

CITY OF NORTHFIELD

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
December 31, 2011**

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CITY OF NORTHFIELD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheet - regulatory basis of the various funds and account groups of the City of Northfield, New Jersey, as of December 31, 2011, the related statements of operations and changes in fund balance - regulatory basis for the year 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, 2011. 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. The financial statements for the year ended December 31, 2010 were audited by other auditors whose report dated May 18, 2011 expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unqualified opinion under the regulatory basis of accounting.

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.

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 practices differ from 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.

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, 2011 and 2010 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Northfield, New Jersey as of December 31, 2011 and 2010 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, 2011 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 4, 2012 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 an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

May 4, 2012

**EXHIBIT - A
CURRENT FUND**

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash:			
Treasurer	A-4	\$ 5,093,501	\$ 4,185,632
Change Fund		350	350
		<u>5,093,851</u>	<u>4,185,982</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	391,352	419,741
Tax Title Liens Receivable	A-7	17,353	13,941
Miscellaneous Liens Receivable	A-7	-	1,646
Property Acquired / Assessed Valuation		19,200	19,200
Sewer Rents Receivable	A-6	69,465	60,607
Sewer Liens Receivable	A-7	-	984
Due from the Dog Trust		2,747	3,120
Due from the Grant Fund	A	23,717	261,774
Due from Trust	B	-	429
Revenue Accounts Receivable	A-8	9,444	11,732
	A	<u>533,278</u>	<u>793,174</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	2,358	-
NJS 40A:4-53 Special Emergency Preparation of Tax Maps		20,000	30,000
Revaluation		210,000	280,000
		<u>5,859,487</u>	<u>5,289,156</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-13	153,388	508,845
		<u>153,388</u>	<u>508,845</u>
		<u>\$ 6,012,875</u>	<u>\$ 5,798,001</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Liabilities:			
Appropriation Reserves	A-3	\$ 960,891	\$ 787,381
Encumbrances Payable	A-3	257,083	374,423
Payroll Taxes Payable		44,219	31,708
Sewer Rent Overpayments	A-6	3,832	3,307
Prepaid Taxes	A-4	197,999	142,261
Tax Overpayments		17,298	76,572
Due to State of New Jersey - Senior Citizens and Veterans		11,836	10,440
Due to State of New Jersey - Marriage Fees		100	100
Due to State of New Jersey - DCA		2,617	1,076
Due to General Capital	A-4:C	140,000	-
Due to Library	A-4	4,067	-
Reserve for Sale of Land	A	47,692	47,692
Reserve for Tax Maps		5,455	5,455
Reserve for Revaluation		59,946	59,947
Reserve for Library Surplus	A-4	245,000	-
Due to County - Added Taxes	A-10	9,601	8,558
		<u>2,007,636</u>	<u>1,548,920</u>
Reserve for Receivables and Other Assets	A	533,278	793,174
Fund Balance	A-1	<u>3,318,573</u>	<u>2,947,062</u>
		<u>5,859,487</u>	<u>5,289,156</u>
Federal and State Grant Fund:			
Due to the Current Fund	A	23,717	261,774
Reserve for Grants Appropriated	A-14	110,565	111,479
Reserve for Grants Unappropriated	A-15	13,535	2,313
Encumbrances Payable	A-14	5,571	133,279
		<u>153,388</u>	<u>508,845</u>
		<u>\$ 6,012,875</u>	<u>\$ 5,798,001</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,474,000	\$ 1,380,000
Miscellaneous Revenues Anticipated	A-2	3,084,279	3,164,081
Receipts from Delinquent Taxes	A-2	409,710	349,217
Receipts from Current Taxes	A-2	25,760,891	25,029,235
Nonbudget Revenues	A-2	160,880	834,395
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	894,352	850,688
Interfund Returned	A	264,894	37,764
Miscellaneous Cancellation		954	10,606
		<u>32,049,960</u>	<u>31,655,986</u>
 <u>Expenditures:</u>			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	3,838,730	3,928,900
Other Expenses	A-3	3,771,171	3,629,730
Deferred Charges and			
Statutory Expenditures	A-3	960,841	877,328
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	195,434	210,839
Other Expenses	A-3	1,563,057	1,948,171
Capital Improvements	A-3	395,250	301,000
Municipal Debt Service	A-3	1,156,660	980,322
Deferred Charges	A-3	210,150	80,000
County Taxes	A-10	3,456,597	3,168,579
Due County for Added and Omitted Taxes	A-10	9,601	8,558
Regional High School Tax	A-12	5,073,676	5,010,283
Local District School Tax	A-11	9,521,834	9,448,577
Prior Year Revenue	A-4	30,089	7,588
Interfund Created	A	23,717	261,774
		<u>\$ 30,206,807</u>	<u>\$ 29,861,649</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>2011</u>	<u>2010</u>
Excess in Revenues		\$ 1,843,153	\$ 1,794,337
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	A-3	<u>2,358</u>	<u> </u>
Statutory Excess to Fund Balance		1,845,511	1,794,337
Fund Balance January 1	A	<u>2,947,062</u>	<u>2,532,725</u>
Total		4,792,573	4,327,062
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>1,474,000</u>	<u>1,380,000</u>
Fund Balance December 31	A	<u>\$ 3,318,573</u>	<u>\$ 2,947,062</u>

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
A-1	\$ 1,474,000	\$	1,474,000	-
	1,474,000	-	1,474,000	-
<u>Miscellaneous Revenues:</u>				
Licenses:				
A-8	7,500		10,000	2,500
A-8	75,000		78,308	3,308
A-8	70,000		51,280	(18,720)
Fees and Permits				
Fines and Costs:				
A-8	235,000		147,705	(87,295)
A-8	75,000		106,006	31,006
A-8	28,000		62,795	34,795
A-8	1,140,000		1,190,963	50,963
A-8	51,836		51,836	-
A-8	580,550		580,550	-
A-8	104,000		134,829	30,829
A-8	80,000		169,264	89,264
A-8	37,000		53,145	16,145
A-8	31,350		13,977	(17,373)
A-8	6,152		3,751	(2,401)
A-8	35,889		35,889	-
A-8	20,500		20,500	-
A-8	55,000		55,000	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	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:					
Municipal Alliance on Alcoholism and Drug Abuse	A-13	\$ 13,145	\$	13,145	\$ -
Safe and Secure Communities Program	A-13	53,995		53,995	-
NJ Transportation Trust Fund Authority Act	A-13	210,000		210,000	-
Alcohol Education, Rehabilitation, and Enforcement	A-13		2,076	2,076	-
Click it or Ticket	A-13		4,000	4,000	-
Over the Limit Under Arrest	A-13		4,400	4,400	-
COPS in Shops	A-13		1,600	1,600	-
Body Armor	A-13	2,313		2,313	-
NJ American Water Fire Fighter	A-13	1,000		1,000	-
Frank H. Stewart Trust	A-13	11,300		11,300	-
Clean Community	A-13		14,652	14,652	-
Total Miscellaneous Revenue		2,924,530	26,728	3,084,279	133,021
Receipts from Delinquent Taxes	A-2	200,000	-	409,710	209,710
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	7,818,487		8,051,584	233,097
Minimum Library Tax	A-2	350,749		350,749	-
Total Amount to be Raised by Taxation		8,169,236		8,402,333	233,097
Budget Totals		12,767,766	26,728	13,370,322	575,828
Nonbudget Revenues	A-2	-		160,880	160,880
		\$ 12,767,766	\$ 26,728	\$ 13,531,202	\$ 736,708
Ref.	A-3		A-3		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-5	\$ <u>25,760,891</u>
Net Revenue from Collections	A-1	25,760,891
Allocated to:		
School and County Taxes	A-5	<u>18,061,708</u>
Balance for Support of Municipal Budget Appropriations		7,699,183
Add:		
Appropriations "Reserve for Uncollected Taxes"	A-3	<u>703,150</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>8,402,333</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-5	\$ 409,587
Tax Title Lien Collections	A-7	<u>123</u>
	A-2	\$ <u><u>409,710</u></u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Ref.

ANALYSIS OF REALIZED REVENUES (Continued)

Analysis of Non-Budget Revenues:

Photocopies	\$	118	
Books, Maps and Copies of Ordinance		36	
Rent of Municipal Property		1,000	
Police Detail Administration		6,135	
Certified Lists		160	
Construction fees		31,900	
Reimbursements		74,495	
Health Insurance Reimbursement		3,253	
FEMA Reimbursement		35,793	
Miscellaneous		7,990	
	A-1:A-4	\$	160,880

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAP"						
GENERAL GOVERNMENT:						
Administrative and Executive						
Other Expenses	\$ 68,000	\$ 63,000	\$ 50,816	\$ 12,184	\$	
Mayor and Council						
Salaries and Wages	76,500	76,500	75,712	788		
Other Expenses	7,000	7,000	2,713	4,287		
City Clerk						
Salaries and Wages	50,530	50,530	49,025	1,505		
Other Expenses						
Election Board	7,000	7,000	5,208	1,792		
Miscellaneous	30,000	25,000	19,266	5,734		
Financial Administration						
Salaries and Wages	139,050	139,050	135,615	3,435		
Other Expenses	10,000	10,000	7,917	2,083		
Municipal Prosecutor						
Other Expenses	12,000	12,000	12,000			
Audit Services						
Other Expenses	49,500	49,500	48,500	1,000		
Public Defender						
Other Expenses:	4,500	4,500	300	4,200		
Revenue Administration (Tax Collector)						
Salaries and Wages	92,500	92,500	91,611	889		
Other Expenses:	4,000	4,000	3,822	178		
Tax Assessment Administration						
Salaries and Wages	34,500	34,500	29,622	4,878		
Other Expenses	6,500	6,500	6,140	360		
Legal Services and Costs						
Other Expenses	125,000	125,000	124,560	440		
Insurance						
Workers' Compensation	296,237	296,237	291,383	4,854		
Group Insurance	1,610,000	1,610,000	1,406,499	203,501		
Other Insurance	161,400	161,400	111,161	50,239		
Health Benefit Waiver	2,000	2,000	2,000			
Municipal Court						
Salaries and Wages	81,500	81,500	81,500	1,753		
Other Expenses	11,000	11,000	9,247			
Planning Board						
Salaries and Wages	8,500	8,500	7,333	1,167		
Other Expenses	21,000	21,000	14,670	6,330		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAP": (Continued)						
Engineering Services and Costs	\$ 43,000	\$ 43,000	\$ 14,073	\$ 28,927	\$ -	\$ -
Other Expenses	2,951,217	2,941,217	2,600,693	340,524	-	-
TOTAL General Government						
DEPARTMENT OF PUBLIC SAFETY:						
Fire Official						
Salaries and Wages	10,000	10,000	7,533	2,467		
Other Expenses	2,000	2,000	477	1,523		
Fire Department						
Salaries and Wages	472,500	472,500	468,283	4,217		
Other Expenses:						
Fire Hydrant	88,500	88,500	88,500	196		
Miscellaneous Other Expenses	28,000	28,000	27,804			
Police Department						
Salaries and Wages	1,926,000	1,926,000	1,830,414	95,586		
Other Expenses	78,325	78,325	77,468	857		
Office of Emergency Management						
Salaries and Wages	2,000	2,000	2,000	-		
Other Expenses	4,000	4,000	617	3,383		
TOTAL Public Safety	2,611,325	2,611,325	2,503,096	108,229		
STREETS AND ROADS:						
Streets and Road Maintenance						
Salaries and Wages	549,500	549,500	537,949	11,551		
Other Expenses	24,900	24,900	14,978	9,922		
Reserve for Snow Removal	100	100	-	100		
Maintenance of Automotive Equipment						
Other Expenses	60,000	70,000	65,860	4,140		
Solid Waste Collection						
Tipping Fees	452,134	452,134	401,148	50,986		
Public Buildings and Grounds						
Salaries and Wages	4,000	4,000	3,000	1,000		
Other Expenses	77,000	77,000	76,316	684		
Maintenance of Bike Path	2,000	2,000	-	2,000		
TOTAL Streets and Roads	1,169,634	1,179,634	1,099,251	80,383		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAP": (Continued)						
SANITATION						
Sewerage						
Salaries and Wages	\$ 168,000	\$ 168,000	\$ 166,385	\$ 1,615	\$ -	\$ -
Other Expenses	35,000	35,000	32,235	2,765	-	-
TOTAL Sanitation	203,000	203,000	198,620	4,380	-	-
HEALTH AND WELFARE:						
Dog Regulation						
Other Expenses	9,000	9,000	9,000	-	-	-
TOTAL Health and Welfare	9,000	9,000	9,000	-	-	-
RECREATION AND EDUCATION:						
Parks and Playgrounds						
Salaries and Wages	100,950	100,950	90,305	10,645	-	-
Other Expenses	5,000	5,000	5,000	-	-	-
Neighborhood Programs						
Miscellaneous Other Expenses:						
All Sports	13,225	13,225	10,314	2,911	-	-
Little League	2,500	2,500	1,648	852	-	-
Senior Citizens	750	750	749	1	-	-
Conservation Commission						
Other Expenses	500	500	-	500	-	-
TOTAL Recreation and Education	122,925	122,925	108,016	14,909	-	-
UNIFORM CONSTRUCTION CODE (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries and Wages	84,000	84,000	73,003	10,997	-	-
Other Expenses	25,500	25,500	19,243	6,257	-	-
Zoning / Housing Officer						
Salaries and Wages	38,700	38,700	37,699	1,001	-	-
Other Expenses	2,100	2,100	1,287	813	-	-
Total Uniform Construction Code	150,300	150,300	131,232	19,068	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET	APPROPRIATIONS BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDITURES RESERVED	UNEXPENDED BALANCE CANCELED	OVER EXPENDED
OPERATIONS WITHIN "CAP" (Continued)						
UNCLASSIFIED:						
Utilities:						
Gasoline	\$ 82,000	\$ 82,000	\$ 84,358	\$	\$	\$ 2,358
Electricity	78,000	78,000	72,095	5,905		
Telephone and Telegraph	50,000	50,000	48,017	1,983		
Natural Gas	40,500	40,500	37,580	2,920		
Street Lighting	116,000	116,000	114,493	1,507		
Water	3,500	3,500	3,490	10		
Telecommunications	6,500	6,500	-	6,500		
Internet	6,000	6,000	3,998	2,002		
Street Sweeping	10,000	10,000	-	10,000		
TOTAL Unclassified	392,500	392,500	364,031	30,827	-	2,358
TOTAL OPERATIONS - WITHIN "CAP"	7,609,901	7,609,901	7,013,939	598,320	-	2,358
Detail:						
Salaries and Wages	3,838,730	3,838,730	3,686,989	151,741	-	-
Other Expenses	3,771,171	3,771,171	3,326,950	446,579	-	2,358
DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAP":						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	164,090	164,090	164,090	-		
Police and Firemen's Retirement System	589,751	589,751	589,751	-		
Social Security System (O.A.S.I.)	190,000	190,000	163,925	26,075		
Defined Contribution Retirement Program	2,500	2,500	1,502	998		
Reserve for Accumulated Leave	500	500	-	500		
Unemployment Compensation Insurance	14,000	14,000	13,757	243		
TOTAL Deferred Charges and Statutory Expenditures - within "CAP"	960,841	960,841	933,025	27,816	-	-
TOTAL General Appropriations for Municipal Purposes - within "CAP"	8,570,742	8,570,742	7,946,964	626,136	-	2,358

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS EXCLUDED FROM "CAP"						
Maintenance of Free Public Library (P.L. 1985, c.82 and 541)	\$ 350,749	\$ 350,749	\$ 350,749	\$ -	\$ -	\$ -
Atlantic County Utilities Authority Service Charge - Contractual	800,000	800,000	698,299	101,701	-	-
LOSAP	22,500	22,500	-	22,500	-	-
Recycling Tax Levy	11,500	11,500	8,968	2,532	-	-
Dispatch						
Other Expenses	176,575	176,575	176,575	-	-	-
Linwood Share Sewerage - Interlocal Service Agreement	80,000	80,000	1,729	78,271	-	-
Light at Zion Rd. and Oak Ave.	31,350	31,350	14,465	16,885	-	-
Linwood Share of Court Costs						
Interlocal Service Agreement	37,000	37,000	32,525	4,475	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES - EXCLUDED FROM "CAP"						
Clean Communities Program		14,652	14,652	-	-	-
County of Atlantic Municipal Drug Alliance						
County Share	13,145	13,145	13,145	-	-	-
City Share	3,286	3,286	3,286	-	-	-
COPS in Shops		1,600	1,600	-	-	-
Safe and Secure Program:						
State Share	53,995	53,995	53,995	-	-	-
Local Share	137,050	137,050	137,050	-	-	-
Click It or Ticket 2011		4,000	4,000	-	-	-
Frank H. Steward Trust	11,300	11,300	11,300	-	-	-
NJ American Water Fire Fighter Over the Limit Under Arrest	1,000	1,000	1,000	-	-	-
Body Armor		4,400	4,400	-	-	-
NJ Alcohol Education Rehabilitation	2,313	2,313	2,313	-	-	-
		2,076	2,076	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAP"	1,731,763	1,758,491	1,532,127	226,364	-	-
Detail:						
Salaries and Wages	193,358	195,434	195,434	-	-	-
Other Expenses	1,538,405	1,563,057	1,336,693	226,364	-	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 0**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP":						
Capital Improvement Fund	\$ 60,250	\$ 60,250	\$ 60,250	\$ -	\$ -	\$ -
Signage for Municipal Building	75,000	75,000	-	75,000	-	-
Firefighter Protection Equipment	4,000	4,000	4,000	-	-	-
Sewer Repairs	25,000	25,000	12,609	12,391	-	-
City Match for DOT	21,000	21,000	-	21,000	-	-
NJ Transportation Trust Fund Authority Act	210,000	210,000	210,000	-	-	-
TOTAL Capital Improvement Fund - Excluded from "CAP"	395,250	395,250	286,859	108,391	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	775,000	775,000	775,000	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	140,000	140,000	140,000	-	-	-
Interest on Bonds	223,898	223,898	223,897	1	1	1
Interest on Notes	17,813	17,813	17,763	50	50	50
TOTAL Municipal Debt Service - Excluded from "CAP"	1,156,711	1,156,711	1,156,660	51	51	51
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 years (N.J.S.A. 40A:4-55)	80,000	80,000	80,000	-	-	-
Deferred Charge to Future Taxation Unfunded	130,150	130,150	130,150	-	-	-
TOTAL Deferred Charges - Municipal - Excluded from "CAPS"	210,150	210,150	210,150	-	-	-
TOTAL General Appropriations for Municipal Purposes - Excluded from "CAP"	3,493,874	3,520,602	3,185,796	334,755	51	-
SUBTOTAL GENERAL APPROPRIATIONS	12,064,616	12,091,344	11,132,760	960,891	51	2,358
RESERVE FOR UNCOLLECTED TAXES	703,150	703,150	703,150	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 12,767,766	\$ 12,794,494	\$ 11,835,910	\$ 960,891	\$ 51	\$ 2,358
<u>Ref.</u>	A-2		A			A

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AFTER MODIFICATION	PAID OR CHARGED
Appropriation by N.J.S. 40A:4-47	\$ 26,728	
Budget	12,767,766	
	\$ 12,794,494	
Reserve for Federal and State Grants		\$ 458,817
Reserve for Uncollected Taxes		703,150
Deferred Charges		210,150
Encumbrances Payable		257,083
Disbursed		10,206,710
		\$ 11,835,910

See Accompanying Notes to Financial Statements

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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>2011</u>	<u>2010</u>
Animal Control Fund:			
Cash - Treasurer	B-1	\$ <u>10,377</u>	<u>10,744</u>
		<u>10,377</u>	<u>10,744</u>
Other Funds:			
Cash - Treasurer	B-1	1,470,124	1,666,296
Cash - Tax Collector	B-2	83,352	86,882
Small Cities Revolving Loans Receivable	B-15	<u>44,398</u>	<u>48,175</u>
		<u>1,597,874</u>	<u>1,801,353</u>
LOSAP (Unaudited)			
Investments - Held for LOSAP		<u>140,837</u>	<u>128,930</u>
		\$ <u><u>1,749,088</u></u>	<u><u>1,941,027</u></u>

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

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Animal Control Fund:			
Due to Current Fund	B-5	2,747	3,120
Reserve for Animal Control Fund Expenditures	B-4	<u>7,630</u>	<u>7,624</u>
		<u>10,377</u>	<u>10,744</u>
Other Funds:			
Due to Current Fund		-	429
Reserves for:			
Law Enforcement Forfeiture	B-7	42,920	16,946
Escrow Fees	B-9	236,006	475,421
Snow Removal	B-10	33,317	32,500
Small Cities Grant Appropriation	B-8	181,496	181,496
Recreation Expenditures	B-11	108,140	111,146
Cultural Committee		10,468	13,134
Municipal Alliance	B-13	1,137	1,461
Outside Employment of Police	B-12	8,822	7,117
POAA		70	58
Public Defender	B-14	6,881	3,805
Recycling		46,639	31,569
Accumulated Sick and Vacation	B-3	780,149	779,649
Small Cities Revolving Loan	B-15	44,398	48,175
Tax Sale Premiums	B-17	83,352	86,882
Joint Insurance Funds		<u>14,079</u>	<u>11,565</u>
		<u>1,597,874</u>	<u>1,801,353</u>
LOSAP (Unaudited)			
Reserve for LOSAP		<u>140,837</u>	<u>128,930</u>
		<u>\$ 1,749,088</u>	<u>1,941,027</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash - Treasurer	C-2	\$ 1,104,056	\$ 558,298
Due from Current Fund		140,000	-
Deferred Charges to Future Taxation:			
Funded	C-4	5,064,000	5,839,000
Unfunded	C-5	<u>3,807,250</u>	<u>2,932,650</u>
		<u>10,115,306</u>	<u>9,329,948</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes Payable	C-8	2,660,000	1,425,000
Serial Bonds Payable	C-9	5,064,000	5,839,000
Contracts Payable	C-10	431,707	265,678
Improvement Authorizations:			
Funded	C-7	340,907	186,723
Unfunded	C-7	1,491,014	1,490,734
Reserve for:			
Capital Improvement Fund	C-6	52,878	52,878
Fund Balance	C-1	<u>74,800</u>	<u>69,935</u>
		<u>\$ 10,115,306</u>	<u>\$ 9,329,948</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2011 and 2010 of \$1,147,250 and \$1,507,650.

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

	<u>Ref.</u>		
Balance December 31, 2010	C	\$	69,935
Increased by:			
Premium on Sale of BAN's	C-3		<u>4,865</u>
Balance December 31, 2011	C	\$	<u>74,800</u>

EXHIBIT - G
GENERAL FIXED ASSETS

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

<u>Assets</u>	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Land, Building & Improvements	\$ 5,512,687	\$ 5,209,287
Machinery and Equipment	<u>4,262,074</u>	<u>4,215,306</u>
Total General Fixed Assets	<u><u>9,774,761</u></u>	<u><u>9,424,593</u></u>
 <u>Reserves</u>		
Investment in General Fixed Assets	\$ <u><u>9,774,761</u></u>	\$ <u><u>9,424,593</u></u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011 AND 2010

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, 2011 AND 2010

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, 2011.

	Balance 12/31/10	Additions	Disposals	Balance 12/31/11
Buildings	\$ 5,209,287	\$ 303,400	\$ -	\$ 5,512,687
Vehicles	2,515,702	28,633	(20,051)	2,524,284
Equipment	1,699,604	38,186		1,737,790
Total General Fixed Assets	<u>\$ 9,424,593</u>	<u>\$ 370,219</u>	<u>\$ (20,051)</u>	<u>\$ 9,774,761</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, 2011 AND 2010**

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 2011 and 2010 statutory budget included a reserve for uncollected taxes in the amount of \$703,150 and \$684,580, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2011 and 2010 statutory budget was \$1,474,000 and \$1,380,000, 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 material transfers made in 2011.

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 2011 calendar year.

<u>Grant Name</u>	<u>Amount</u>
Over the Limit Under Arrest	\$ 4,400
Alcohol, Education and Rehabilitation	2,076
COPs in Shops	1,600
Clean Communities	14,652
Click It or Ticket	4,000
	<hr/>
Total insertions for the year	<u>\$ 26,728</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011 the City has the following special emergencies:

Revision of Tax Maps
Revaluation

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, 2011 and 2010, \$0 of the municipality's bank balance of \$9,113,102 and \$6,569,684, respectively, was exposed to custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
General	\$ 5,839,000	\$ -	\$ 775,000	\$ 5,064,000	\$ 820,000
Comp. Absence	<u>1,211,152</u>	<u>61,954</u>	<u>30,073</u>	<u>1,243,033</u>	
Total	<u>\$ 7,050,152</u>	<u>\$ 61,954</u>	<u>\$ 805,073</u>	<u>\$ 6,307,033</u>	<u>\$ 820,000</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, 2011 was \$1,715,000.

\$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, 2011 was \$3,349,000.

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>	
2012	\$ 820,000	\$ 195,435	\$ 1,015,435
2013	855,000	163,635	1,018,635
2014	880,000	130,498	1,010,498
2015	910,000	96,423	1,006,423
2016-2018	1,599,000	123,630	1,722,630
			0
Total	<u>\$ 5,064,000</u>	<u>\$ 709,621</u>	<u>\$ 5,773,621</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, 2011, the carrying value of the above bonds approximates the fair value of the bonds.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

At December 31, 2011 and 2010, the City has authorized but not issued debt of \$1,147,250 and \$1,507,650, respectively.

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

Summary of Municipal Debt

	<u>2011</u>	<u>2010</u>	<u>2009</u>
General - Bonds, Loans and Notes	\$ 5,064,000	\$ 5,839,000	\$ 6,569,000
General - Bond Anticipation Notes	2,660,000	1,425,000	
Authorized But Not Issued	1,147,250	1,507,650	1,425,000
Net Bonds, Loans and Notes Issued and Authorized But Not Issued	<u>\$ 8,871,250</u>	<u>\$ 8,771,650</u>	<u>\$ 7,994,000</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 0.84%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 20,464,345	\$ 20,464,345	\$ -
General Debt	8,871,250		8,871,250
	<u>\$ 29,335,595</u>	<u>\$ 20,464,345</u>	<u>\$ 8,871,250</u>

Net Debt \$8,771,250 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
 \$1,050,730,065 = 0.84%.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 36,775,552
Net Debt	8,871,250
Remaining Borrowing Power	<u><u>\$ 27,904,302</u></u>

Note 6: NOTES PAYABLE

The City had outstanding at December 31, 2011, bond anticipation notes in the amount of \$2,660,000. The amount is payable to Oppeheimer & Co, Inc. The interest rate on the note is 1.35% per annum and will mature on November 1, 2012.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012 were as follows:

Current Fund \$1,250,000

The 2012 budget has not been adopted as of the audit completion date.

Note 8: 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, 2011.

Note 9: TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>December 31, 2011</u>	<u>Balance</u> <u>December 31, 2010</u>
Prepaid Tax	\$ 197,999	\$ 142,261
Cash Liability for Taxes Collected in Advance	<u><u>\$ 197,999</u></u>	<u><u>\$ 142,261</u></u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 10: 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.

Public Employees' Retirement System

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

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 5.5% 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, 2011, 2010 and 2009 were \$164,090, \$156,151, and \$136,462 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2011, 2010 and 2009 were \$589,751, \$542,655 and \$512,614 respectively, equal to the required contributions for each year.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11: 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.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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.
-----------------------	------------	---

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 2011, 2010 and 2009 the City paid the SHBP \$1,331,096, \$1,268,228 and \$1,286,485 respectively for health care of employees and retirees. The amount paid for retirees was \$540,437, \$504,392 and \$524,250 respectively.

Note 12: 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 \$1,243,033 and \$1,211,152 as of December 31, 2011 and 2010, 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, 2011 and 2010 is \$780,149 and \$779,649, respectively.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 13: UNION CONTRACTS

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

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

Note 14: ECONOMIC DEPENDENCY

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

Note 15: 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 16: 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 17: CONTRACTS AND COMMITMENTS

As of December 31, 2011, the City had outstanding balances on various contracts in the amount of \$431,707. These contracts are funded through grants from the State of New Jersey Department of Transportation, and Bond Ordinances adopted by the City.

Note 18: INTERFUND BALANCES

As of December 31, 2011, the following interfunds were included on the balance sheets of the various funds of the City of Northfield:

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund	\$ 23,717	\$ -
Dog Fund	2,747	
Capital		140,000
Federal and State Grant Fund:		
Current Fund		23,717
Dog Fund:		
Current Fund		2,747
Capital		
Current Fund	140,000	
	<u>\$ 166,464</u>	<u>\$ 166,464</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 19: 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 2011.

Note 20: 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 2012 budget for contributions to the LOSAP for volunteers who have met the established criteria.

Note 21: SUBSEQUENT EVENTS

The City has evaluated subsequent through May 4, 2012, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY INFORMATION

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

The Honorable Mayor and
Members of 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, 2011, and have issued our report thereon dated May 4, 2012. 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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we 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 audit 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 4, 2012.

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

May 4, 2012

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance 12/31/10	Receipts or Revenue Recognized	Disbursements/Expenditures	(Cancelled Prior Encumbrance)/Cancelled	Balance 12/31/2011	Cumulative Expenditures
STATE OF NEW JERSEY									
Department of Environmental Protection									
Clean Communities	4900-765-042-4900-004	01/01/11 12/31/11	\$ 14,652	\$ -	\$ 14,652	\$ -		\$ 14,652	\$ -
Clean Communities	4900-765-042-4900-004	01/01/10 12/31/10	14,585	14,585	5,718			8,867	5,718
Clean Communities	4900-765-042-4900-004	01/01/09 12/31/09	14,015	8,535	8,535			-	14,015
Municipal Alliance	4250-760-0500000-63-262	01/01/11 12/31/11	13,145	-	13,145			-	13,145
Sustainable Jersey		01/01/10 12/31/10	1,000	31	-			31	969
Department of Transportation									
NJ DOT - 2011	6320-480-601395-61	01/01/11 12/31/11	210,000	-	210,000			34,651	175,349
NJ DOT - Mt. Vernon	6320-480-601395-61	01/01/10 12/31/10	185,000	17,113	14,458			2,655	182,345
NJ DOT - Mt. Vernon	6320-480-601395-61	01/01/09 12/31/09	150,000	10,381	15,000	(5,276)		15,657	134,343
NJ DOT - Safe Routes - Non Infrastructure	6320-480-601395-61	01/01/09 12/31/09	41,000	8,010	8,002			8	40,992
State of New Jersey State Police									
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/11 12/31/11	2,076	-	2,076			2,076	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/10 12/31/10	2,539	2,539	-			2,539	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/09 12/31/09	3,086	3,086	1,026			2,060	1,026
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/08 12/31/08	4,370	624	624			-	4,370
Safe and Secure Communities	100-066-1020-107	01/01/11 12/31/11	53,995	-	53,995			-	53,995
Body Armor	1020-718-066-1020	01/01/11 12/31/11	2,313	-	2,313			2,313	-
Body Armor	1020-718-066-1020	01/01/10 12/31/10	1,062	1,062	-			1,062	-
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	1,418	749			669	1,898
Click It or Ticket		01/01/11 12/31/11	4,000	4,000	4,000			-	4,000
Over the Limit Under Arrest		01/01/11 12/31/11	4,400	4,400	2,557			1,843	2,557
COPS in Shops	1400-100-066-1400	01/01/11 12/31/11	1,600	1,600	1,184			416	1,184
Drunk Driving Enforcement		01/01/10 12/31/10	11,250	11,250	10,578			672	10,578
Drunk Driving Enforcement		01/01/09 12/31/09	5,205	2,231	2,231			-	5,205
NADD		01/01/10 12/31/10	5,000	5,000	2,546			2,454	2,546
Total State Assistance			\$ 88,200	\$ 306,181	\$ 304,697	\$ (5,276)		\$ 94,960	\$ 654,235
FEDERAL:									
Homeland Security									
Department of Environmental Protection	66.605	01/01/08 12/31/08	8,468	8,468	-			8,468	-
Stormwater Grant									
Total Department of Environmental Protection			8,468	8,468	-			8,468	-
Housing and Urban Development									
Small Cities Community Development Block	14.218	01/01/10 12/31/10	58,061	13,311	8,810			4,501	53,560
Total Housing and Urban Development			13,311	-	8,810			4,501	53,560
Total Federal Assistance			\$ 21,779	\$ -	\$ 8,810	\$ -		\$ 12,969	\$ 53,560

**Notes to the Schedules of Federal and State Financial Assistance
For the Year Ended December 31, 2011**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the City of Northfield, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

NOTE 2. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule don agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditure per Schedule of Federal and State Assistance	\$ 313,507
Plus: Local Assistance	11,165
Plus: Local Match	<u>140,336</u>
Expenditure per Schedule of Federal and State Grants Appropriated	<u><u>\$ 465,008</u></u>

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>	
Balance December 31, 2010	A	\$	4,185,982
Increased by Receipts:			
Taxes Receivable	A-5	\$ 25,826,353	
Due from State of New Jersey (c.73, P.L.1976)		147,645	
Prepaid Taxes	A	197,999	
Lien Payments	A-7	2,753	
Tax Overpayments	A	17,298	
Sewer Overpayments	A	525	
Federal and State Grants	A-13	671,625	
Miscellaneous Revenue Anticipated	A-8	2,765,798	
Miscellaneous Revenue Not Anticipated	A-2	160,880	
Unappropriated Grants	A-15	13,535	
Reserve for Library Surplus	A	245,000	
Due to Capital	A:C	140,000	
Due from Trust	B	429	
Due to Library	A	4,067	
Due State for DCA Fees		8,090	
Due State for Marriage Licenses		900	
		<hr/>	<hr/>
			30,202,897
Decreased by Disbursements:			
2010 Appropriation Reserves	A-9	267,452	
2011 Appropriations	A-3	10,206,710	
County Taxes	A-10	3,465,155	
Regional High School Tax	A-12	5,073,676	
Local District School Tax	A-11	9,521,834	
Due to Capital	A-3	130,150	
Due State for Marriage Licenses		900	
Due State for DCA		6,549	
Refund of Sewer Overpayments		1,414	
Refund of Tax Overpayments		3,660	
Refunds of Revenue		30,089	
Federal and State Grant Expenditures	A-14	459,437	
Prior Year Federal and State Grant Encumbrances		128,002	
		<hr/>	<hr/>
			29,295,028
Balance December 31, 2011	A	\$	<u>5,093,851</u>

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

Year	Balance 12/31/10	2011 Levy	Added Taxes	2010	Collections by Cash 2011	(Transfers) or Canceled	Overpayments Applied	Transferred To Tax Title Liens	Balance 12/31/11
Arrears 2010	\$ 6,496		\$		2,123	\$ 7,471	\$	\$	11,844
	413,245				405,177	(4,755)	2,287	1,026	-
2011	419,741	26,218,659	82,920	142,261	407,300	2,716	2,287	1,026	11,844
					25,565,303	158,822	53,327	2,358	379,508
	\$ 419,741	\$ 26,218,659	\$ 82,920	\$ 142,261	\$ 25,972,603	\$ 161,538	\$ 55,614	\$ 3,384	\$ 391,352
Ref. A				A-19		Res.		A-7	A
			Cash	Ref. A-4	\$ 25,826,353				
			State of New Jersey (c.73,P.L. 1976)		146,250				
					\$ 25,972,603				

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

	<u>Ref.</u>	
Analysis of 2011 Property Tax Levy		
Tax Yield:		
General Property Tax		\$ 26,218,659
Added Taxes (54:4-63.1 et. seq.)		<u>82,920</u>
		<u>\$ 26,301,579</u>
Tax Levy:		
Regional High School Tax (Abstract)	A-12	\$ 5,073,676
Local School District Tax (Abstract)	A-11	9,521,834
County Taxes:		
County Tax (Abstract)	A-10	\$ 3,208,474
County Health Service Tax (Abstract)	A-10	195,771
County Open Space Tax (Abstract)	A-10	52,352
Due County for Added Taxes (R.S. 54:4-63.1 et seq.)	A-10	<u>9,601</u>
Total County Taxes		3,466,198
Local Tax for Municipal Purposes	A-2	7,818,487
Add: Minimum Library Tax	A-2	350,749
Add: Additional Tax Levied		<u>70,635</u>
		<u>8,239,871</u>
		<u>\$ 26,301,579</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF SEWER RENTS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 60,607
Increased by:			
Sewer Billings	Res.		<u>1,200,049</u>
			1,260,656
Decreased by:			
Cancelations	Res.	\$ 228	
Collections	A-2	<u>1,190,963</u>	
			<u>1,191,191</u>
Balance December 31, 2011	A		<u>\$ 69,465</u>

**CURRENT FUND
SCHEDULE OF LIENS**

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 16,571
Increased by:			
Tax Sale	A-5	\$ 1,026	
Interest and Cost from Tax Sale		151	
Transfers			
2011 Receivable	A-5	<u>2,358</u>	<u>3,535</u>
			20,106
Decreased by:			
Sewer Lien Collections	A-4	984	
Tax Title Lien Collections	A-2	123	
Miscellaneous Liens Collected in 2011	A-2:A-4	<u>1,646</u>	<u>2,753</u>
Balance December 31, 2011	A		\$ <u><u>17,353</u></u>
 <u>Analysis of Balance:</u>			
Tax Title Liens		\$ 17,353	
Sewer Liens		-	
Miscellaneous Liens		-	
		<u>\$ 17,353</u>	

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance 12/31/10	Accrued In 2011	Collected	Balance 12/31/11
<u>Miscellaneous Revenues Anticipated:</u>					
Alcoholic Beverage Licenses	A-2	\$ -	\$ 10,000	\$ 10,000	-
Other Licenses	A-2	-	78,308	78,308	-
Fees and Permits	A-2	-	51,280	51,280	-
Municipal Court:					
Fines and Costs	A-2	11,732	145,417	147,705	9,444
Interest and Costs on Taxes	A-2	-	106,006	106,006	-
Interest on Investments and Deposits	A-2	-	62,795	62,795	-
Sewerage Rentals	A-2	-	1,190,963	1,190,963	-
Energy Receipt Taxes	A-2	-	580,550	580,550	-
Consolidated Municipal Tax Relief Act	A-2	-	51,836	51,836	-
Uniform Construction Code Fees	A-2	-	134,829	134,829	-
Linwood Share - Sewerage Department Costs-					
Interlocal Service Agreement	A-2	-	169,264	169,264	-
Linwood Share - Court Costs	A-2	-	53,145	53,145	-
Uniform Fire Safety Act Fees	A-2	-	3,751	3,751	-
ACUA FEMA Reimbursement	A-2	-	35,889	35,889	-
Interlocal - Light at Zion and Oak	A-2	-	13,977	13,977	-
Library Surplus Transfer	A-2	-	55,000	55,000	-
Library Rent	A-2	-	20,500	20,500	-
		\$ 11,732	\$ 2,763,510	\$ 2,765,798	\$ 9,444
	Ref.	A		A	A
			Cash Receipts	\$ 2,765,798	A-4
			Prior Receipts	-	-
				<u>\$ 2,765,798</u>	

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance 12/31/10</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operations Within "CAP":				
General Administration				
Other Expenses	\$ 19,085	\$ 17,085	\$ 281	\$ 16,804
Mayor and Council				
Other Expenses	4,717	4,717	415	4,302
City Clerk				
Other Expenses	22,168	22,168	616	21,552
Financial Administration				
Other Expenses	6,317	6,317	1,833	4,484
Audit				
Other Expenses	4,000	4,000	3,000	1,000
Tax Collector				
Other Expenses	926	926	240	686
Planning Board				
Other Expenses	8,840	8,840	2,263	6,577
Tax Assessment Administration				
Other Expenses	740	740	325	415
Legal Services and Costs				
Other Expenses	71,347	71,347	9,489	61,858
Engineering				
Other Expenses	32,109	32,109	8,005	24,104
Insurance				
Other Insurance	18,049	18,049	17,149	900
Public Buildings and Grounds				
Other Expenses	10,952	10,952	5,548	5,404
Solid Waste Tipping Fees	100,859	100,859	35,296	65,563
Fire Department				
Other Expenses	6,677	6,677	5,922	755
Hydrants	10,817	10,817	7,050	3,767
Sewer				
Other Expenses	1,422	2,422	1,690	732
Police Services				
Salaries and Wages	132,093	57,093	16,877	40,216
Other Expenses	7,628	7,628	3,458	4,170
Municipal Court				
Other Expenses	3,665	3,665	671	2,994
Streets and Roads				
Other Expenses	9,733	4,733	634	4,099
Maintenance of Auto Equipment				
Other Expenses	8,069	8,069	3,821	4,248
Animal Control Services				
Other Expenses	750	750	750	-
Parks and Playgrounds				
All Sports	1,271	1,271	980	291

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance 12/31/10</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Utilities				
Gasoline	\$ 19,731	\$ 19,731	\$ 6,572	\$ 13,159
Electricity	9,008	9,008	5,996	3,012
Telephone and Telegraph		-		-
Water Service		-		-
Street Lighting	10,312	11,312	11,214	98
Capital Improvements Excluded from "CAP":				
Sewer Repairs	5,802	5,802	2,440	3,362
Insurance				
Other		-		-
LOSAP	22,500	22,500	11,250	11,250
DCRP		-		-
Social Security		-		-
Linwood - Interlocal Agreement	79,245	79,245	101	79,144
ACUA Service Charge - Contract	21,700	96,700	78,873	17,827
Interlocal Road Realignment		-		-
Reserve for Snow Removal	100	5,100	5,100	-
Reserve for Accumulated Leave	500	500	500	-
Recycling Tax Levy	3,619	3,619	593	3,026
City Match for DOT	18,500	18,500	18,500	-
Other Accounts - No Changes	<u>488,553</u>	<u>488,553</u>		<u>488,553</u>
	<u>\$ 1,161,804</u>	<u>\$ 1,161,804</u>	<u>\$ 267,452</u>	<u>\$ 894,352</u>
Ref.			A-4	A-1
Appropriation Reserves	\$ 787,381			
Encumbrances Payable	<u>374,423</u>			
	<u>\$ 1,161,804</u>			

**CURRENT FUND
SCHEDULE OF COUNTY TAXES**

	<u>Ref.</u>		
Balance December 31, 2010			
County Taxes		\$ -	
Added and Omitted Taxes		<u>8,558</u>	
			\$ 8,558
Increased by:			
County General		3,208,474	
County Local Health		195,771	
County Open Space		52,352	
Added Taxes		<u>9,601</u>	
	A-1:A-5		<u>3,466,198</u>
			3,466,198
Decreased by:			
Payments to County	A-4		<u>3,465,155</u>
Balance December 31, 2011			
County Taxes		-	
Added and Omitted Taxes		<u>9,601</u>	
			<u>\$ 9,601</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ -
Increased by:		
Levy - Calendar Year 2011	A-1:A-5	<u>9,521,834</u>
		9,521,834
Decreased by:		
Payments	A-4	<u>9,521,834</u>
		-
Balance December 31, 2011	A	\$ <u><u>-</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ -
Increased by:		
Levy - Calendar Year 2011	A-1:A-5	<u>5,073,676</u>
		5,073,676
Decreased by:		
Payments	A-4	<u>5,073,676</u>
		-
Balance December 31, 2011	A	\$ <u><u>-</u></u>

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

<u>Grant</u>	<u>Balance 12/31/10</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance 12/31/11</u>
Clean Communities Program	\$ -	\$ 14,652	\$ 14,652		-
Safe and Secure State	-	53,995	26,998		26,997
Alcohol Education Rehabilitation Fund	-	2,076	2,076		-
NJ DOT - Mt. Vernon	46,772		46,472		300
NJ DOT - Mt. Vernon II	47,750		45,095		2,655
NJ DOT - Non-Infrastructure	41,000		39,479		1,521
NJ DOT 2011		210,000	124,437		85,563
Body Armor	-	2,313	2,313		-
Atlantic County Open Space	300,000		300,000		-
Municipal Alliance Grant					
2010 Grant	13,145				13,145
2011 Grant	-	13,145			13,145
NJ American Water Fire Fighter	-	1,000	1,000		-
Frank H. Stewart Trust	-	11,300	11,300		-
DEP Stormwater	2,118				2,118
Community Development Block Grant	58,060		53,560		4,500
Click It or Ticket	-	4,000	4,000		-
Over the Limit Under Arrest	-	4,400	2,556		1,844
COPS in Shop	-	1,600			1,600
	<u>\$ 508,845</u>	<u>\$ 318,481</u>	<u>\$ 673,938</u>	<u>\$ -</u>	<u>\$ 153,388</u>
<u>Ref.</u>	A	A-2			A
		Current Fund	A-4	\$ 671,625	
		Transferred from Unappropriated Reserves	A-15	<u>2,313</u>	
				<u>\$ 673,938</u>	

See Accompanying Auditor's Report

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

<u>Grant</u>	Balance 12/31/10	2011 Budget Appropriation	Expended	(Canceled Prior Encumb.) Canceled	Balance 12/31/11
Drunk Driving Enforcement Fund	\$ 13,481	\$	\$ 12,809	\$	672
Police Salaries and Wages	23,120	14,652	14,253		23,519
Clean Communities Program					
Municipal Alliance Grant					
County Share	-	13,145	13,145		-
Local Share	-	3,286	3,286		-
Safe and Secure Communities Program					
State Share	-	53,995	53,995		-
Local Share	-	137,050	137,050		-
Alcohol Education Rehabilitation Fund	6,249	2,077	1,650		6,676
US Department of Justice - Bulletproof Vest					
Body Armor	4,815	2,313	749		6,379
Atlantic County Open Space	1,500		1,500		-
NJ DOT - Safe Routes	8,010		8,002		8
NJ DOT - Mt. Vernon Avenue II	17,113		14,458	(5,276)	2,655
NJ DOT - Mt. Vernon Avenue	10,381				15,657
NJ DOT 2011		210,000	175,349		34,651
Frank H Stewart Trust	-	11,300	8,665		2,635
Sustainable Jersey	31				31
COPS in Shops	-	1,600	1,184		416
NJ DEP Stormwater Grant	8,468				8,468
Over the Limit Under Arrest	-	4,400	2,557		1,843
Community Development Grant	13,311		8,810		4,501
NADDI	5,000		2,546		2,454
Click It Ticket	-	4,000	4,000		-
NJ American Water Fire Fighter	-	1,000	1,000		-
	<u>\$ 111,479</u>	<u>\$ 458,818</u>	<u>\$ 465,008</u>	<u>\$ (5,276)</u>	<u>\$ 110,565</u>

Ref.

A

A-3

A

Encumbered	A	\$ 5,571
Current Fund	A-4	459,437
		<u>\$ 465,008</u>

See Accompanying Auditor's Report

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

Grant	Balance Dec. 31, 2010	Received	Anticipated in 2011 Budget	Balance Dec. 31, 2011
Body Armor Grant	\$ 2,313	\$ 2,375	\$ 2,313	\$ 2,375
DWI	11,160	11,160		11,160
	\$ 2,313	\$ 13,535	\$ 2,313	\$ 13,535
Ref. A	A	A-4	A-13	A

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2010		\$ 10,744	\$ 1,666,296
Increased by Receipts:			
Animal Control Fees	B-4	4,252	
State Fees	B-6	839	
Cultural Committee			3,384
Accumulated Sick and Vacation	B-3		500
Parking Offense Adjudication Act			12
Joint Insurance Funds			4,710
Public Defender	B-14		7,076
Snow Removal	B-10		817
Law Enforcement Forfeiture	B-7		38,379
Escrow Review Fees	B-9		84,522
Recycling			15,069
Fees and Permits - Birch Grove Park	B-11		61,490
Outside Employment of Police	B-12		35,888
		<u>5,091</u>	<u>251,847</u>
		<u>15,835</u>	<u>1,918,143</u>
Decreased by Disbursements:			
Dog Fund Expenditures	B-4	1,499	
State Fees	B-6	839	
Due to Current Fund	B-5	3,120	429
Cultural Committee			6,050
Municipal Alliance	B-13		324
Joint Insurance Funds			2,196
Public Defender	B-14		4,000
Law Enforcement Forfeiture	B-7		12,405
Contractors' Expenditures	B-9		323,937
Birch Grove Park Expenditures	B-11		64,495
Outside Employment of Police	B-12		34,183
		<u>5,458</u>	<u>448,019</u>
Balance December 31, 2011	B	<u>\$ 10,377</u>	<u>\$ 1,470,124</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2010			\$ 86,882
Increased By Receipts:			
Redemption of Liens	B-16	\$ 264,577	
Premiums on Sales	B-17	<u>101,807</u>	
			<u>366,384</u>
			453,266
Decreased by Disbursements:			
Redemption of Liens	B-16	264,577	
Premiums on Sales	B-17	<u>105,337</u>	
			<u>369,914</u>
Balance December 31, 2011			\$ <u><u>83,352</u></u>

See Accompanying Auditor's Report

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

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	779,649
Increased by:			
Budget Transfer	A-3:B-1		<u>500</u>
Balance December 31, 2011	B	\$	<u><u>780,149</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2010	<u>Ref.</u> B		\$	7,624
Increased by:				
Animal Control Fees Collected - 2011	B-1			4,252
				<u>11,876</u>
Decreased by:				
Dog License Expenses	B-1	\$		1,499
Excess Reserve Due to Current	B-5			<u>2,747</u>
				<u>4,246</u>
Balance December 31, 2011	B		\$	<u><u>7,630</u></u>

License Fees Collected:

Year	Amount
2009	\$ 3,440
2010	<u>4,190</u>
	<u>\$ 7,630</u>

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

	<u>Ref.</u>		
Balance December 31, 2010	A:B	\$	(3,120)
Increased by:			
Excess reserve paid to Current	B-1		<u>3,120</u>
			-
Decreased by:			
Statutory Excess Due to Current	B-4	\$	<u>2,747</u>
			<u>2,747</u>
Balance December 31, 2011	A:B	\$	<u><u>(2,747)</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	-
Increased by:			
2011 State License Fees	B-1		<u>839</u>
			839
Decreased by:			
Disbursements to the State	B-1		<u>839</u>
Balance December 31, 2011	B	\$	<u><u>-</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 16,946
Increased by:		
Cash Receipts	B-1	<u>38,379</u>
		55,325
Decreased by:		
Expenditures	B-1	<u>12,405</u>
	B	<u>\$ 42,920</u>

Exhibit B-8

SCHEDULE OF RESERVE FOR SMALL CITIES PROGRAM

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 181,496
No Current Year Activity		
Balance December 31, 2011	B	<u>\$ 181,496</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 475,421
Increased by:		
Escrow Deposits Received	B-1	<u>84,522</u>
		559,943
Decreased by:		
Disbursements	B-1	<u>323,937</u>
Balance December 31, 2011	B	<u><u>\$ 236,006</u></u>

SCHEDULE OF RESERVE FOR SNOW REMOVAL FEES

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 32,500
Increased by:		
Budget Appropriation	B-1	<u>817</u>
Balance December 31, 2011	B	<u><u>\$ 33,317</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	111,146
Increased by:			
Fees and Permits - Birch Grove Park	B-1	\$	<u>61,490</u>
			<u>61,490</u>
			172,636
Decreased by:			
Birch Grove Park Expenditures	B-1		<u>64,496</u>
			<u>64,496</u>
Balance December 31, 2011	B	\$	<u><u>108,140</u></u>

SCHEDULE OF OUTSIDE EMPLOYMENT OF POLICE

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	7,117
Increased by:			
Fees	B-1		<u>35,888</u>
			43,005
Decreased by:			
Payments to Current Fund	B-1		<u>34,183</u>
Balance December 31, 2011	B	\$	<u><u>8,822</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	1,461
Decreased by:			
Cash Disbursements			<u>324</u>
Balance December 31, 2011	B	\$	<u><u>1,137</u></u>

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER TRUST

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	3,805
Increased by:			
Cash Receipts	B-1		<u>7,076</u>
			10,881
Decreased by:			
Cash Disbursements	B-1		<u>4,000</u>
Balance December 31, 2011	B	\$	<u><u>6,881</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	48,175
Decreased by:			
Loans forgiven			<u>3,777</u>
Balance December 31, 2011	B	\$	<u><u>44,398</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR REDEMPTION OF TAX LIENS

Balance December 31, 2010	<u>Ref.</u> B	\$	-
Increased by:			
Redemption of Third Party Liens	B-2		<u>264,577</u>
			264,577
Decreased by Disbursements:			
Cash Disbursed to Lienholders	B-2		<u>264,577</u>
Balance December 31, 2011	B	\$	<u><u>-</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2010	<u>Ref.</u> B	\$	86,882
Increased by:			
Tax Sale Premiums Received	B-2		<u>101,807</u>
			188,689
Decreased by Disbursements:			
Cash Disbursed	B-2		<u>105,337</u>
Balance December 31, 2011	B	\$	<u><u>83,352</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 558,298
Increased by Receipts:			
Other	C-3	\$ 135,015	
BAN's	C-8	1,375,000	
Capital Improvement Fund	C-6	60,250	
		<hr/>	<hr/>
			1,570,265
			<hr/>
			2,128,563
Decreased by Disbursements:			
Improvement Authorizations	C-3	884,507	
Due from Current Fund	C-3	140,000	
		<hr/>	<hr/>
			1,024,507
Balance December 31, 2011	C		<u><u>\$ 1,104,056</u></u>

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	----- Receipts -----		----- Disbursements -----		----- Transfers -----		Balance 12/31/11
	Balance 12/31/10	BAN's	Miscellaneous	Improvement Authorizations	Miscellaneous	From	
Fund Balance	\$ 69,935		\$ 4,865				\$ 74,800
Capital Improvement Fund	52,878		60,250				52,878
Encumbrances Payable	265,678		(140,000)			60,250	431,707
Due from Current Fund						166,029	(140,000)
<u>Improvement Authorizations:</u>							
<u>Ordinance No.</u>							
4-04 amend 9-01	4						4
5-04	100,010						100,010
4-06	-						-
4-06	35,291			26,995		6,484	28,807
12-06	32,818						5,823
12-06	-						-
12-06	-						-
4-08	-					452	452
4-08	150,000			48,805			101,195
4-08	-						-
4-08	-						-
4-08	24,200					41,200	65,400
14-09	644					644	-
14-09	55,466			55,466			-
14-09	-						-
1-10	(234,640)			267,410		70,579	589,371
1-10	3,000	1,162,000		60,000			-
1-10	5,000	57,000		21,324			-
1-10	(3,550)	95,000		7,460			28,676
1-10	(5,286)	38,000					-
1-10	6,850	23,000		106,237			24,250
18-10			130,150				30,763
11-02a				290,810			25,750
11-02b						49,813	(315,873)
11-02c							5,500
11-02d						9,707	(8,457)
11-02e						3,000	3,000
	\$ 558,298	\$ 1,375,000	\$ 55,265	\$ 884,507	\$ -	\$ 274,467	\$ 1,104,056
	C:C-2	C-8	C-2	C-2; C-8	C-2	C-2	C-C-2

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

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 5,839,000
Decreased by:		
Bond Payments	C-9	<u>775,000</u>
Balance December 31, 2011	C	<u>\$ 5,064,000</u>

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

Ordinance Number	Improvement Description	Analysis of Balance				Unexpended Improvement Authorization
		Balance Dec. 31, 2010	2011 Authorizations	Raised in Budget	Balance Dec. 31, 2011	
4-08	Various Stormwater improvements	\$ 455,810	\$ -	\$ -	\$ 455,810	\$ -
4-08	Various Sewer Repairs	142,500	-	100,000.00	42,500	42,500
4-08	Improvements to Recreation Fields	186,200	-	-	186,200	186,200
4-08	Various Road Improvements	95,000	-	-	95,000	95,000
4-08	Various Equipment and Vehicles	70,490	-	40,000.00	30,490	30,490
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
1-10	Storm Water Drainage Improvements	1,163,750	-	-	1,163,750	1,163,750
1-10	Various Roadway Improvements	57,000	-	-	57,000	57,000
1-10	Equipment, Communications & Signs	95,000	-	-	95,000	95,000
1-10	Improvement to Recreation Area	38,000	-	-	38,000	38,000
1-10	Improvement to City Hall	23,750	-	-	23,750	23,750
18-10	Improvements to Jack Sloan & Joseph	130,150	-	130,150.00	-	-
11-02a	Storm Water Drainage	489,250	-	-	489,250	489,250
11-02b	Road Improvements	470,250	-	-	470,250	470,250
11-02c	Purchase of Equipment	104,500	-	-	104,500	104,500
11-02d	All-Sports Recreation Area Improvements	23,750	-	-	23,750	23,750
11-02e	Sanitary Sewer Improvements	57,000	-	-	57,000	57,000
		<u>\$ 2,932,650</u>	<u>\$ 1,144,750</u>	<u>\$ 270,150</u>	<u>\$ 3,807,250</u>	<u>\$ 2,660,000</u>
		C	C-7:C-11	A-3	C	C-8 C-3
						<u>\$ 324,330</u>
						<u>\$ 822,920</u>

Improvement Authorizations Unfunded\$	1,491,014
Less:	
Unexpended Proceeds of Bond	
Anticipation Notes Issued:	
4-08	\$ 167,047
1-10	501,047
	<u>668,094</u>
	<u>\$ 822,920</u>

See Accompanying Auditor's Report

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

Balance December 31, 2010	<u>Ref.</u> C		\$	52,878
Increased by:				
2011 Budget Appropriation	C-2	\$	<u>60,250</u>	60,250
				<u>113,128</u>
Decreased by:				
Improvement Authorizations	C-7			<u>60,250</u>
Balance December 31, 2011	C		\$	<u><u>52,878</u></u>

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Ord. #	Improvement Description	Date	Amount	Balance December 31, 2010		2011 Authorizations		Paid or Charged	Cancelled	Balance December 31, 2011		
				Funded	Unfunded	Downpayment or Capital Improvement Fund	Deferred Charges to Future Taxation			Funded	Unfunded	
General Improvements												
Amended												
9-01 4-04	Various Building Improvements	4/6/2004	\$ 25,000	\$	\$	\$	\$	\$	\$	\$	\$	
5-04	Improvements to City Buildings	4/20/2004	114,000	100,010						4	4	
04-06	Sewer System Improvements/Repairs	4/4/2006	110,000	-				6,484		28,807	-	
04-06	Acquisition of vehicles and equip	4/4/2006	172,000	35,291								
12-06	Various Sewer Repairs	9/19/2006	50,000	32,818				26,995		5,823	-	
12-06	Various Road Repairs	9/19/2006	641,000	-								
4-08	Various Stormwater improvements	6/17/2008	479,800	-							452	
4-08	Various Sewer Repairs	6/17/2008	150,000	142,500				48,805		100,000	1,195	
4-08	Improvements to Recreation Fields	6/17/2008	196,000	-							-	
4-08	Various Road Improvements	6/17/2008	100,000	-							-	
4-08	Various Equipment and Vehicles	6/17/2008	74,200	24,200						40,000	25,400	
14-09	Purchase of Dump Truck and Plow	9/8/2009	85,000	644				644			-	
14-09	Various Road Improvements	9/8/2009	305,000	55,466				55,466			-	
14-09	Lights and Fencing at Rec Field	9/8/2009	110,000	-							-	
1-10	Storm Water Drainage Improvements	1/26/2010	1,225,000	929,110				337,989			591,121	
1-10	Various Roadway Improvements	1/26/2010	60,000	57,000				60,000			-	
1-10	Equipment, Communications & Signs	1/26/2010	100,000	94,450				65,774			28,676	
1-10	Improvement to Recreation Area	1/26/2010	40,000	33,464				33,464			-	
1-10	Improvement to City Hall	1/26/2010	25,000	23,750						1,250	23,750	
18-10	Improvements to Jack Sloan & Joseph	12/18/2010	137,000	130,150				106,237		30,763	-	
11-02a	Storm Water Drainage	4/23/2011	515,000							25,750	489,250	
11-02b	Road Improvements	4/23/2011	495,000							470,250	154,377	
11-02c	Purchase of Equipment	4/23/2011	110,000					340,623		5,500	104,500	
11-02d	All-Sports Recreation Area Improvements	4/23/2011	25,000					9,707			15,293	
11-02e	Sanitary Sewer Improvements	4/23/2011	60,000							3,000	57,000	
				\$ 186,723	\$ 1,490,734	\$ 60,250	\$ 1,144,750	\$ 1,092,188	\$ -	\$ 340,907	\$ 1,491,014	
				C	C	C-6	C-5	C-10	Encum	C	C	
								207,681	Cash C-3			
								884,507				
								<u>1,092,188</u>				

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
4-08	Various Improvements	11/2/2010	11/1/2011	10/31/2012	1.35%	\$ 950,000	\$	\$ 140,000	\$ 810,000
14-09	Various Improvements	11/2/2010	11/1/2011	10/31/2012	1.35%	475,000			475,000
01-10	Various Improvements	11/1/2011	11/1/2011	10/31/2012	1.35%		1,375,000		1,375,000
						<u>\$ 1,425,000</u>	<u>\$ 1,375,000</u>	<u>\$ 140,000</u>	<u>\$ 2,660,000</u>
						C	C-2		C

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2010	Issued	Decreased	Balance Dec. 31, 2011
			Outstanding						
			Date	Amount					
General Improvements	9/1/2002	4,655,000	9/1/2012	\$ 420,000	4.00%	\$ 2,115,000	\$	400,000	\$ 1,715,000
			9/1/2013	430,000	4.00%				
			9/1/2014	430,000	4.00%				
			9/1/2015	435,000	4.00%				
						<u>2,115,000</u>	<u>-</u>	<u>400,000</u>	<u>1,715,000</u>
General Improvements	11/15/2006	4,999,000	12/1/2012	400,000	3.75%	3,724,000		375,000	3,349,000
			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>3,724,000</u>	<u>-</u>	<u>375,000</u>	<u>3,349,000</u>			
			<u>\$ 5,839,000</u>	<u>\$ -</u>	<u>\$ 775,000</u>	<u>\$ 5,064,000</u>			
			C			C-4	C		

**GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE**

Balance December 31, 2010	<u>Ref.</u> C	\$ 265,678
Increased by:		
Additional Contracts	C-7	1,092,188
Decreased by:		
Cash Disbursed	C-2:C-3	\$ 884,507
Canceled	C-7	<u>41,652</u>
		<u>926,159</u>
Balance December 31, 2011	C	<u><u>\$ 431,707</u></u>

See Accompanying Auditor's Report

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

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	BAN's Issued	Raised in Budget	Balance Dec. 31, 2011
<u>General Improvements</u>						
1-10	Storm Water Drainage Improvements	\$ 1,163,750	\$	1,162,000	\$	1,750
1-10	Various Roadway Improvements	57,000		57,000		-
1-10	Equipment, Communications & Signs	95,000		95,000		-
1-10	Improvement to Recreation Area	38,000		38,000		-
1-10	Improvement to City Hall	23,750		23,000		750
18-10	Improvements to Jack Sloan & Joseph	130,150			130,150	-
11-02a	Storm Water Drainage		489,250			489,250
11-02b	Road Improvements		470,250			470,250
11-02c	Purchase of Equipment		104,500			104,500
11-02d	All-Sports Recreation Area Improvements		23,750			23,750
11-02e	Sanitary Sewer Improvements		57,000			57,000
		<u>\$ 1,507,650</u>	<u>\$ 1,144,750</u>	<u>\$ 1,375,000</u>	<u>\$ 130,150</u>	<u>\$ 1,147,250</u>
			C-7	C-3	A-3	

See Accompanying Auditor's Report

CITY OF NORTHFIELD

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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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 \$17,500."

The governing body of the City of Northfield has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

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:

- Paving of roads
- Stormwater Facilities
- Traffic Signals
- Sanitary Sewer
- Police Car Video Cameras
- Drainage
- Fencing

Our examination of expenditures did not reveal any payments in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 4, 2011, 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 7, 2011 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>
2011	13
2010	13
2009	14

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 2011 and 2012 Taxes	5
Payments of 2011 and 2012 Sewer	5
Delinquent Taxes	4
Municipal Court	5

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>
2011	\$ 26,301,579	\$ 25,760,891	97.94%
2010	25,606,243	25,029,234	97.75%
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%

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	2.657	2.570	4.428	4.239	4.088
Apportionment of Tax Rate					
Municipal	0.792	0.799	1.327	1.268	1.178
Library	0.036				
County	0.350	0.319	0.609	0.570	0.591
Local School	0.965	0.949	1.643	1.569	1.516
Regional High School	0.514	0.503	0.849	0.832	0.803
Assessed Valuation	986,787,846	995,528,917	551,162,023	553,688,917	550,805,426

* Revaluation Completed in 2010

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>
2011	\$ 17,353	\$ 391,352	\$ 408,705	1.55%
2010	13,941	419,741	433,682	1.69%
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%

CURRENT YEAR FINDINGS

NONE

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

Ford Scott, & Associates, LLC

Ford, Scott & Associates, LLC