01/02	12/31/02	500,000	4					4	499,996
Total Transportation Enhancement Agency					859,788	-	909,684	54,052	-	4,156	
Housing and Urban Development											
Small Cities Community Development Block Grant											
2012 Public Facility - Stormwater Drainage	14.218	01/01/12	12/31/12	400,000	-	400,000	39,400			360,600	39,400
2011 Public Facility Com Ctr/Water Filtration	14.218	01/01/11	12/31/11	380,000	344,910		356,052	11,142		-	380,000
2010 Housing Rehabilitation	14.218	01/01/09	12/31/09	200,000	58,440		57,240			1,200	198,800
2009 Well Repair and Recreation Facilities	14.218	01/01/09	12/31/09	500,000	6,770				6,770	-	493,230
Total Housing and Urban Development					410,120	400,000	452,692	11,142	6,770	361,800	
Total Federal Assistance					\$ 1,339,170	\$ 400,000	\$ 1,382,317	\$ 65,612	\$ 6,770	\$ 415,695	

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:

	<u>Federal</u>	<u>State</u>
Expenditures per Schedule of Federal and State Awards		
	\$ 1,382,317	\$ 762,679
Add :		
County / Local Funding	45,715	
	<u>\$ 1,428,032</u>	<u>\$ 762,679</u>

**BOROUGH OF WOODBINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

Part I -- Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	DOT Highway Planning and Construction

**BOROUGH OF WOODBINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

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? X yes 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>
6320-480-601395-61	DOT Transportation Trust Fund Authority Act

Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 - Schedule of Federal Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Treasurer</u>	<u>Federal and State Grant</u>
Balance December 31, 2011	A	\$ 625,002	\$ 2
Increased by Receipts:			
Taxes Receivable	A-8	\$ 2,231,980	
Tax Title Liens	A-9	6,511	
Prepaid Taxes		117,427	
Due from State - Sr. Citizens and Veterans		18,250	
Miscellaneous Revenue Anticipated	A-2:A-10	1,042,459	
Miscellaneous Revenue Not Anticipated	A-2:A-10	242,789	
Federal and State Grants Receivable	A-13	1,703,637	
Due from Trust	B	94,504	
Due from CDBG		<u>4,883</u>	
		<u>5,462,440</u>	<u>-</u>
		6,087,442	2
Decreased by Disbursements:			
2012 Appropriations	A-3	1,339,416	
2011 Appropriation Reserves	A-11	60,240	
County Taxes Payable		447,717	
Due County for Added and Omitted Taxes		617	
Local District School Tax	A-12	1,352,044	
Federal and State Grant Expenditures	A-14	2,101,769	
Reserve for Land Sale Deposits		2,000	
Due from Port Authority		28,521	
Tax Overpayments		1,426	
Due to Capital		22,586	
Due to CDBG		4,883	
Due to Trust		<u>\$ 94,506</u>	
		<u>5,455,725</u>	<u>-</u>
Balance December 31, 2012	A	<u>\$ 631,717</u>	<u>\$ 2</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF PETTY CASH**

Balance December 31, 2011	<u>Ref.</u> A	\$ 300
No activity for 2012		
Balance December 31, 2012	A	<u>\$ 300</u>

**CURRENT FUND
SCHEDULE OF INVESTMENTS**

Balance December 31, 2011	<u>Ref.</u> A	\$ 634,000
Decreased by:		
Budget Appropriation		<u>125,000</u>
Balance December 31, 2012	A	<u>\$ 509,000</u>

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

Year	Balance	2012 Levy	Added Taxes	Collections		Over-Payments Applied	Over-Payments Created	Transferred to Lien	(Adjusted) or Canceled	Transferred to Arrears	Balance
	Dec. 31, 2011			2011	2012						Dec. 31, 2012
Arrears	\$ 21,253	\$	\$	\$	\$ 4,318	\$	\$	\$ 10	\$ (980)	\$ -	\$ 17,905
2011	83,865		1,434		79,073			3,365	(250)	-	3,111
2012	105,118	2,294,707	7,181	55,473	2,166,589	858	2,710	4,792	(1,230)	-	21,016
									51		76,835
	<u>\$ 105,118</u>	<u>\$ 2,294,707</u>	<u>\$ 7,181</u>	<u>\$ 55,473</u>	<u>\$ 2,249,980</u>	<u>\$ 858</u>	<u>\$ 2,710</u>	<u>\$ 8,167</u>	<u>\$ (1,179)</u>	<u>\$ -</u>	<u>\$ 97,851</u>
Ref.	A									A-9	A

Taxes Receivable	Ref.									
Senior Citizens and Veterans	A-4	\$	2,231,980							
			18,000							
		\$	<u>2,249,980</u>							
Analysis of 2012 Property Tax Levy	Ref.									
Tax Yield:										
General Property Tax		\$	2,294,707							
Added Taxes (54:4-63.1 et. seq.)			7,181							
	A-8					\$	<u>2,301,888</u>			
Tax Levy:										
Local School District Tax (Abstract)	A-12	\$	1,426,397							
County Taxes:										
County Tax (Abstract)		\$	372,056							
County Library Tax (Abstract)			56,249							
County Open Space (Abstract)			19,409							
Due County for Added Taxes (54:4-63.1 et. seq.)			1,046							
Total County Taxes							448,760			
Local Tax for Municipal Purposes	A-2	\$	418,035							
Add: Additional Tax Levied			8,696							
						\$	<u>426,731</u>			
	A-8							\$	<u>2,301,888</u>	

**CURRENT FUND
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2011	A	\$	5,565
Increased by:			
Transfers from Taxes Receivable	A-8	\$	8,167
Interests and Costs accrued by tax sale of March 28, 2012			<u>1,152</u>
			9,319
Decreased by:			
Collections	A-4	\$	<u>6,511</u>
			6,511
Balance December 31, 2012	A	\$	<u><u>8,373</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Accrued In 2012</u>	<u>Collected</u>	<u>Balance Dec. 31, 2012</u>
Miscellaneous Revenue Anticipated:					
Licenses-Alcoholic Beverages	A-2	\$ -	\$ 10,000	\$ 10,000	\$ -
Interest and Costs on Taxes	A-2	-	13,626	13,626	-
Energy Receipts Tax	A-2	-	210,973	210,973	-
Consolidated Municipal Property Tax Relief	A-2	-	78,564	78,564	-
Interfund Returned	A-2	-	100,000	100,000	-
Rental for State Police Lease	A-2	-	177,550	177,550	-
Woodbine MUA Contribution	A-2	-	130,069	130,069	-
Due from Woodbine Port Authority		-	28,521	-	28,521
Host Community Benefits	A-2	225,854	489,174	421,677	293,351
Miscellaneous Revenue Not Anticipated:	A-2	-	245,765	245,765	-
		<u>\$ 225,854</u>	<u>\$ 1,484,242</u>	<u>\$ 1,388,224</u>	<u>\$ 321,872</u>
	<u>Ref.</u>	A			A
		Treasurer		\$ 1,288,224	A-4
		Interfund Returned		<u>100,000</u>	A
				<u>\$ 1,388,224</u>	

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**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2011	Balance After Transfers	Paid	Balance Lapsed
Administrative and Executive				
Other Professional Services	\$ 2,650	\$ 2,650	\$ 2,650	\$ -
Municipal Clerk				
Other Expenses	2,465	2,465	1,460	1,005
Financial Administration				
Other Expenses	7,777	7,777	1,498	6,279
Assessment of Taxes				
Other Expenses	2,709	2,709	543	2,166
Legal Services and Costs				
Other Expenses	11,021	11,021	1,106	9,915
Tax Collector				
Other Expenses	525	525	93	432
Engineering Services and Costs				
Other Expenses	17,427	17,427	12,253	5,174
Public Buildings and Grounds				
Other Expenses	10,395	10,395	5,594	4,801
Planning and Zoning Board				
Other Expenses				
Miscellaneous Other Expenses	4,820	4,820	60	4,760
Emergency Management				
Other Expenses	537	537	350	187
Road Repairs & Maintenance				
Other Expenses	11,355	11,355	3,868	7,487
Public Relations				
Other Expenses	1,275	1,275	50	1,225
Utilities:				
Telephones / Communications	41,754	41,754	404	41,350
Street Lighting	3,528	3,528	2,954	574
Heating and Fuel	5,584	5,584	3,313	2,271
Various Improvements to Infrastructure	35,339	35,339	32,145	3,194
Public Facilities Upgrade	3,000	3,000	2,900	100
Accounts With No Change	29,718	29,718		29,718
Totals	\$ <u>191,879</u>	\$ <u>191,879</u>	\$ <u>71,241</u>	\$ <u>120,638</u>

Ref.

A

A

A-1

Cash Disbursements

A-4

\$ 60,240

Encumbrances

11,001

Total Paid

\$ 71,241

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2011				
School Tax Payable	A	\$	271,844	
Deferred School Tax Payable	A		<u>367,000</u>	
				\$ 638,844
Increased by:				
Levy-School Year July 1, 2011 to June 30, 2012	A-8			<u>1,426,397</u>
				2,065,241
Decreased by:				
Payments	A-4		<u>1,352,044</u>	
				<u>1,352,044</u>
Balance December 31, 2012				
School Tax Payable	A		346,197	
Deferred School Tax Payable	A	\$	<u>367,000</u>	
				\$ <u>713,197</u>
<u>2012 Liability for Local District School Tax</u>				
Tax Paid	A-4:A-12			\$ 1,352,044
Tax Payable December 31, 2012	A-12			<u>346,197</u>
				1,698,241
Less:				
Tax Payable December 31, 2011	A:A-12			<u>271,844</u>
Amount Charged to 2012 Operations	A-1			\$ <u><u>1,426,397</u></u>

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

Grant	Balance Dec. 31, 2011	Anticipated Revenue	Received	Cancelled	Balance Dec. 31, 2012
Municipal Alliance Program					
2010	\$ 7,500		\$ 5,061		\$ 2,439
2011	394				394
2012		7,500			7,500
Clean Communities	-	6,279	6,148	131	-
FEMA	-	1,070,207			1,070,207
EDA Hazardous Discharge Landfill	-				-
Alcohol Education Rehabilitation	-	162	162		-
Recycling Tonnage	-	4,794	4,794		-
DOT Airport Entrance Road - 2011	200,000		111,608		88,392
NJDOT 2009	5,706			5,706	-
NJDOT 2011 Fremont Avenue	205,000		123,767		81,233
NJDOT Route 550	40,000		24,231	15,769	-
NJDOT Bike Safety Path Phase 1	275,000		239,669		35,331
NJDOT Bike Safety Path Phase 4b	2,911			2,911	-
NJDOT Bike Safety 2010 Hailprin - Webster	2,114			2,114	-
DCA Neighborhood Stabilization Program Northside	163,391				163,391
Airport Economic Study - 2008	200,000		200,000		-
Rural Business Enterprise	73,057		18,148		54,909
Washington Avenue Streetscape	68,225		68,220		5
Washington Ave Streetscape	450,000		305,333		144,667
Streetscape Phase V	500,000		315,151		184,849
Small Cities Block Grant:					
Public Facility - 2011	380,000				380,000
Public Facility Housing Rehab	109,855		109,855		-
Public Facility - 2012	-	400,000	172,044		227,956
	<u>\$ 2,683,153</u>	<u>\$ 1,488,942</u>	<u>\$ 1,704,191</u>	<u>\$ 26,631</u>	<u>\$ 2,441,273</u>
<u>Ref.</u>	A	A-2	A-4		A
		Cash	1,699,235		
		Unappropriated Reserves	4,956		
			<u>1,704,191</u>		

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Appropriation</u>	<u>Prior Year Encumbrance</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
2010 Municipal Alliance	\$ 2,006		\$ 778	\$ 2,784		\$ -
Local Share	521		195	716		-
2011 Municipal Alliance	7,500			6,482		1,018
Local Share	1,875					1,875
2012 Municipal Alliance		7,500				7,500
Local Share		1,875				1,875
Clean Communities	6,279					6,279
Clean Communities	6,260			5,348		912
Clean Communities	5,728			5,597	131	-
FEMA	-	1,070,207				1,070,207
EDA Hazardous Discharge - Landfill	-		242,424	242,424		-
Hazardous Site Remediation	-		1,500	1,500		-
Recycling Tonnage Grant	1,876	4,794	28,813	28,813	392	6,278
Rural Business Grant	65,856		418	19,941		46,333
DOT route 550	16,755		1,086		16,755	1,086
DOT bike safety path phase 1	4,984		53,069	57,968		85
DOT bike safety path phase 4b	2,905				2,905	-
DOT Bike Safety 2010	2,092				2,092	-
DOT 2009	561				561	-
DOT 2011 Fremont Ave	1,477		184,839	186,316		-
2011 DOT Airport Entrance Road	12,659		176,206	185,447		3,418
Airport Economic Study	-		40,000	40,000		-
Alcohol Education Rehabilitation Grant		162				162
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			446,301		3,699
Streetscape Phase V	409,784		54,052	463,383		453
Washington Avenue Streetscape	4					4
Small Cities						
Public Facility 2012		400,000		39,400		360,600
Public Facility Match		45,000		45,000		-
Well	6,770				6,770	-
Housing Rehab	58,440			57,240		1,200
Public Facility 2011	344,910		11,142	356,052		-
Mural Project	3,500					3,500
DCA Neighborhood Stabilization Program	69,924					69,924
	<u>\$ 1,488,496</u>	<u>\$ 1,529,538</u>	<u>\$ 794,522</u>	<u>\$ 2,190,712</u>	<u>\$ 29,606</u>	<u>\$ 1,592,238</u>
<u>Ref.</u>	A	A-3				A
				\$ 88,943	A	
				<u>2,101,769</u>	A-4	
				<u>\$ 2,190,712</u>		

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Transferred to 2012 Budget Appropriations</u>	<u>Balance Dec. 31, 2012</u>
Alcohol Education Rehabilitation	\$ 162	\$	\$ 162	\$ -
Recycling Tonnage	4,794	4,402	4,794	4,402
	<u>\$ 4,956</u>	<u>\$ 4,402</u>	<u>\$ 4,956</u>	<u>\$ 4,402</u>
	A	A-4		A

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2011	B	\$ 470	\$ 24,965
Increased by Receipts:			
Dog License Fees 2012	B-3	\$ 418	
Due to State of New Jersey	B-4	128	
Community Development Block Grant	B-7		\$ 21,723
Due to Current Fund			2
Municipal Alliance	B-9		2
Developer's Escrow Fees	B-8		102,032
Section 125	B-11		842
		<u>546</u>	<u>124,601</u>
		1,016	149,566
Decreased by Disbursements			
Due to State of New Jersey	B-4	128	
Due to Current Fund		505	
Community Development Block Grant	B-7		4,882
Developer's Escrow Fees	B-8		94,417
Municipal Alliance	B-9		284
Section 125	B-11		600
		<u>633</u>	<u>100,183</u>
Balance December 31, 2012	B	<u>\$ 383</u>	<u>\$ 49,383</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	Ref.		Tax Title Lien Redemption
Balance December 31, 2011	B		\$ 8,200
Increased by Receipts:			
Deposits for Redemption of Tax Sale Certificates	B-5	\$	48,863
			48,863
			57,063
Decreased by Disbursements:			
Due to Current Refunds on Tax Sale Certificates	B-5	\$	38,467
			38,467
Balance December 31, 2012	B		\$ 18,596

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

	Ref.	
Balance December 31, 2011	B	\$ 470
Increased by:		
Dog License Fees Collected	B-1	418
		888
Decreased by:		
Expenditures under N.J.S. 4:19-15:11	B-1	505
Balance December 31, 2012	B	\$ 383

License Fees Collected:

Year	Amount
2010	\$ 463
2011	504
	\$ 967

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ -
Increased by:		
Collected in 2012:		
2012 State License Fees	B-1	128
		<hr style="width: 100%; border: 0.5px solid black;"/>
		128
Decreased by:		
Disbursements to the State	B-1	128
		<hr style="width: 100%; border: 0.5px solid black;"/>
Balance December 31, 2012	B	<u><u>\$ -</u></u>

TRUST FUND
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 320
Increased by:		
Deposits Received - Collector	B-2	<u>48,863</u>
		49,183
Decreased by:		
Refunds - Tax Sale Certificates	B-2	<u>38,467</u>
Balance December 31, 2012	B	<u><u>\$ 10,716</u></u>

TRUST FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 7,880
No Activity		
Balance December 31, 2012	B	<u><u>\$ 7,880</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2011	B		\$ 5,756
Increased by:			
Receipts	B-1	\$ <u>21,723</u>	<u>21,723</u>
			27,479
Decreased by:			
Expenditures	B-1		<u>4,882</u>
Balance December 31, 2012	B		<u><u>\$ 22,597</u></u>

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

Balance December 31, 2011	B		\$ 42,895
Increased by:			
Deposits	B-1	\$ <u>102,032</u>	<u>102,032</u>
			144,927
Decreased by:			
Payments	B-1	\$ <u>94,417</u>	<u>94,417</u>
Balance December 31, 2012	B		<u><u>\$ 50,510</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 2,916
Increased by:		
Interest	B-1	\$ <u>2</u>
		<u>2</u>
Decreased by:		
Disbursements		<u>284</u>
Balance December 31, 2012	B	<u><u>\$ 2,634</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR EMERGENCY LOANS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 51,885
Increased by:		
Prior year adjustment	B-1	<u>-</u>
		51,885
Decreased by:		
Repayments	B-1	<u>-</u>
Balance December 31, 2012	B	<u><u>\$ 51,885</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR SECTION 125**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 68
Increased by:		
Deposits	B-1	<u>842</u>
		910
Decreased by:		
Payments	B-1	<u>600</u>
Balance December 31, 2012	B	<u><u>\$ 310</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ (266,225)
Increased by:		
Budget Appropriation	A-4	<u>50,000</u>
		(316,225)
Decreased by:		
Improvement Authorization	C-7	<u>22,585</u>
Balance December 31, 2012	C	<u><u>\$ (293,640)</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance Dec. 31, 2012	
	Balance Dec. 31, 2011	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From		To
Fund Balance	\$ 46,259	\$	\$	\$	\$	\$	\$ 73,529	\$ 119,788
Capital Improvement Fund	208,320	50,000				25,000		233,320
Encumbrances Payable	35,509					35,509	17,635	17,635
Due from Grant Funds	(145,508)							(145,508)
Due from Current Fund	(266,225)	(50,000)		(22,585)				(293,640)
 <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	32,047			11,666				20,381
516-10 Various Improvements	8,669			8,519		35	35,509	35,624
536-12 Various Improvements							5,000	5,000
536-12 Various Improvements				2,400		17,600	20,000	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>151,673</u>	<u>151,673</u>	<u>\$ -</u>
	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, 2011	C	\$	66,848
Decreased by Budget Appropriation			11,616
Balance December 31, 2012	C	\$	<u>55,232</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012		
						Unexpended Improvement Authorization	Financed by Notes	Expended
463-05	Construction of Sanitary Wastewater Treatment Plant	\$ 634,000	\$ -	\$ 125,000	\$ 509,000	\$ -	\$ 509,000	\$ -
		<u>\$ 634,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 509,000</u>	<u>\$ -</u>	<u>\$ 509,000</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	\$	-
						Unexpended proceeds		-
							\$	<u>-</u>

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

Balance December 31, 2011	<u>Ref.</u> C	\$ 208,320
Increased by:		
2012 Budget Appropriation		50,000
		<u>258,320</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		25,000
Balance December 31, 2012	C	<u><u>\$ 233,320</u></u>

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations		Cancelled	Cancelled Encumbrances	Expended	Balance Dec. 31, 2012	
				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	32,047						11,666	20,381	
516-10	Various Capital Improvements	05/05/10	100,000	8,669					35,509	8,554	35,624	
536-12	Various Capital Improvements	10/04/12	25,000			25,000				20,000	5,000	
				<u>\$ 48,116</u>	<u>\$ 73,529</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 73,529</u>	<u>\$ 35,509</u>	<u>\$ 40,220</u>	<u>\$ 68,405</u>	<u>\$ 0</u>
				C	C	C-6	C-5:C-10				C	C:C-5
							Disbursed		\$ 22,585		C-2	
							Encumbered		<u>17,635</u>		C-3	
									<u>\$ 40,220</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, 2011	Increased	Decreased	Balance Dec. 31, 2012
Various Improvements	4/21/2005	4/21/2011	760,000	0.00%	\$ 634,000	\$	\$ 125,000	\$ 509,000
					<u>\$ 634,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 509,000</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>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
Lincoln Park	6/1/2000	142,000	2%	\$ 66,848	\$	\$ 11,616	\$ 55,232
				<u>\$ 66,848</u>	<u>\$ -</u>	<u>\$ 11,616</u>	<u>\$ 55,232</u>
				C	C-2		C

See Accompanying Auditor's Report

BOROUGH OF WOODBINE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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 \$17,500 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 \$17,500 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.

Water Treatment
Community Center Addition

Our examination of expenditures did not reveal payments in excess of \$17,500 "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 19, 2012, 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, 2012."

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 March 28, 2012 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>
2012	16
2011	2
2010	1

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 2012 and 2013 Taxes	10
Delinquent Taxes	2

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

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 2,301,888	\$ 2,220,211	96.45%
2011	2,119,434	2,029,513	95.76%
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%

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	\$ 1.292	\$ 1.170	\$ 1.156	\$ 1.146	\$ 1.099
Apportionment of Tax Rate:					
Municipal	0.236	0.240	0.237	0.238	0.238
County	0.253	0.222	0.215	0.204	0.182
Local School	0.803	0.708	0.704	0.704	0.679
Assessed Valuation	\$ 177,699,720	\$ 180,544,076	\$ 181,627,030	\$ 180,677,045	\$ 179,062,422

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2011	\$ 8,373	\$ 97,851	\$ 106,224	4.61%
2011	5,565	105,118	110,683	5.22%
2010	2,422	89,944	92,366	4.38%
2009	192	64,420	64,612	3.11%
2008	-	56,739	56,739	2.87%

FINDINGS AND RECOMMENDATIONS

12-1. 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 11-1

Condition

Interfund balances existed at the end of the year.

Current Status

This recommendation was not cleared during 2012.

Corrective Action to be Taken

Checks will be written to clear the interfunds.

RECOMMENDATIONS

*1.. 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,

Ford Scott & Associates, LLC
Ford Scott & Associates, LLC
Certified Public Accountants

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

February 15, 2013