

**CITY OF NORTHFIELD**

**ATLANTIC COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

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



**CITY OF NORTHFIELD  
TABLE OF CONTENTS**

Exhibit		Page No.
	<b>PART I</b>	
	Independent Auditor's Report	1 - 2
	<b>CURRENT FUND</b>	
A	Comparative Balance Sheet - Regulatory Basis	3 - 4
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	5 - 6
A - 2	Statement of Revenues - Regulatory Basis	7 - 10
A - 3	Statement of Expenditures - Regulatory Basis	11 - 17
	<b>TRUST FUND</b>	
B	Comparative Balance Sheet - Regulatory Basis	18 - 19
	<b>GENERAL CAPITAL FUND</b>	
C	Comparative Balance Sheet - Regulatory Basis	20
C - 1	Statement of Fund Balance - Regulatory Basis	21
	<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>	
D	Comparative Statement of General Fixed Assets - Regulatory Basis	22
	<b>NOTES TO FINANCIAL STATEMENTS</b>	23-36
	<b>SUPPLEMENTARY INFORMATION</b>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37-38
Schedule 1	Schedule of Federal and State Financial Assistance	39-40

**CITY OF NORTHFIELD  
TABLE OF CONTENTS**

Exhibit		Page No.
A - 4	Schedule of Cash - Treasurer	41-42
A - 5	Schedule of Due From Federal and State Grant Fund	43
A - 6	Schedule of Sewer Rents Receivable	44
A - 7	Schedule of Sewer Rent Overpayments	44
A - 8	Schedule of Change Funds	45
A - 9	Schedule of Taxes Receivable and Analysis of Property Tax Levy	46-47
A - 10	Schedule of Liens	48
A - 11	Schedule of Property Acquired for Taxes	48
A - 12	Schedule of Due From/(To) State of New Jersey, Chapter 20 P.L. 1971	49
A - 13	Schedule of Revenue Accounts Receivable	50
A - 14	Schedule of Federal and State Grants Receivable	51
A - 15	Schedule of Payroll Taxes Payable	52
A - 16	Schedule of Federal and State Grants - Unappropriated	53
A - 17	Schedule of Federal and State Grants - Appropriated	54
A - 18	Schedule of Appropriation Reserves	55-56
A - 19	Schedule of Prepaid Taxes	57
A - 20	Schedule of Tax Overpayments	57
A - 21	Schedule of County Taxes Payable	58
A - 22	Schedule of Amount Due to County for Added Taxes	59
A - 23	Schedule of Local District School Tax	60
A - 24	Schedule of Regional High School Tax	60
A - 25	Schedule of Due to State of New Jersey - Marriage License Fees	61

**TRUST FUNDS**

B - 1	Schedule of Cash - Treasurer	62
B - 2	Schedule of Cash - Collector	63
B - 3	Schedule of Reserve for Accumulated Absences	64
B - 4	Schedule of Reserve for Animal Control Expenditures	65
B - 5	Schedule of Amount Due from Current Fund - Animal Control Fund	66
B - 6	Schedule of Amount Due to State of New Jersey - Dept. of Health	66
B - 7	Schedule of Reserve for Law Enforcement Forfeiture	67
B - 8	Schedule of Reserve for Small Cities Program	67
B - 9	Schedule of Reserve for Escrow Review Fees	68
B - 10	Schedule of Reserve for Snow Removal Fees	68
B - 11	Schedule of Reserve for Recreation Expenditures	69
B - 12	Schedule of Outside Employment of Police	69
B - 13	Schedule of Reserve for Municipal Alliance	70
B - 14	Schedule of Reserve for Public Defender Trust	70
B - 15	Schedule of Reserve for Small Cities Revolving Loan	71
B - 16	Schedule of Reserve for Redemption of Tax Liens	72
B - 17	Schedule of Reserve for Tax Sale Premiums	72

**CITY OF NORTHFIELD  
TABLE OF CONTENTS**

Exhibit		Page No.
	GENERAL CAPITAL FUND	
C - 2	Schedule of Due from Current Fund	73
C - 3	Analysis of Cash	74
C - 4	Schedule of Deferred Charges to Future Taxation - Funded	75
C - 5	Schedule of Deferred Charges to Future Taxation - Unfunded	76
C - 6	Schedule of Capital Improvement Fund	77
C - 7	Statement of Improvement Authorizations	78
C - 8	Schedule of General Serial Bonds	79
C - 9	Schedule of Contracts Payable	80
C - 10	Schedule of Bonds and Notes Authorized but Not Issued	81
 <b>PART II</b>  		
	General Comments	82-84
	Findings and Responses	85
	Status of Prior Recommendations	85
	Recommendations	85

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**CITY OF NORTHFIELD**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2009**

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**ALLIANCE OF  
GOVERNMENTAL  
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330  
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of City Council  
City of Northfield, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Northfield, New Jersey, as of December 31, 2009 and 2008, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the City of Northfield's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Length of Service Awards Program of the City of Northfield has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the City's financial statements.

As described in Note 1, the City of Northfield, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The City has not included a disclosure related to future liabilities for post employment benefits. Accounting principles generally accepted in the United States of America require that all required disclosures be presented as part of the basic financial statements. The result of this departure will not affect the balance sheet – regulatory basis.

In our opinion, because of the City’s policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Northfield as of December 31, 2009 and 2008 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Service Awards Plan and the affects of the required disclosure, as described above, present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Northfield, New Jersey as of December 31, 2009 and 2008 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2009 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2010 on our consideration of the City of Northfield'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming and opinion on the financial statement of the City of Northfield. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kenneth W. Moore*

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

*Alliance of Governmental Auditors, LLC*

Alliance of Governmental Auditors, LLC  
Certified Public Accountants

May 14, 2010

**EXHIBIT A - CURRENT FUND**

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**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
December 31,**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Cash:			
Treasurer	A-4	\$ 3,770,401	3,967,856
Change Fund	A-8	350	350
		<u>3,770,751</u>	<u>3,968,206</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	354,699	382,400
Tax Title Liens Receivable	A-10	13,111	11,207
Miscellaneous Liens Receivable	A-10	4,069	1,847
Property Acquired / Assessed Valuation	A-11	19,200	19,200
Sewer Rents Receivable	A-6	52,847	46,363
Sewer Liens Receivable	A-10	1,704	1,079
Due from the Dog Trust		4,090	2,092
Due from the Grant Fund	A-5	33,674	-
Revenue Accounts Receivable	A-13	14,398	14,248
	A	<u>497,792</u>	<u>478,436</u>
Deferred Charges:			
NJS 40A:4-53 Special Emergency Preparation of Tax Maps		40,000	50,000
Revaluation		350,000	-
		<u>4,658,543</u>	<u>4,496,642</u>
Federal and State Grant Fund:			
Due from Current Fund		-	102,029
Federal and State Grants Receivable	A-14	465,633	1,154,570
		<u>465,633</u>	<u>1,256,599</u>
		<u>\$ 5,124,176</u>	<u>5,753,241</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
December 31,**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<b>Liabilities:</b>			
Appropriation Reserves	A-3:A-18	\$ 724,088	934,906
Accounts Payable		-	12,361
Encumbrances Payable	A-3	376,534	505,241
Payroll Taxes Payable	A-15	30,941	31,878
Sewer Rent Overpayments	A-7	3,577	2,185
Prepaid Taxes	A-19	202,206	158,609
Prepaid Sewer Rents		-	540
Tax Overpayments	A-20	34,067	26,918
Due to State of New Jersey - Senior Citizens and Veterans	A-12	13,950	12,200
Due to State of New Jersey - Marriage Fees	A-25	200	175
Due to State of New Jersey - DCA		1,256	894
Due to Federal and State Grant Fund		-	102,029
Burial Permits Payable		30	970
Reserve for Sale of Land	A	47,693	47,693
Reserve for Tax Maps		10,500	22,069
Reserve for Garden State Trust		38	47
Reserve for Revaluation		172,309	-
Due to County - Added Taxes	A-22	10,637	18,113
		<u>1,628,026</u>	<u>1,876,828</u>
Reserve for Receivables and Other Assets	A	497,792	478,436
Fund Balance	A-1	<u>2,532,725</u>	<u>2,141,378</u>
		<u>4,658,543</u>	<u>4,496,642</u>
<b>Federal and State Grant Fund:</b>			
Due to the Current Fund		33,674	-
Reserve for Grants Appropriated	A-17	387,316	1,154,392
Reserve for Grants Unappropriated	A-16	-	2,335
Encumbrances Payable	A-17	44,643	99,872
		<u>465,633</u>	<u>1,256,599</u>
		<u>\$ 5,124,176</u>	<u>5,753,241</u>

See Accompanying Notes to Financial Statements

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS  
For the Year Ended December 31,**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,201,000	1,405,000
Miscellaneous Revenues Anticipated	A-2	3,498,038	4,164,053
Receipts from Delinquent Taxes	A-2	373,779	311,854
Receipts from Current Taxes	A-2	23,863,345	23,096,148
Nonbudget Revenues	A-2	276,487	116,340
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-18	1,140,935	778,369
Interfund Returned	A	2,092	50,763
Miscellaneous Cancellation		3,731	1,281
		<u>30,359,407</u>	<u>29,923,808</u>
 <u>Expenditures:</u>			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	3,979,000	4,034,500
Other Expenses	A-3	3,866,567	3,583,739
Deferred Charges and			
Statutory Expenditures	A-3	215,000	204,500
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	203,977	201,527
Other Expenses	A-3	2,560,685	3,275,399
Capital Improvements	A-3	210,000	200,000
Municipal Debt Service	A-3	948,072	933,772
County Taxes	A-21	3,355,568	3,158,137
Due County for Added and Omitted Taxes	A-22	10,637	18,113
Regional High School Tax	A-24	4,679,693	4,607,854
Local District School Tax	A-23	9,054,187	8,685,559
Interfund Created	A	33,674	-
		<u>\$ 29,117,060</u>	<u>28,903,100</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS  
For the Year Ended December 31,**

	Ref.	2009	2008
Excess in Revenues	\$	1,242,347	1,020,708
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	A-3	350,000	50,000
Statutory Excess to Fund Balance		1,592,347	1,070,708
Fund Balance January 1	A	2,141,378	2,475,670
Total		3,733,725	3,546,378
Decreased by:			
Utilization as Anticipated Revenue	A-2	1,201,000	1,405,000
Fund Balance December 31	A	\$ 2,532,725	2,141,378

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,201,000		1,201,000	-
		1,201,000	-	1,201,000	-
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-13	4,800		5,000	200
Other	A-13	75,000		77,695	2,695
Fees and Permits	A-13	85,000		70,499	(14,501)
Fines and Costs:					
Municipal Court	A-13	245,000		225,394	(19,606)
Interest and Costs on Taxes	A-13	75,000		102,554	27,554
Interest on Investments and Deposits	A-13	50,000		28,774	(21,226)
Sewer Rentals	A-13	1,100,000		1,098,742	(1,258)
Consolidated Municipal Property Tax Relief Act	A-13	135,390		135,390	-
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-13	659,564		659,564	-
Garden State Trust	A-13	47		47	-
Uniform Construction Code Fees	A-13	106,000		121,380	15,380
County Share - Road Realignment	A-13	116,075		93,534	(22,541)
Linwood Share - Road Realignment	A-13	31,955		25,835	(6,120)
Linwood Share - Sewerage Department Costs	A-13	80,000		113,147	33,147
Utility Assessment Surplus	A-13	623		623	-
Uniform Fire Safety Act	A-13	6,239		5,089	(1,150)
Library Reimbursement per Moriarity Law	A-13	55,000		55,000	-
Library Maintenance Agreement	A-13	20,500		20,500	-

See Accompanying Notes to Financial Statements

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
<u>Miscellaneous Revenues: (Continued)</u>					
State and Federal Revenues Offset					
With Appropriations:					
Drunk Driving Enforcement Fund	A-14	\$ 5,205		5,205	-
Municipal Alliance on Alcoholism and Drug Abuse	A-14	13,145		13,145	-
Safe and Secure Communities Program	A-14	58,636		58,636	-
NJ Transportation Trust Fund Authority Act	A-14	150,000		150,000	-
Alcohol Education, Rehabilitation, and Enforcement	A-14		3,086	3,086	-
Community Development Block Grant	A-14	27,323		27,323	-
NJ Council on the Arts	A-14	1,100		1,100	-
Body Armor	A-14	2,335		2,335	-
NJ DOT Safe Routes	A-14		41,000	41,000	-
Bicycle & Pedestrian Safety	A-14	21,600		21,600	-
Cell Phone Crackdown	A-14	4,000		4,000	-
Pedestrian Safety	A-14		4,000	4,000	-
Over the Limit Under Arrest	A-14	3,827	6,000	9,827	-
Click It or Ticket	A-14	4,000		4,000	-
Atlantic County Open Space	A-14	300,000		300,000	-
Clean Community	A-14	10,984	3,030	14,014	-
Total Miscellaneous Revenue		<u>3,448,348</u>	<u>57,116</u>	<u>3,498,038</u>	<u>(7,426)</u>
Receipts from Delinquent Taxes	A-2	<u>200,000</u>	<u>-</u>	<u>373,779</u>	<u>173,779</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	<u>7,313,358</u>	<u>-</u>	<u>7,349,781</u>	<u>36,423</u>
Budget Totals		<u>12,162,706</u>	<u>57,116</u>	<u>12,422,598</u>	<u>202,776</u>
Nonbudget Revenues	A-2	<u>-</u>	<u>-</u>	<u>276,487</u>	<u>276,487</u>
		<u>\$ 12,162,706</u>	<u>57,116</u>	<u>12,699,085</u>	<u>479,263</u>

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-9	\$ <u>23,863,345</u>
Net Revenue from Collections	A-1	23,863,345
Allocated to:		
School and County Taxes	A-9	<u>17,100,085</u>
Balance for Support of Municipal Budget Appropriations		6,763,260
Add:		
Appropriations "Reserve for Uncollected Taxes"	A-3	<u>586,521</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>7,349,781</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-9	\$ 373,779
Tax Title Lien Collections	A-10	<u>-</u>
	A-2	\$ <u><u>373,779</u></u>

**CURRENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Ref.</u>	
<u>ANALYSIS OF REALIZED REVENUES (Continued)</u>		
<u>Analysis of Non-Budget Revenues:</u>		
Photocopies	\$	238
Books, Maps and Copies of Ordinance		210
Rent of Municipal Property		1,000
DMV Inspection Fines		8,539
Police Detail Administration		2,335
Certified Lists		230
Construction fees		38,250
Reimbursements		37,795
Administration Fee		3,040
Recreation Impact Fees		17,500
Interest on Sewer		18,409
Auction Proceeds		143,587
Miscellaneous		<u>5,354</u>
A-1	\$	<u><u>276,487</u></u>
Cash	A-4	\$ <u>276,487</u>
		<u><u>276,487</u></u>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<b>OPERATIONS WITHIN "CAP"</b>						
<b>GENERAL GOVERNMENT:</b>						
Administrative and Executive						
Other Expenses	\$ 70,000	70,000	54,005	15,995		
Mayor and Council						
Salaries and Wages	76,500	76,500	75,712	788		
Other Expenses	7,000	7,000	3,382	3,618		
City Clerk						
Salaries and Wages	43,000	43,000	42,688	312		
Other Expenses						
Election Board	7,000	7,000	5,317	1,683		
Miscellaneous	30,000	30,000	11,212	18,788		
Financial Administration						
Salaries and Wages	131,000	131,000	129,445	1,555		
Other Expenses	10,000	10,000	4,264	5,736		
Municipal Prosecutor						
Other Expenses	15,500	15,500	15,500			
Audit Services						
Other Expenses	55,500	55,500	55,500			
Public Defender						
Other Expenses:	3,600	3,600	-	3,600		
Revenue Administration (Tax Collector)						
Salaries and Wages	86,500	86,500	86,364	136		
Other Expenses:	4,000	4,000	3,885	115		
Tax Assessment Administration						
Salaries and Wages	32,500	32,500	30,159	2,341		
Other Expenses	6,000	356,000	355,879	121		
Legal Services and Costs						
Other Expenses	95,500	95,500	89,532	5,968		
Insurance						
Workers' Compensation	246,012	246,012	228,906	17,106		
Group Insurance	1,385,000	1,385,000	1,286,484	98,516		
Other Insurance	161,400	161,400	116,584	44,816		
Municipal Court						
Salaries and Wages	122,000	122,000	117,946	4,054		
Other Expenses	11,000	11,000	9,120	1,880		
Planning Board						
Salaries and Wages	8,500	8,500	8,000	500		
Other Expenses	28,000	28,000	15,998	12,002		

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<b>OPERATIONS WITHIN "CAP" (Continued)</b>						
Engineering Services and Costs						
Other Expenses	43,000	43,000	32,456	10,544		
TOTAL General Government	2,678,512	3,028,512	2,778,338	250,174	-	-
<b>DEPARTMENT OF PUBLIC SAFETY:</b>						
Fire Official						
Salaries and Wages	\$ 10,000	10,000	7,533	2,467		
Other Expenses	2,000	2,000	149	1,851		
Fire Department						
Salaries and Wages	525,000	525,000	493,701	31,299		
Other Expenses:						
Fire Hydrant	88,000	88,000	85,689	2,311		
Miscellaneous Other Expenses	28,000	28,000	27,844	156		
Police Department						
Salaries and Wages	2,003,000	2,003,000	1,877,754	125,246		
Other Expenses	39,580	39,580	39,354	226		
Office of Emergency Management						
Salaries and Wages	2,000	2,000	2,000	-		
Other Expenses	4,000	4,000		4,000		
TOTAL Public Safety	2,701,580	2,701,580	2,534,024	167,556		-
<b>STREETS AND ROADS:</b>						
Streets and Road Maintenance						
Salaries and Wages	565,000	565,000	532,024	32,976		
Other Expenses	21,900	21,900	13,706	8,194		
Reserve for Snow Removal	100	100		100		
Maintenance of Automotive Equipment						
Other Expenses	60,000	60,000	59,201	799		
Solid Waste Collection						
Tipping Fees	531,500	531,500	528,916	2,584		
Public Buildings and Grounds						
Salaries and Wages	4,000	4,000	3,000	1,000		
Other Expenses	80,000	80,000	69,067	10,933		
Maintenance of Bike Path	2,000	2,000	292	1,708		
TOTAL Streets and Roads	1,264,500	1,264,500	1,206,206	58,294		

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<b>OPERATIONS WITHIN "CAP" (Continued)</b>						
<b>SANITATION</b>						
Sewerage						
Salaries and Wages	\$ 160,000	160,000	158,719	1,281		
Other Expenses	31,000	31,000	31,000	-	-	
TOTAL Sanitation	191,000	191,000	189,719	1,281	-	
<b>HEALTH AND WELFARE:</b>						
Dog Regulation						
Other Expenses	8,400	8,400	8,400	-	-	
TOTAL Health and Welfare	8,400	8,400	8,400	-	-	
<b>RECREATION AND EDUCATION:</b>						
Parks and Playgrounds						
Salaries and Wages	95,000	95,000	81,976	13,024		
Other Expenses						
Neighborhood Programs	5,000	5,000	5,000			
Miscellaneous Other Expenses:						
All Sports	13,225	13,225	13,168	57		
Little League	2,500	2,500	2,487	13		
Senior Citizens	750	750	750			
Conservation Commission						
Other Expenses	500	500		500		
TOTAL Recreation and Education	116,975	116,975	103,381	13,594	-	-
<b>UNIFORM CONSTRUCTION CODE (N.J.A.C. 5:23-4.17)</b>						
Construction Code Official						
Salaries and Wages	79,000	79,000	73,147	5,853		
Other Expenses	25,500	25,500	20,145	5,355		
Zoning / Housing Officer						
Salaries and Wages	36,000	36,000	35,535	465		
Other Expenses	2,100	2,100	1,385	715	-	
Total Uniform Construction Code	142,600	142,600	130,212	12,388	-	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAP" (Continued)</u>						
<u>UNCLASSIFIED:</u>						
Utilities:						
Gasoline	\$ 80,000	80,000	64,812	15,188		
Electricity	76,000	76,000	69,296	6,704		
Telephone and Telegraph	55,000	55,000	47,004	7,996		
Natural Gas	40,000	40,000	23,674	16,326		
Street Lighting	115,000	115,000	111,826	3,174		
Water	3,500	3,500	3,282	218		
Telecommunications	6,500	6,500		6,500		
Internet	6,000	6,000	3,538	2,462		
Street Sweeping	10,000	10,000	10,000	-	-	
TOTAL Unclassified	392,000	392,000	333,432	58,568	-	-
TOTAL OPERATIONS - WITHIN "CAP"	7,495,567	7,845,567	7,283,712	561,855	-	-
Detail:						
Salaries and Wages	3,979,000	3,979,000	3,755,703	223,297	-	-
Other Expenses	3,516,567	3,866,567	3,528,009	338,558	-	-
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES - WITHIN "CAP":</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	190,000	190,000	158,900	31,100		
Defined Contribution Retirement Program	2,000	2,000	1,427	573		
Reserve for Accumulated Leave	500	500		500		
Unemployment Compensation Insurance	12,500	12,500	10,030	2,470		
Deferred Charge - Tax Map	10,000	10,000	10,000			
TOTAL Deferred Charges and Statutory Expenditures - within "CAP"	215,000	215,000	180,357	34,643		-
TOTAL General Appropriations for Municipal Purposes - within "CAP"	7,710,567	8,060,567	7,464,069	596,498	-	-

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAP"</u>						
Maintenance of Free Public Library (P.L. 1985, c.82 and 541)	\$ 415,116	415,116	415,116			
Atlantic County Utilities Authority Service						
Charge - Contractual	620,000	620,000	620,000			
Police and Firemen's Retirement System	512,164	512,164	512,164			
LOSAP	22,500	22,500	11,000	11,500		
Public Employees Retirement System	136,462	136,462	128,400	8,062		
Recycling Tax Levy	11,000	11,000	9,452	1,548		
Dispatch						
Other Expenses	169,783	169,783	169,783			
Interlocal Road Realignment - Cedarbridge	148,030	148,030	121,169	26,861		
Linwood Share Sewerage - Interlocal Service Agreement	80,000	80,000	1,243	78,757		
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES - EXCLUDED FROM "CAP"</u>						
Clean Communities Program	10,984	14,014	14,014			
Drunk Driving Enforcement Fund:						
Police						
Salaries and Wages	5,205	5,205	5,205			
Match for Grants		-				
County of Atlantic Municipal Drug Alliance						
County Share	13,145	13,145	13,145			
City Share	3,286	3,286	3,286			
Safe and Secure Program:						
State Share	58,636	58,636	58,636			
Local Share	137,050	137,050	137,050			
NJ DOT Safe Routes		41,000	41,000			
NJ Council on the Arts	1,100	1,100	1,100			
Over the Limit Under Arrest	3,827	9,827	9,827			
Bicycle & Pedestrian Safety	21,600	21,600	21,600			
Cell Phone Crackdown	4,000	4,000	4,000			
Pedestrian Safety		4,000	4,000			
Atlantic County Open Space	300,000	300,000	300,000			
Community Development Block Grant	27,323	27,323	27,323			
Body Armor	2,335	2,335	2,335			
Click It or Ticket	4,000	4,000	4,000			
NJ Alcohol Education Rehabilitation		3,086	3,086			

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
TOTAL OPERATIONS - EXCLUDED FROM "CAP"	\$ 2,707,546	2,764,662	2,637,934	126,728	-	-
Detail:						
Salaries and Wages	200,891	203,977	203,977	-	-	-
Other Expenses	2,506,655	2,560,685	2,433,957	126,728	-	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP":</u>						
Capital Improvement Fund	25,000	25,000	25,000			
Sewer Repairs	20,000	20,000	19,138	862		
City Match for DOT	15,000	15,000	15,000			
NJ Transportation Trust Fund Authority Act	150,000	150,000	150,000			
TOTAL Capital Improvement Fund - Excluded from "CAP"	210,000	210,000	209,138	862	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	675,000	675,000	675,000		-	
Interest on Bonds	273,072	273,072	273,072		-	
TOTAL Municipal Debt Service - Excluded from "CAP"	948,072	948,072	948,072		-	
TOTAL General Appropriations for Municipal Purposes - Excluded from "CAP"	3,865,618	3,922,734	3,795,144	127,590	-	-
SUBTOTAL GENERAL APPROPRIATIONS	11,576,185	11,983,301	11,259,213	724,088	-	-
RESERVE FOR UNCOLLECTED TAXES	586,521	586,521	586,521			
TOTAL GENERAL APPROPRIATIONS	\$ 12,162,706	12,569,822	11,845,734	724,088	-	-
<u>Ref.</u>	A-2			A		A

**CURRENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

		<u>BUDGET AFTER MODIFICATION</u>		<u>PAID OR CHARGED</u>
	<u>Ref.</u>			
Appropriation by N.J.S. 40A:4-47	A-2	\$ 57,116		
Special Emergency - Revaluation	A-2	350,000		
Budget	A-2	<u>12,162,706</u>		
		<u>\$ 12,569,822</u>		
Reserve for Federal and State Grants	A-17		\$ 814,607	
Reserve for Uncollected Taxes	A-2		586,521	
Special Emergency			360,000	
Encumbrances Payable	A		376,534	
Disbursed	A-4		<u>9,708,072</u>	
			<u>\$ 11,845,734</u>	

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**EXHIBIT B - TRUST FUNDS**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
December 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Assessment Fund:			
Cash		\$ -	623
		-	623
Animal Control Fund:			
Cash - Treasurer	B-1	11,829	11,042
		11,829	11,042
Other Funds:			
Cash - Treasurer	B-1	1,532,752	1,672,108
Cash - Tax Collector	B-2	81,489	-
Small Cities Revolving Loans Receivable		63,175	78,105
		1,677,416	1,750,213
LOSAP (Unaudited)			
Investments - Held for LOSAP		116,771	88,591
		\$ 1,806,016	1,850,469

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
December 31,**

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Assessment Fund:			
Fund Balance		-	623
		-	623
Animal Control Fund:			
Due to Current Fund	B-5	4,090	2,092
Reserve for Animal Control Fund Expenditures	B-4	7,739	8,950
		11,829	11,042
Other Funds:			
Due to the State of NJ - Sales Tax		-	-
Reserves for:			
Law Enforcement Forfeiture	B-7	24,219	45,353
Escrow Fees	B-9	367,959	559,366
Snow Removal	B-10	27,400	23,300
Small Cities Grant Appropriation	B-8	166,496	151,566
Recreation Expenditures	B-11	101,467	113,485
Cultural Committee		11,978	12,293
Municipal Alliance	B-13	1,461	1,461
Outside Employment of Police	B-12	4,747	4,692
POAA		190	32
Public Defender	B-14	2,945	1,525
Recycling		31,569	25,014
Accumulated Sick and Vacation	B-3	779,149	721,952
Small Cities Revolving Loan	B-15	63,175	78,105
Redemption of Tax Liens	B-16	5,639	-
Tax Sale Premiums	B-17	75,850	1,000
Joint Insurance Funds		13,172	11,069
		1,677,416	1,750,213
LOSAP (Unaudited)			
Reserve for LOSAP		116,771	88,591
		\$ 1,806,016	1,850,469

See Accompanying Notes to Financial Statements

**EXHIBIT C - GENERAL CAPITAL FUND**

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**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**December 31,**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Cash - Treasurer	C-2	\$ 1,471	548,171
Deferred Charges to Future Taxation:			
Funded	C-4	6,569,000	7,244,000
Unfunded	C-5	<u>1,425,000</u>	<u>950,000</u>
		<u>7,995,471</u>	<u>8,742,171</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	6,569,000	7,244,000
Contracts Payable	C-9	175,263	591,680
Improvement Authorizations:			
Funded	C-7	254,574	311,928
Unfunded	C-7	878,452	476,381
Reserve for:			
Capital Improvement Fund	C-6	52,878	52,878
Fund Balance	C-1	<u>65,304</u>	<u>65,304</u>
		<u>\$ 7,995,471</u>	<u>8,742,171</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2009 and 2008 of \$1,425,000 and \$950,000.

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

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ 65,304
No current year activity		
Balance December 31, 2009	C	\$ <u>65,304</u>

**EXHIBIT D - GENERAL FIXED ASSETS**

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**GENERAL FIXED ASSET FUND**  
**STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**December 31,**

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
General Fixed Assets:		
Land, Building & Improvements	\$ 4,459,286	4,459,286
Machinery and Equipment	<u>3,930,448</u>	<u>4,406,762</u>
Total General Fixed Assets	<u><u>8,389,734</u></u>	<u><u>8,866,048</u></u>
 <u>Reserves</u>		
Investment in General Fixed Assets	\$ <u><u>8,389,734</u></u>	<u><u>8,866,048</u></u>

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Except as noted below, the financial statements of the City of Northfield include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Northfield, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Northfield Public Library is a component unit of the City. A separate audit is performed for the Library and will be made available for inspection upon completion.

**B. Description of Funds**

The accounting policies of the City of Northfield 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 City of Northfield accounts for its financial transactions through the following separate funds:

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

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

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

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

**C. Basis of Accounting**

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

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 City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City 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 City's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended 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 City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. No depreciation has been provided for in the financial statements.

Any capital assets of \$1,000 or more are capitalized

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

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

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

	Balance 12/31/08	Additions	Disposals	Balance 12/31/09
Buildings	\$4,459,287			4,459,287
Vehicles	3,018,495		(587,149)	2,431,346
Equipment	1,388,266	144,209	(33,373)	1,499,102
Total General Fixed Assets	<u>\$8,866,048</u>	<u>144,209</u>	<u>(620,522)</u>	<u>8,389,735</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 City of Northfield to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles 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 City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenues – Regulatory Basis and the Statement of Expenditures – Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2009 and 2008 statutory budget included a reserve for uncollected taxes in the amount of \$586,521 and \$480,851, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2009 and 2008 statutory budget was \$1,201,000 and \$1,405,000, 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 City Council. There were no transfers made in 2009.

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

<u>Grant Name</u>	<u>Amount</u>
Pedestrian Safety	\$ 4,000
Alcohol, Education and Rehabilitation	3,086
Clean Communities	3,030
Safe Routes to Schools	41,000
Over the Limit, Under Arrest	<u>6,000</u>
Total insertions for the year	<u>\$ 57,116</u>

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

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. As of December 31, 2009 the City has the following special emergencies:

Revision of Tax Maps	\$40,000
Revaluation	\$350,000

**Note 3: INVESTMENTS**

**Interest Rate Risk:** The municipality does 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. The City's cash management plan limits maturities to one year or less.

**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 City may invest in any one issuer.

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be 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, 2009 and 2008, \$0 of the municipality's bank balance of \$5,366,386 and \$6,176,622, respectively, was exposed to custodial credit risk.

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

**Note 5: LONG TERM DEBT**

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

	Balance <u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	Ending <u>Balance</u>	Due in <u>One Year</u>
General	\$ 7,244,000		675,000	6,569,000	730,000
Comp. Absence	<u>1,072,780</u>	<u>144,619</u>	<u>28,304</u>	<u>1,189,095</u>	<u>-</u>
Total	<u>\$ 8,316,780</u>	<u>144,619</u>	<u>703,304</u>	<u>7,758,095</u>	<u>730,000</u>

**Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:**

\$4,655,000 General Improvement Bond dated 9/1/02 payable in annual installments through 9/1/2015. Interest is paid semiannually at a rate of 2.50% to 4.00% per annum. The balance remaining as of December 31, 2009 was \$2,495,000.

\$4,999,000 General Improvement Bond dated 11/15/06 payable in annual installments through 12/1/2018. Interest is paid semiannually at a rate of 3.5% to 4.00% per annum. The balance remaining as of December 21, 2009 was \$4,074,000.

The aggregate debt requirements to maturity are as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	730,000	250,322	980,322
2011	775,000	223,898	998,898
2012	820,000	195,435	1,015,435
2013	855,000	163,635	1,018,635
2014	880,000	163,635	1,043,635
2015-2018	<u>2,509,000</u>	<u>220,052</u>	<u>2,729,052</u>
Total	<u>\$6,569,000</u>	<u>1,216,977</u>	<u>7,785,977</u>

General serial bonds are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Municipality.

As of December 31, 2009, the carrying value of the above bonds approximates the fair value of the bonds.

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

At December 31, 2009 and 2008, the City has authorized but not issued debt of \$1,425,000 and \$950,000, respectively.

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

Summary of Municipal Debt

	<u>2009</u>	<u>2008</u>	<u>2007</u>
General - Bonds, Loans and Notes	\$6,569,000	7,244,000	7,884,000
General - Bonds, Loans and Notes Authorized But Not Issued	1,425,000	950,000	
Net Bonds, Loans and Notes Issued and Authorized But Not Issued	<u>\$7,994,000</u>	<u>8,194,000</u>	<u>7,884,000</u>

Summary of Regulatory 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 regulatory net debt of 0.67%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 22,750,857	22,750,857	-
General Debt	7,994,000		7,994,000
	<u>\$ 30,744,857</u>	<u>22,750,857</u>	<u>7,994,000</u>

Net Debt \$7,994,000 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,186,947,045 = 0.67%.

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

3 1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 41,543,147 7,994,000
Remaining Borrowing Power	<u>\$ 33,549,147</u>

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

**Note 6: FUND BALANCES APPROPRIATED**

The 2010 budget has not been adopted as of the date of the audit.

**Note 7: SCHOOL TAXES**

Local District School Taxes and Regional High School Tax have been raised on a calendar year basis. There were no Local District School Taxes or Regional High School taxes payable at December 31, 2009.

**Note 8: 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 December 31, 2009	Balance December 31, 2008
Prepaid Tax	\$ 202,206	158,609
Cash Liability for Taxes Collected in Advance	<u>\$ 202,206</u>	<u>158,609</u>

**Note 9: PENSION FUNDS**

*Description of Plans*

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the 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 and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

*Public Employees' Retirement System*

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

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

jurisdiction.

*Police and Fireman's Retirement System*

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

*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 provide for employee contributions of 5% thru June 30, 2008 and 5.5% from July 1, 2008 to December 31, 2008 of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.9% of covered payroll and for PFRS a rate of 8.5% of covered payroll. The City's contributions to PERS for the years ending December 31, 2009, 2008 and 2007 were \$136,462, \$101,057 and \$53,736 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2009, 2008 and 2007 were \$512,164, \$483,513 and \$288,876 respectively, equal to the required contributions for each year.

**NOTE 10: POST-RETIREMENT BENEFITS**

**Plan Description**

The New Jersey State Health Benefits Commission administers cost-sharing multiple-employer health care plans under the State Health Benefits Program and the School Employees' health . The New Jersey State Health Benefits Plan (SHBP) provides access to health care coverage to eligible retirees who qualify based on state law and local requirements. Coverage under the current program includes medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State of New Jersey pays a portion of the cost for retirees, spouses and dependents.

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

Members of the Public Employees' Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligible at age 60
Early Retirement	Eligible after 25 years of service
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	Eligible after 10 years of service
Accidental Disability	Eligible upon total and permanent disability prior to age 65 as a result of a duty injury

Members of the Police and Firemen's Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligibility means age 55 or 20 years of credited service for an employee who is a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18, 2000. Mandatory at age 65.
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of service and is totally and permanently incapacitated from the performance of usual or available duties.
Accidental Retirement	Disability A member is eligible upon total and permanent incapacitation from the performance of usual and available duties as a result of injury during the performance of regular duties.

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

Special Disability Retirement	A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant.
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The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/shbp.htm>.

The City is a member of the SHBP and provides that its retirees will be covered if they have participated in either the PERS or the PFRS for 25 years. During 2009, 2008 and 2007 the City paid the SHBP \$1,286,485, \$1,116,490 and \$1,123,054 respectively for health care of employees and retirees. The amount paid for retirees was \$524,250, \$458,230 and \$410,901 respectively.

**Note 11: ACCRUED SICK AND VACATION BENEFITS**

City employees are covered by union contracts 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. Each contract details the amounts an employee will be compensated at retirement based on the current rate of pay upon retirement. It is estimated that the current cost of such unpaid compensation would approximate \$1,189,095 and \$1,072,780 as of December 31, 2009 and 2008, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absence liability. The City has established a reserve trust fund the balance at December 31, 2009 and 2008 is \$779,149 and \$721,952, respectively.

**Note 12: UNION CONTRACTS**

As of December 31, 2009, the City's employees are organized in three collective bargaining units. The contracts with the Policeman's Benevolent Association will expire December 31, 2010, the UWW contract will expire December 31, 2012 and the IAFF contract will expire December 31, 2011.

Bargaining Unit	Job Category	Members
PBA	Police	All uniformed police
UWW	Supervisory Employees and White and Blue Collar Employees	All employees except exempt employees, police, and fire
IAFF	Fire	All career fire fighters

**Note 13: ECONOMIC DEPENDENCY**

The City of Northfield is not economically dependent on any one business or industry within the City.

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

**Note 14: LITIGATION**

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

**Note 15: DEFERRED COMPENSATION**

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. 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.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

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

**Note 16: CONTRACTS AND COMMITMENTS**

As of December 31, 2009, the City had outstanding balances on various contracts in the amount of \$175,263. These contracts are funded through grants from the State of New Jersey Department of Transportation, and Bond Ordinances adopted by the City.

**Note 17: INTERFUND BALANCES**

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

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

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund	\$ 33,674	
Dog Fund	4,090	
Federal and State Grant Fund:		
Current Fund		33,674
Dog Fund:		
Current Fund		4,090
	<u>\$ 37,764</u>	<u>37,764</u>

The grant appropriations are expended prior to receipt of awards. The current fund must advance funds. The dog fund had a statutory excess at year end.

**Note 18: RISK MANAGEMENT**

The City 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 City maintains commercial insurance coverage for property, liability and surety bonds.

The City of Northfield is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The City 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 City 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 City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

There was no decrease in coverage or payments in excess of the City’s coverage during 2009.

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

**Note 19: LENGTH OF SERVICE AWARDS PROGRAM (Unaudited)**

During the year 2001 the voters of the City of Northfield approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who performed qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City has included \$22,500 in the 2009 budget for contributions to the LOSAP for volunteers who have met the established criteria. The 2010 budget has not been adopted.

## **SUPPLEMENTARY INFORMATION**

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**ALLIANCE OF  
GOVERNMENTAL  
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330  
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

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

The Honorable Mayor and  
Members of City Council  
City of Northfield, New Jersey

We have audited the financial statements - regulatory basis of the City of Northfield, New Jersey as of and for the year ended December 31, 2009, and have issued our report thereon dated May 14, 2010. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the City of Northfield, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”)

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the City of Northfield, New Jersey's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Northfield, New Jersey in a separate letter dated May 14, 2010.

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

*Kenneth W. Moore*

Kenneth W Moore, CPA  
Registered Municipal Accountant  
No. 231

*Alliance of Governmental Auditors, LLC*

Alliance of Governmental Auditors, LLC  
Certified Public Accountants

May 14, 2010

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

Schedule 1  
Sheet 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	To	Program or Award Amount	Balance 12/31/08	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cancelled	Balance 12/31/09	Cumulative Expenditures
<b>STATE OF NEW JERSEY</b>										
Department of Environmental Protection										
Clean Communities	4900-765-042-4900-004	01/01/09	12/31/09	14,015	-	14,015			14,015	-
Clean Communities	4900-765-042-4900-004	01/01/08	12/31/08	10,931	931		931		-	10,931
Municipal Alliance	4250-760-050000-63-262	01/01/09	12/31/09	13,145		13,145	13,143		2	13,143
Municipal Alliance	4250-760-050000-63-262	01/01/08	12/31/08	10,552	1			1	-	10,551
Department of Transportation										
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/08	12/31/08	140,000	130,300		130,300		-	140,000
NJ DOT - Mt.Vernone	6320-480-601395-61	01/01/09	12/31/09	150,000	-	150,000	149,668		332	149,668
NJ DOT - Safe Routes - Non Infrastructure	6320-480-601395-61	01/01/09	12/31/09	41,000	-	41,000			41,000	-
State of New Jersey State Police										
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09	12/31/09	3,086	-	3,086			3,086	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/08	12/31/08	4,370	4,370		2,146		2,224	2,146
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/07	12/31/07	1,857	554		554		-	1,857
Safe and Secure Communities	100-066-1020-107	01/01/09	12/31/09	58,636	-	58,636	58,636		-	58,636
Body Armor	1020-718-066-1020	01/01/09	12/31/09	2,335	-	2,335			2,335	-
Body Armor	1020-718-066-1020	01/01/08	12/31/08	2,567	2,567				2,567	-
Body Armor	1020-718-066-1020	01/01/07	12/31/07	2,360	988		(1,016)		2,004	356
Click it or Ticket		01/01/09	12/31/09	4,000	-	4,000	4,000		-	4,000
Over the Limit Under Arrest		01/01/09	12/31/09	9,827	-	9,827	9,436	391	-	9,827
Drunk Driving Enforcement		01/01/09	12/31/09	5,205	-	5,205			5,205	-
Drunk Driving Enforcement		01/01/08	12/31/08	4,448	4,448				4,448	-
Drunk Driving Enforcement		01/01/07	12/31/07	4,620	140		(1,491)		1,631	2,989
Pedestrian Safety		01/01/09	12/31/09	4,000	-	4,000	2,951	1,049	-	2,951
Bicycle & Pedestrian Safety		01/01/09	12/31/09	21,600	-	21,600	14,945	6,655	-	14,945
Cell Phone Crackdown		01/01/09	12/31/09	4,000	-	4,000	4,000		-	4,000
<b>Total State Assistance</b>					<b>\$ 144,299</b>	<b>330,849</b>	<b>388,203</b>	<b>8,096</b>	<b>78,849</b>	<b>426,000</b>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

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

Schedule 1  
Sheet 2

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	To	Program or Award Amount	Balance 12/31/08	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cancellation	Balance 12/31/09	Cumulative Expenditures
<b>FEDERAL:</b>										
US Department of Justice Bullet Proof Vests	16.607	01/01/08	12/31/08	1,625	1,625		1,625		-	1,625
Total Department of Justice					1,625	-	1,625	-	-	1,625
Homeland Security Department of Environmental Protection Stormwater Grant	66.605	01/01/08	12/31/08	8,468	8,468				8,468	-
Total Department of Environmental Protection					8,468	-	-	-	8,468	-
Housing and Urban Development Small Cities Community Development Block	14.218	01/01/09	12/31/09	27,323	-	27,323	27,323		-	27,323
Total Housing and Urban Development					-	27,323	27,323	-	-	27,323
Total Federal Assistance					\$ 10,093	27,323	28,948	-	8,468	28,948

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	Current Fund	
Balance December 31, 2008	A	\$	3,967,856
Increased by Receipts:			
Taxes Receivable	A-9	\$	23,918,145
Due from State of New Jersey (c.73, P.L.1976)	A-12		152,000
Prepaid Taxes	A-19		202,206
Lien Payments			3,513
Tax Overpayments	A-20		44,958
Sewer Overpayments	A-7		3,577
Federal and State Grants	A-5		337,778
Miscellaneous Revenue Anticipated	A-13		2,838,720
Miscellaneous Revenue Not Anticipated	A-2		276,487
Payroll and Withholdings	A-15		1,317,135
Reserve for Garden State Trust	A		38
Interfunds returned			2,092
Due to Trust			1,300,300
Due State for DCA Fees			10,076
Due State for Burial Fees			270
Due State for Marriage Licenses	A-25		1,050
			<u>30,408,345</u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Decreased by Disbursements:		
2008 Appropriation Reserves	A-18	299,212
2009 Appropriations	A-3	9,708,072
County Taxes	A-21	3,355,568
County Added Taxes	A-22	18,113
Regional High School Tax	A-24	4,679,693
Local District School Tax	A-23	9,054,187
Due State for Marriage Licenses	A-25	1,025
Payroll Taxes Paid	A-15	1,318,072
Due State for Burial Permits		1,210
Due State for DCA		9,681
Due to Trust		1,300,300
Refund of Tax Overpayments	A-20	27,664
Refund of Sewer Overpayments		113
Deferred Charges		189,260
Refunds of Revenue		27,020
Federal and State Grant Expenditures	A-5	<u>616,260</u>
		<u>30,605,450</u>
Balance December 31, 2009	A	\$ <u><u>3,770,751</u></u>

See Accompanying Auditor's Report

**CURRENT FUND**  
**SCHEDULE OF DUE TO/(FROM) FEDERAL AND STATE GRANT FUND**

Balance December 31, 2008	<u>Ref.</u> A		\$ 102,029
Increased by:			
Cancellation of Grants Appropriated	A-17	\$ 905,780	
Cancellation of Prior Year Encumbrances		32,524	
Cash Disbursed	A-17:4	616,260	
Realized as Anticipated Revenue	A-14	<u>659,271</u>	
			<u>2,213,835</u>
			(2,111,806)
Decreased by:			
Cancellation of Grants Receivable	A-14	1,008,095	
Cash Received	A-14:16	337,778	
Budget Appropriation	A-17	<u>799,607</u>	
			<u>2,145,480</u>
Balance December 31, 2009	A		<u><u>\$ 33,674</u></u>

**CURRENT FUND  
SCHEDULE OF SEWER RENTS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2008	A		\$ 46,363
Increased by:			
Sewer Billings	Res.		<u>1,107,411</u>
			1,153,774
Decreased by:			
Collections	A-13	1,098,742	
Overpayments Applied	A-7:A-13	<u>2,185</u>	
			<u>1,100,927</u>
Balance December 31, 2009	A		<u>\$ 52,847</u>

**SCHEDULE OF SEWER RENT OVERPAYMENTS**

	<u>Ref.</u>		
Balance December 31, 2008	A		\$ 2,185
Increased by:			
Overpayments in 2009	A-4		<u>3,577</u>
			5,762
Decreased by:			
Applied	A-1	<u>2,185</u>	
			<u>2,185</u>
Balance December 31, 2009	A		<u>\$ 3,577</u>

**CURRENT FUND  
SCHEDULE OF CHANGE FUNDS**

Office	Balance Dec. 31, 2008	Received From Treasurer	Returned to Treasurer	Balance Dec. 31, 2009
City Clerk	\$ 100			100
Municipal Court	150			150
Tax Collector	100			100
	<u>\$ 350</u>	<u>-</u>	<u>-</u>	<u>350</u>
Ref.	A	A-4	A-4	A

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

Year	Balance	2009 Levy	Added Taxes	Collections by Cash		(Transfers) or Canceled	Overpayments Applied	Transferred To Tax Title Liens	Balance
	12/31/2008			2008	2009				12/31/2009
Arrears \$	13,959				21,304	14,417			7,072
2008	368,441				352,475	(15,966)			-
	382,400				373,779	(1,549)	-	-	7,072
2009		24,308,411	181,483	158,610	23,694,616	277,018	10,119	1,904	347,627
\$	<u>382,400</u>	<u>24,308,411</u>	<u>181,483</u>	<u>158,610</u>	<u>24,068,395</u>	<u>275,469</u>	<u>10,119</u>	<u>1,904</u>	<u>354,699</u>
Ref.	A			A-19		Res.	A-20	A-10	A
			Cash	Ref.	\$ 23,918,145				
		State of New Jersey (c.73,P.L. 1976)		A-4	150,250				
				A-12	<u>24,068,395</u>				

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

Analysis of 2009 Property Tax Levy	<u>Ref.</u>		
Tax Yield:			
General Property Tax		\$	24,308,411
Added Taxes (54:4-63.1 et. seq.)			<u>181,483</u>
		\$	<u><u>24,489,894</u></u>
 Tax Levy:			
Regional High School Tax (Abstract)	A-29	\$	4,679,693
Local School District Tax (Abstract)	A-28		9,054,187
County Taxes:			
County Tax (Abstract)	A-26	\$	3,080,441
County Health Service Tax (Abstract)	A-26		212,901
County Open Space Tax (Abstract)	A-26		62,226
Due County for Added Taxes (R.S. 54:4-63.1 et seq.)	A-27		<u>10,637</u>
Total County Taxes			3,366,205
 Local Tax for Municipal Purposes	A-2		7,313,358
Add: Additional Tax Levied			<u>76,451</u>
			<u>7,389,809</u>
		\$	<u><u>24,489,894</u></u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF LIENS**

	<u>Ref.</u>		
Balance December 31, 2008	A		\$ 14,133
Increased by:			
Transfers			
Receivable	A-9	\$ <u>8,264</u>	<u>8,264</u>
			22,397
Decreased by:			
Miscellaneous Liens Collected in 2009	A-2:A-4	<u>3,513</u>	<u>3,513</u>
Balance December 31, 2009	A		\$ <u><u>18,884</u></u>
<u>Analysis of Balance:</u>			
Tax Title Liens		13,111	
Sewer Liens		1,704	
Miscellaneous Liens		<u>4,069</u>	
		<u><u>18,884</u></u>	

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)**

	<u>Ref.</u>	
Balance December 31, 2009 and 2008	A	\$ <u><u>19,200</u></u>

**CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY  
CHAPTER 20, P.L. 1971**

Balance December 31, 2008	<u>Ref.</u> A		\$ (12,200)
Increased by:			
Received from State of New Jersey	A-4	152,000	
Deductions Disallowed by Collector		<u>3,000</u>	
		<u>155,000</u>	
			<u>155,000</u>
			167,200
Decreased by:			
Deductions per Tax Billing:			
Senior Citizen		31,750	
Veterans		119,000	
Deductions Allowed by Collector		<u>2,500</u>	
		<u>153,250</u>	
			<u>153,250</u>
Balance December 31, 2009	A		\$ <u><u>(13,950)</u></u>
<u>Analysis of Amount Realized:</u>			
Senior Citizens' and Veterans'			
Deductions Per Tax Billings		\$ 150,750	
Senior Citizens' and Veterans'			
Deductions Allowed by Tax Collector - 2009		<u>2,500</u>	
			\$ 153,250
Less:			
Senior Citizens' and Veterans'			
Deductions Disallowed by Tax Collector - 2009			<u>3,000</u>
	A-9		\$ <u><u>150,250</u></u>

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance 12/31/2008	Accrued In 2009	Collected	Balance 12/31/2009
<b>Miscellaneous Revenues Anticipated</b>					
Alcoholic Beverage Licenses	A-2	\$ -	5,000	5,000	-
Other Licenses	A-2	-	77,695	77,695	-
Fees and Permits	A-2	-	70,499	70,499	-
Municipal Court:					
Fines and Costs	A-2	14,248	225,544	225,394	14,398 December
Interest and Costs on Taxes	A-2	-	102,554	102,554	-
Interest on Investments and Deposits	A-2	-	28,774	28,774	-
Sewerage Rentals	A-2	-	1,098,742	1,098,742	-
Energy Receipt Taxes	A-2	-	659,564	659,564	-
Consolidated Municipal Tax Relief Act	A-2	-	135,390	135,390	-
Garden State Trust	A-2	-	47	47	-
Uniform Construction Code Fees	A-2	-	121,380	121,380	-
County Share - Road Realignment	A-2	-	93,534	93,534	-
Linwood Share - Road Realignment	A-2	-	25,835	25,835	-
Linwood Share - Sewerage Department Costs-					
Interlocal Service Agreement	A-2	-	113,147	113,147	-
Uniform Fire Safety Act Fees	A-2	-	5,089	5,089	-
Utility Assessment Fund	A-2	-	623	623	-
Library Reimbursement per Moriarity Law	A-2	-	55,000	55,000	-
Library Rent	A-2	-	20,500	20,500	-
		\$ 14,248	2,838,917	2,838,767	14,398
Ref.		A		2,838,720 47 <u>2,838,767</u>	A

See Accompanying Auditor's Report

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

<u>Grant</u>	<u>Balance 12/31/2008</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance 12/31/2009</u>
Clean Communities Program	\$	14,014	14,014		-
Safe and Secure State		58,636	58,636		-
Alcohol Education Rehabilitation Fund		3,086	3,086		-
DDEF-DWI Police		5,205	5,205		-
NJ DOT - Mt. Vernon		150,000	103,228		46,772
NJ DOT - Non-Infrastructure		41,000			41,000
Body Armor		2,335	2,335		-
US Dept. of Justice Bulletproof Vest	1,625		1,625		-
Atlantic County Open Space	1,000,000	300,000		1,000,000	300,000
Municipal Alliance Grant					
2009 Grant		13,145			13,145
2008 Grant	10,552		10,552		-
NJ Transportation Trust - Safe Streets to Schools	140,000		105,000		35,000
Council on the Arts	275	1,100	1,100		275
DEP Stormwater	2,118				2,118
Community Development Block Grant		27,323			27,323
Cell Phone Crackdown		4,000	4,000		-
Click It or Ticket		4,000	4,000		-
Pedestrian Safety		4,000	2,951	1,049	-
Bicycle & Pedestrian Safety		21,600	14,945	6,655	-
Federal Homeland Security - Fire					-
Over the Limit Under Arrest		9,827	9,436	391	-
	<u>\$ 1,154,570</u>	<u>659,271</u>	<u>340,113</u>	<u>1,008,095</u>	<u>465,633</u>
<u>Ref.</u>	A	A-2		A-5	A
		Current Fund	A-4		
		Transferred from Unappropriated Reserves	A-16	337,778	
				2,335	
				<u>340,113</u>	

See Accompanying Auditor's Report

**SCHEDULE OF PAYROLL TAXES PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2008	A	\$ 31,878
Increased by:		
Cash Received	A-4	<u>1,317,135</u>
		1,349,013
Decreased by:		
Cash Disbursed	A-4	<u>1,318,072</u>
Balance December 31, 2009	A	\$ <u><u>30,941</u></u>

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

<u>Grant</u>	<u>Balance Dec. 31, 2008</u>	<u>Received</u>	<u>Anticipated in 2009 Budget</u>	<u>Balance Dec. 31, 2009</u>
Body Armor Grant	\$ 2,335		2,335	-
	<u>\$ 2,335</u>	<u>-</u>	<u>2,335</u>	<u>-</u>
Ref.	A	A-5	A-14	A



**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance 12/31/2008</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operations Within "CAP":				
General Administration				
Other Expenses	\$ 17,269	17,269	1,197	16,072
City Clerk				
Other Expenses	25,042	25,042	548	24,494
Financial Administration				
Other Expenses	6,141	6,141	568	5,573
Tax Collector				
Other Expenses	572	572	35	537
Planning Board				
Other Expenses	16,999	16,999	5,563	11,436
Tax Assessment Administration				
Other Expenses	4,226	4,226	325	3,901
Legal Services and Costs				
Other Expenses	36,388	36,388	4,184	32,204
Engineering				
Other Expenses	21,860	21,860	15,734	6,126
Public Buildings and Grounds				
Other Expenses	18,916	18,916	13,366	5,550
Solid Waste Tipping Fees	77,798	77,798	40,498	37,300
Fire Department				
Other Expenses	1,026	1,026	220	806
Sewer				
Other Expenses	3,942	3,942	2,233	1,709
Police Services				
Salaries and Wages	213,221	128,221	59,774	68,447
Other Expenses	7,706	7,706	4,523	3,183
Municipal Court				
Other Expenses	2,979	2,979	933	2,046
Streets and Roads				
Other Expenses	6,923	2,923	1,545	1,378
Maintenance of Auto Equipment				
Other Expenses	6,274	6,274	2,648	3,626
Animal Control Services				
Other Expenses	700	700	700	-
Parks and Playgrounds				
All Sports	2,676	2,676	2,500	176

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2008</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Uniform Construction Code				
Construction Code Official				
Other Expenses	604	604	102	502
Zoning / Housing Officer				
Other Expenses	348	348	176	172
Utilities				
Internet	2,700	2,700	300	2,400
Gasoline	19,955	19,955	3,674	16,281
Electricity	14,141	14,141	5,204	8,937
Telephone and Telegraph	7,765	7,765	610	7,155
Water Service	923	923	286	637
Street Lighting	19,430	19,430	10,089	9,341
Capital Improvements Excluded from "CAP":				
Sewer Repairs	13,046	13,046	922	12,124
Insurance				
Other	57,443	57,443	12,899	44,544
LOSAP	22,000	22,000	11,250	10,750
DCRP	1,144	1,144	297	847
Social Security	27,312	27,312	820	26,492
Linwood - Interlocal Agreement	78,824	78,824	38	78,786
Interlocal Road Realignment	153,066	153,066	5,036	148,030
Reserve for Snow Removal	100	4,100	4,100	-
Reserve for Accumulated Leave	500	85,500	85,500	-
Recycling Tax Levy	3,792	3,792	815	2,977
Other Accounts - No Changes	<u>546,396</u>	<u>546,396</u>		<u>546,396</u>
	\$ <u>1,440,147</u>	<u>1,440,147</u>	<u>299,212</u>	<u>1,140,935</u>
			A-4	A-1
Appropriation Reserves	\$ 934,906			
Encumbrances Payable	<u>505,241</u>			
	\$ <u>1,440,147</u>			

**CURRENT FUND  
SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>		
Balance December 31, 2008	A	\$	158,609
Increased by:			
Collection (2010 Taxes)	A-4	<u>202,206</u>	<u>202,206</u>
			360,815
Decreased by:			
Application to 2009 Taxes	A-9	<u>158,609</u>	<u>158,609</u>
Balance December 31, 2009 (2010 Taxes)	A	\$	<u><u>202,206</u></u>

**SCHEDULE OF TAX OVERPAYMENTS**

	<u>Ref.</u>		
Balance December 31, 2008	A	\$	26,918
Increased by:			
Adjustment Overpayments in 2009	A-4	<u>44,958</u>	<u>44,958</u>
			71,876
Decreased by:			
Application to Taxes	A-9	\$ 10,119	
Adjustment		26	
Refunds	A-4	<u>27,664</u>	<u>37,809</u>
Balance December 31, 2009	A	\$	<u><u>34,067</u></u>

**CURRENT FUND  
SCHEDULE OF COUNTY TAXES**

	<u>Ref.</u>	
Balance December 31, 2008		\$ -
Increased by:		
County General	\$ 3,080,441	
County Local Health	212,901	
County Open Space	62,226	
		<u>3,355,568</u>
	A-1:A-9	<u>3,355,568</u>
Decreased by:		
Payments to County	A-4	<u>3,355,568</u>
Balance December 31, 2009		\$ <u><u>-</u></u>

**CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO COUNTY FOR ADDED TAXES**

	<u>Ref.</u>	
Balance December 31, 2008		\$ 18,113
Increased by:		
County Share of 2009 Levy	A-1:A-9	<u>10,637</u>
		28,750
Decreased by:		
Payments to County	A-4	<u>18,113</u>
Balance December 31, 2009		\$ <u><u>10,637</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2008	A	\$ -
Increased by:		
Levy - Calendar Year 2009	A-1:A-9	<u>9,054,187</u>
		9,054,187
Decreased by:		
Payments	A-4	<u>9,054,187</u>
Balance December 31, 2009	A	\$ <u><u>-</u></u>

**SCHEDULE OF REGIONAL HIGH SCHOOL TAX**

	<u>Ref.</u>	
Balance December 31, 2008	A	\$
Increased by:		
Levy - Calendar Year 2009	A-1:A-9	<u>4,679,693</u>
Decreased by:		
Payments	A-4	<u>4,679,693</u>
Balance December 31, 2009	A	\$ <u><u>-</u></u>

**CURRENT FUND**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES**

	<u>Ref.</u>		
Balance December 31, 2008	A	\$	175
Increased by:			
Cash Received for State Share of Licenses	A-4		<u>1,050</u>
			1,225
Decreased by:			
Cash Disbursed to State of New Jersey	A-4		<u>1,025</u>
Balance December 31, 2009	A	\$	<u><u>200</u></u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	Assessment	Animal Control	Other
Balance December 31, 2008		\$ 623	11,042	1,671,108
Increased by Receipts:				
Collector	B-3	-		
Animal Control Fees	B-6		4,311	
State Fees	B-8		871	
Miscellaneous Dog Fees	B-7		906	
Cultural Committee				2,633
Municipal Alliance				
Accumulated Sick and Vacation	B-5			85,500
Parking Offense Adjudication Act				158
Recycling				6,556
Joint Insurance Funds				4,430
Public Defender	B-16			4,820
Snow Removal	B-12			4,100
Law Enforcement Forfeiture	B-9			1,410
Small Cities Program	B-10			14,930
Escrow Review Fees	B-11			554,792
Fees and Permits -				
Birch Grove Park	B-13			53,500
Recreation Impact Fees	B-13			-
Due to the State of NJ - Sales Tax	B-13			571
Outside Employment of Police	B-14			13,063
		-	6,088	746,463
		623	17,130	2,417,571
Decreased by Disbursements:				
Transfer to Current Fund	B-3,7,14	623		
Dog Fund Expenditures	B-6		2,338	
State Fees	B-8		871	
Due to Current Fund			2,092	
Cultural Committee				2,948
Accumulated Sick and Vacation	B-5			28,304
Parking Offense Adjudication Act				
Joint Insurance Funds				2,328
Public Defender	B-16			3,400
Law Enforcement Forfeiture	B-9			22,543
Contractors' Expenditures	B-11			746,199
Birch Grove Park Expenditures	B-13			48,018
Recreation Impact Fees	B-13			17,500
Due to the State of NJ - Sales Tax	B-13			571
Outside Employment of Police	B-14			13,008
		623	5,301	884,819
Balance December 31, 2009	B	\$ -	11,829	1,532,752

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2008			\$ 1,000
Increased By Receipts:			
Redemption of Liens	B-18	47,789	
Premiums on Sales	B-19	<u>96,410</u>	
			<u>144,199</u>
			145,199
Decreased by Disbursements:			
Redemption of Liens	B-18	42,150	
Premiums on Sales	B-19	<u>21,560</u>	
			<u>63,710</u>
Balance December 31, 2009			\$ <u><u>81,489</u></u>

See Accompanying Auditor's Report

**TRUST FUND  
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES**

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 721,953
Increased by:		
Budget transfer	A-3	85,500
		<u>807,453</u>
Decreased by:		
Payouts	B-1	<u>28,304</u>
Balance December 31, 2009	B	<u><u>\$ 779,149</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2008	<u>Ref.</u> B		\$	8,950
Increased by:				
Animal Control Fees Collected - 2009	B-1			4,311
				<u>13,261</u>
Decreased by:				
Dog License Expenses	B-1	2,338		
Excess reserve due to Current	B-5	<u>3,184</u>		
				<u>5,522</u>
Balance December 31, 2009	B		\$	<u><u>7,739</u></u>

License Fees Collected:	
<u>Year</u>	<u>Amount</u>
2007	\$ 4,426
2008	<u>3,313</u>
	<u>\$ 7,739</u>

**TRUST FUND  
SCHEDULE OF AMOUNT DUE (TO)FROM CURRENT FUND -  
ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance December 31, 2008	A:B	\$	(2,092)
Increased by:			
Excess reserve paid to Current	B-1		<u>2,092</u>
			-
Decreased by:			
Late fees	B-1	295	
Cat Licenses	B-1	611	
Excess reserve due to Current	B-4	<u>3,184</u>	
			<u>4,090</u>
Balance December 31, 2009	A:B	\$	<u><u>(4,090)</u></u>

**SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY -  
DEPARTMENT OF HEALTH**

	<u>Ref.</u>		
Balance December 31, 2008	B	\$	-
Increased by:			
2009 State License Fees	B-1		<u>871</u>
			871
Decreased by:			
Disbursements to the State	B-1		<u>871</u>
Balance December 31, 2009	B	\$	<u><u>-</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FORFEITURE**

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 45,352
Increased by:		
Cash Receipts	B-1	<u>1,410</u>
		46,762
Decreased by:		
Expenditures	B-1	<u>22,543</u>
Balance December 31, 2009	B	<u>\$ 24,219</u>

Exhibit B-8

**SCHEDULE OF RESERVE FOR SMALL CITIES PROGRAM**

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 151,566
Increased by Receipts:		
Loan Repayments	B-15	<u>14,930</u>
Balance December 31, 2009	B	<u>\$ 166,496</u>

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

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 559,366
Increased by:		
Escrow Deposits Received	B-1	<u>554,792</u>
		1,114,158
Decreased by:		
Disbursements	B-1	<u>746,199</u>
Balance December 31, 2009	B	<u><u>\$ 367,959</u></u>

Exhibit B-10

**SCHEDULE OF RESERVE FOR SNOW REMOVAL FEES**

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 23,300
Increased by:		
Budget Appropriation	B-1	<u>4,100</u>
Balance December 31, 2009	B	<u><u>\$ 27,400</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2008	B	\$	113,485
Increased by:			
Fees and Permits -			
Birch Grove Park	B-1	\$	53,500
Reserve for Recreation Impact Fees	B-1		<u>          -</u>
			<u>53,500</u>
			166,985
Decreased by:			
Reserve for Recreation Impact Fees	B-1		17,500
Birch Grove Park Expenditures	B-1		<u>48,018</u>
			<u>65,518</u>
Balance December 31, 2009	B	\$	<u><u>101,467</u></u>

Exhibit B-12

**SCHEDULE OF OUTSIDE EMPLOYMENT OF POLICE**

	<u>Ref.</u>		
Balance December 31, 2008	B	\$	4,692
Increased by:			
Fees	B-1		<u>13,063</u>
			17,755
Decreased by:			
Payments to Current Fund	B-1		<u>13,008</u>
Balance December 31, 2009	B	\$	<u><u>4,747</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2008	B	\$	1,461
Increased by:			
Cash Receipts			-
Balance December 31, 2009	B	\$	1,461

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER TRUST**

	<u>Ref.</u>		
Balance December 31, 2008	B	\$	1,525
Increased by:			
Cash Receipts	B-1		4,820
			6,345
Decreased by:			
Cash Disbursements	B-1		3,400
Balance December 31, 2009	B	\$	2,945

**TRUST FUND  
SCHEDULE OF RESERVE FOR SMALL CITIES REVOLVING LOAN**

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 78,105
Decreased by:		
Loans repaid	B-8	<u>14,930</u>
Balance December 31, 2009	B	<u><u>\$ 63,175</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR REDEMPTION OF TAX LIENS**

Balance December 31, 2008	<u>Ref.</u> B	\$	-
Increased by:			
Redemption of Third Party Liens	B-2		<u>47,789</u>
			47,789
Decreased by Disbursements:			
Cash Disbursed to Lienholders	B-2		<u>42,150</u>
Balance December 31, 2009	B	\$	<u><u>5,639</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS**

Balance December 31, 2008	<u>Ref.</u> B	\$	1,000
Increased by:			
Tax Sale Premiums Received	B-2		<u>96,410</u>
			97,410
Decreased by Disbursements:			
Cash Disbursed	B-2		<u>21,560</u>
Balance December 31, 2009	B	\$	<u><u>75,850</u></u>

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance December 31, 2008	C		\$ 548,171
Increased by Receipts:			
Capital Improvement Fund	C-6	\$ 25,000	
		<u>25,000</u>	<u>25,000</u>
			573,171
Decreased by Disbursements:			
Improvement Authorizations	C-3	571,700	
		<u>571,700</u>	<u>571,700</u>
Balance December 31, 2009	C		\$ <u><u>1,471</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance 12/31/2008	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance 12/31/2009
		Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 65,304							65,304
Capital Improvement Fund	52,878		25,000			25,000		52,878
Encumbrances Payable	591,680					591,680	175,263	175,263
<u>Improvement Authorizations:</u>								
<u>Ordinance No.</u>								
5-03	Improvements to Building		949	949				-
4-04 amend 9-01	Various Building Improvements		25,000	3,551		9,000		12,449
5-04	Improvements to City Buildings		114,000					114,000
5-04	Various Alarm and Camera Systems		-					-
5-05	Various Drainage Improvements		-	27,500		77,037	104,537	-
5-05	Various Equipment		-					-
5-05	Various Road Improvements		-					-
5-05	Sewer Improvements		-					-
4-06	Stormwater Drainage improvements		-	85,493		8,016	93,509	-
4-06	Sewer system improvements/repairs		-	7,020			13,838	6,818
4-06	Acquisition of vehicles and equip		40,782			5,999		34,783
12-06	Various Stormwater improvements		-	150,000			150,000	-
12-06	Various sewer repairs		35,919				14,081	50,000
12-06	Improvements to Recreation Fields		-					-
12-06	Various Road repairs		79,068	148,702		22,478	92,426	314
4-08	Various Stormwater improvements		(357,033)	110,058		16,807	101,232	(382,666)
4-08	Various Sewer Repairs		7,500					7,500
4-08	Improvements to Recreation Fields		(116,586)	11,831		15,001	22,057	(121,361)
4-08	Various Road Improvements		5,000	26,596		20,925		(42,521)
4-08	Various Equipment and Vehicles		3,710					3,710
14-09	Purchase of Dump Truck and Plow						4,250	4,250
14-09	Various Road Improvements						15,250	15,250
14-09	Lights and Fencing at Rec Field						5,500	5,500
	\$ 548,171	-	25,000	571,700	-	791,943	791,943	1,471
	C:C-2		C-2	C-2; C-7	C-2			C:C-2

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

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ 7,244,000
Decreased by:		
Bond Payments	C-8	<u>675,000</u>
Balance December 31, 2009	C	<u><u>\$ 6,569,000</u></u>

NOT USED

Exhibit C-5

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Bonds Issued	Balance Dec. 31, 2009	Analysis of Balance December 31, 2008		Unexpended Improvement Authorizator
						Financed by Notes	Expended	
4-08	Various Stormwater improvements	\$ 455,810			455,810		382,666	73,144
4-08	Various Sewer Repairs	142,500			142,500			142,500
4-08	Improvements to Recreation Fields	186,200			186,200		121,361	64,839
4-08	Various Road Improvements	95,000			95,000		42,521	52,479
4-08	Various Equipment and Vehicles	70,490			70,490			70,490
14-09	Purchase of Dump Truck and Plow		80,750		80,750			80,750
14-09	Various Road Improvements		289,750		289,750			289,750
14-09	Lights and Fencing at Rec Field		104,500		104,500			104,500
		<u>\$ 950,000</u>	<u>475,000</u>	<u>-</u>	<u>1,425,000</u>	<u>-</u>	<u>546,548</u>	<u>878,452</u>
		C	C-8		C		C-3	C-8

See Accompanying Auditor's Report

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

Balance December 31, 2008	<u>Ref.</u> C		\$ 52,878
Increased by:			
2008 Budget Appropriation	C-2		25,000
			<u>77,878</u>
Decreased by:			
Improvement Authorizations	C-7		25,000
			<u>25,000</u>
Balance December 31, 2009	C		\$ <u><u>52,878</u></u>

**GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Ord. #	Improvement Description	Date	Amount	Balance		2009 Authorizations		P.O.'s Cancelled	Paid or Charged	Cancelled	Balance	
				December 31, 2008		Downpayment or Capital Improvement Fund	Deferred Charges to Future Taxation				December 31, 2009	
				Funded	Unfunded						Funded	Unfunded
<b>General Improvements</b>												
5-03	Improvements to Building	4/21/2003	10,000 \$	949					949		-	
Amended												
9-01 4-04	Various Building Improvements	4/6/2004	25,000	25,000					12,551		12,449	
5-04	Improvements to City Buildings	4/20/2004	114,000	114,000							114,000	
04-06	Sewer System Improvements/Repairs	4/4/2006	110,000	-				6,818			6,818	
04-06	Acquisition of vehicles and equip	4/4/2006	172,000	40,782					5,999		34,783	
12-06	Various Sewer Repairs	9/19/2006	50,000	35,919				14,081			50,000	
12-06	Various Road Repairs	9/19/2006	641,000	79,068					78,754		314	
4-08	Various Stormwater improvements	6/17/2008	479,800		98,777				25,633			73,144
4-08	Various Sewer Repairs	6/17/2008	150,000	7,500	142,500						7,500	142,500
4-08	Improvements to Recreation Fields	6/17/2008	196,000		69,614				4,775			64,839
4-08	Various Road Improvements	6/17/2008	100,000	5,000	95,000				47,521		-	52,479
4-08	Various Equipment and Vehicles	6/17/2008	74,200	3,710	70,490						3,710	70,490
14-09	Purchase of Dump Truck and Plow	9/8/2009	85,000			4,250	80,750				4,250	80,750
14-09	Various Road Improvements	9/8/2009	305,000			15,250	289,750				15,250	289,750
14-09	Lights and Fencing at Rec Field	9/8/2009	110,000			5,500	104,500				5,500	104,500
				<u>\$ 311,928</u>	<u>-</u>	<u>25,000</u>	<u>475,000</u>	<u>20,899</u>	<u>176,182</u>	<u>-</u>	<u>254,574</u>	<u>878,452</u>
				<b>C</b>	<b>C</b>	<b>C-5</b>	<b>C-3</b>		175,263	Encum	<b>C</b>	
									919	Cash		
									<u>176,182</u>			

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	9/1/2002	4,655,000	9/1/2010	380,000	3.50%	\$ 2,845,000		350,000	2,495,000
			9/1/2011	400,000	3.60%				
			9/1/2012	420,000	4.00%				
			9/1/2013	430,000	4.00%				
			9/1/2014	430,000	4.00%				
			9/1/2015	435,000	4.00%				
					<u>2,845,000</u>	<u>-</u>	<u>350,000</u>	<u>2,495,000</u>	
General Improvements	11/15/2006	4,999,000	12/1/2010	350,000	3.75%	4,399,000		325,000	4,074,000
			12/1/2011	375,000	3.75%				
			12/1/2012	400,000	3.75%				
			12/1/2013	425,000	3.75%				
			12/1/2014	450,000	3.75%				
			12/1/2015	475,000	3.75%				
			12/1/2016	500,000	3.75%				
			12/1/2017	600,000	3.75%				
			12/1/2018	499,000	4.00%				
					<u>4,399,000</u>	<u>-</u>	<u>325,000</u>	<u>4,074,000</u>	
					<u>\$ 7,244,000</u>	<u>-</u>	<u>675,000</u>	<u>6,569,000</u>	

**C**

**GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE**

Balance December 31, 2008	<u>Ref.</u> C	\$ 591,680
Increased by:		
Additional Contracts		175,263
Decreased by:		
Cash Disbursed	C-2	\$ 570,781
Canceled		<u>20,899</u>
		<u>591,680</u>
Balance December 31, 2009	C	<u><u>\$ 175,263</u></u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Authorizations</u>	<u>Bonds Issued</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2009</u>
<b><u>General Improvements</u></b>						
4-08	Various Stormwater improvements	\$ 455,810				455,810
4-08	Various Sewer Repairs	142,500				142,500
4-08	Improvements to Recreation Fields	186,200				186,200
4-08	Various Road Improvements	95,000				95,000
4-08	Various Equipment and Vehicles	70,490				70,490
14-09	Purchase of Dump Truck and Plow		80,750			80,750
14-09	Various Road Improvements		289,750			289,750
14-09	Lights and Fencing at Rec Field		104,500			104,500
		<u>\$ 950,000</u>	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>1,425,000</u>
			C-7	C-3		

See Accompanying Auditor's Report

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**CITY OF NORTHFIELD**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2009**

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## **GENERAL COMMENTS**

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$21,000."

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or services, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine if any clear-cut violations existed.

The minutes indicate that bids were requested by public advertising for the following items:

- Computer Services
- Drainage improvements
- Revaluation
- Sidewalk and Curbs
- Reconstruction of Intersections
- ADA Parking
- Telephone Service

Our examination of expenditures did not reveal any payments in excess of \$21,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 6, 2009, adopted the following resolutions authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the Council of the City of Northfield, County of Atlantic, State of New Jersey that as authorized by N.J.S.A. 54:4-67 as amended by Chapter 435 P.L., 1978, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date that they would become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent and eighteen percent (18%) per annum on any amount in excess of \$1,500.00, provided, however, that no interest shall be charged if payment is made within ten (10) days of the date upon which the tax or assessment becomes payable.

"IT IS FURTHER RESOLVED that nothing contained within this Resolution shall be construed to extend the time when taxes are due and payable nor the obligations to pay interest which shall commence on the due date if taxes are not paid within the ten (10) day grace period.

"BE IT RESOLVED by the the Council of the City of Northfield, County of Atlantic, State of New Jersey that as authorized by N.J.S.A. 54:4-67 as amended by Chapter 75 P.L., 1991, the governing body of the City of Northfield hereby establishes a penalty in the amount of six percent (6%) to be charged to a taxpayer with a delinquency in excess of Ten Thousand Dollars (\$10,000) who fails to pay that delinquency prior to the end of the calendar year.

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 June 3, 2008 and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2009	14
2008	12
2007	5

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

### **Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2009 and 2010 Taxes	5
Payments of 2009 and 2010 Sewer	5
Delinquent Taxes	4
Municipal Court	10

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

### Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2009	\$ 24,482,861	23,863,345	97.47%
2008	23,613,363	23,096,148	97.81%
2007	22,602,531	22,274,152	98.55%
2006	21,367,295	21,072,039	98.62%
2005	19,713,408	19,470,814	98.77%

### Comparative Schedule of Tax Rate Information

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	4.428	4.239	4.088	3.885	3.644
Apportionment of Tax Rate:					
Municipal	1.327	1.268	1.178	1.08	1.011
County	0.609	0.570	0.591	0.603	0.562
Local School	1.643	1.569	1.516	1.461	1.386
Regional High School	0.849	0.832	0.803	0.741	0.685
Assessed Valuation	551,162,023	553,688,917	550,805,426	544,724,525	531,748,155

### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	13,111	354,699	367,810	1.50%
2008	11,207	382,400	393,607	1.67%
2007	9,249	328,586	337,835	1.49%
2006	6,485	280,253	286,738	1.34%
2005	7,280	240,368	286,738	1.45%

## **CURRENT YEAR FINDINGS**

### **09-1. Criteria**

The City is required to have an actuarial report prepared for post-retirement health benefit costs related to dental and vision coverage.

### **Condition**

The City did not contract with an actuary to determine the City's liability for post-retirement health benefits.

### **Cause**

The City believes it was cost prohibitive to obtain the required report.

### **Effect**

The liability for the post-retirement health benefits was unavailable for disclosure in the financial statements.

### **Recommendation**

The City should contract with a licensed actuary to determine the post-retirement health benefit costs related to dental and vision coverage.

### **Management**

The City will evaluate their alternatives to determine the most cost effective way to determine the City's liability for post-retirement health benefit costs.

## **STATUS OF PRIOR RECOMMENDATIONS**

**None**

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.

Very truly yours,

*Kenneth W. Moore*

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

*Alliance of Governmental Auditors, LLC*

Alliance of Governmental Auditors, LLC