

CITY OF NORTHFIELD

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

FOR THE YEAR ENDED

December 31, 2023

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CITY OF NORTHFIELD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Northfield
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Northfield, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Northfield as of December 31, 2023 and 2022, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2023 and 2022, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Northfield and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Northfield's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Northfield's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Northfield's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Northfield basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2024, 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 effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Northfield's internal control over financial reporting and compliance.

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

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

April 12, 2024

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EXHIBIT A - CURRENT FUND

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

	2023	2022
<u>Assets</u>		
Cash:		
Treasurer	\$ 4,666,576.10	4,628,028.81
Change Fund	200.00	200.00
	4,666,776.10	4,628,228.81
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	230,260.68	291,044.39
Tax Title Liens Receivable	356,260.70	295,831.76
Miscellaneous Liens Receivable	668.40	443.35
Property Acquired / Assessed Valuation	12,800.00	12,800.00
Sewer Rents Receivable	52,534.93	82,837.50
Sewer Liens Receivable	4,398.68	3,423.68
Due from the Grant Fund		10,682.76
Due from Library	6,827.70	-
	663,751.09	697,063.44
Total Receivables and Other Assets	5,330,527.19	5,325,292.25
Total	5,330,527.19	5,325,292.25
Federal and State Grant Fund:		
Federal and State Grants Receivable	705,012.54	507,404.97
Due from Current Fund	165,250.48	
	870,263.02	507,404.97
	6,200,790.21	5,832,697.22

See Accompanying Notes to Financial Statements

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

	2023	2022
<u>Liabilities, Reserves and Fund Balance</u>		
Liabilities:		
Appropriation Reserves	435,665.93	727,056.39
Encumbrances Payable	332,649.02	591,389.69
Accounts Payable	271,144.51	425.00
Payroll Taxes Payable	250.36	31,848.92
Sewer Rent Overpayments	2,880.14	1,887.00
Prepaid Taxes	302,903.71	186,884.72
Tax Overpayments	39,464.90	2,381.50
Due to State of New Jersey - Senior Citizens and Veterans	15,502.48	14,410.49
Due to State of New Jersey - Marriage Fees	575.00	-
Due to State of New Jersey - DCA	2,355.00	2,342.00
Due to Mayor - Marriage Ceremony	325.00	-
Due to Trust Fund		252.24
Due to Grant Fund	165,250.48	-
Due to County - Added Taxes	29,628.61	43,012.13
Reserve for Municipal Relief Aid	65,961.28	32,987.72
	1,664,556.42	1,634,877.80
Reserve for Receivables and Other Assets	663,751.09	697,063.44
Fund Balance	3,002,219.68	2,993,351.01
	5,330,527.19	5,325,292.25
Federal and State Grant Fund:		
Due to the Current Fund	-	10,682.76
Reserve for Grants Appropriated	540,352.85	476,764.88
Reserve for Grants Unappropriated	1,971.73	10,735.50
Encumbrances Payable	327,938.44	9,221.83
	870,263.02	507,404.97
	\$ 6,200,790.21	5,832,697.22

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,

	2023	2022
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 2,075,000.00	2,239,000.00
Miscellaneous Revenues Anticipated	3,512,384.88	3,552,527.61
Receipts from Delinquent Taxes	258,233.86	233,342.05
Receipts from Current Taxes	30,803,958.68	30,159,725.53
Nonbudget Revenues	159,890.19	150,446.74
Nonbudget Revenues: Sale of Foreclosed Property		601.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	596,457.43	587,186.66
Sale of Municipal Assets	20,285.44	-
Interfund Returned	10,682.76	-
	37,436,893.24	36,922,829.59
<u>Expenditures:</u>		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	4,196,826.00	4,257,250.00
Other Expenses	4,175,751.00	4,160,552.59
Deferred Charges and		
Statutory Expenditures	1,190,945.00	1,127,893.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	82,532.00	55,732.00
Other Expenses	2,236,694.92	2,105,708.72
Capital Improvements	371,640.00	926,500.00
Municipal Debt Service	1,049,018.76	838,173.41
Deferred Charges	750.00	-
County Taxes	4,641,807.33	4,421,445.25
Due County for Added and Omitted Taxes	29,628.61	43,012.13
Regional High School Tax	6,437,911.00	6,341,729.00
Local District School Tax	10,932,692.00	10,808,786.00
Refund of Prior Year Revenue		125.00
State Aid Adjustment - Rounding Error	0.25	-
Interfund Created	6,827.70	10,682.76
	35,353,024.57	35,097,589.86

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>2023</u>	<u>2022</u>
Excess in Revenues	2,083,868.67	1,825,239.73
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	2,083,868.67	1,825,239.73
Fund Balance January 1	<u>2,993,351.01</u>	<u>3,407,111.28</u>
Total	5,077,219.68	5,232,351.01
Decreased by:		
Utilization as Anticipated Revenue	<u>2,075,000.00</u>	<u>2,239,000.00</u>
Fund Balance December 31	<u>\$ 3,002,219.68</u>	<u>2,993,351.01</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,075,000.00	-	2,075,000.00	-
Miscellaneous Revenues:	2,075,000.00	-	2,075,000.00	-
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	7,500.00		7,500.00	-
Other	70,000.00		84,855.73	14,855.73
Fees and Permits	75,000.00		237,117.69	162,117.69
Fines and Costs:				
Municipal Court	40,000.00		52,392.60	12,392.60
Interest and Costs on Taxes	55,000.00		77,945.04	22,945.04
Interest on Investments and Deposits	27,000.00		93,645.60	66,645.60
Sewer Rentals	1,440,000.00		1,554,457.83	114,457.83
Total Section A: Local Revenues	1,714,500.00	-	2,107,914.49	393,414.49
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Act			-	-
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	636,757.00		636,757.00	-
Reserve for State Aid	32,988.00		32,988.00	-
Total Section B: State Aid Without Offsetting Appropriations	669,745.00	-	669,745.00	-
Section C: Dedicated Uniform Construction Code Fees				
Offset with Appropriations				
Uniform Construction Code Fees	200,000.00		145,807.00	(54,193.00)
Total Section C: Dedicated Uniform Construction Code Fees	200,000.00	-	145,807.00	(54,193.00)
Section D: Special Items of General Revenue Anticipated with				
Prior Written Consent - Interlocal Municipal Service				
Agreements Offset With Appropriations				
Linwood Share - Sewerage Department Costs	11,520.00		11,520.00	-
Total Section D: Special Items of General Revenue Anticipated				
with Prior Written Consent - Interlocal Municipal Service				
Agreements Offset With Appropriations	11,520.00	-	11,520.00	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs				
Offset with Appropriations				
Recycling Tonnage Grant	\$ 10,787.91		10,787.91	-
Municipal Alliance on Alcoholism & Drug Abuse	7,910.14		7,910.14	-
Safe and Secure Communities Program	32,400.00		32,400.00	-
Community Development Block Grant	55,905.00	28,475.00	84,380.00	-
Click It or Ticket		3,500.00	3,500.00	-
Distracted Driving	3,500.00		3,500.00	-
Drive Sober Grant		5,600.00	5,600.00	-
State Body Armor Grant	1,735.50		1,735.50	-
Stormwater Assistance Grant		25,000.00	25,000.00	-
Lead Grant Assistance		3,400.00	3,400.00	-
Local Recreation Grant		80,000.00	80,000.00	-
Clean Communities		21,890.52	21,890.52	-
N.J. Transportation Trust Fund Authority Act	261,640.00		261,640.00	-
DMHAS Youth Leadership Grant	3,124.38		3,124.38	-
CLRPI/ARP	9,000.00		9,000.00	-
US DOJ Body Armor Grant		3,029.94	3,029.94	-
Total Section F: Special Items - Public and Private Programs	386,002.93	170,895.46	556,898.39	-
Offset with Appropriations				
Section G: Other Special Items				
Library Maintenance Agreement	20,500.00		20,500.00	-
Total Section G: Other Special Items	20,500.00	-	20,500.00	-
Total Miscellaneous Revenue	3,002,267.93	170,895.46	3,512,384.88	339,221.49
Receipts from Delinquent Taxes	235,000.00		258,233.86	23,233.86
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	8,577,002.60		9,516,946.81	939,944.21
Minimum Library Tax	331,436.00		331,436.00	-
Budget Totals	14,220,706.53	170,895.46	15,694,001.55	1,302,399.56
Nonbudget Revenues	-		159,890.19	159,890.19
\$	14,220,706.53	170,895.46	15,853,891.74	1,462,289.75

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:

Revenue from Collections	\$	<u>30,803,958.68</u>
Net Revenue from Collections		30,803,958.68
Allocated to:		
School and County Taxes		<u>22,042,038.94</u>
Balance for Support of Municipal Budget Appropriations		8,761,919.74
Add:		
Appropriations "Reserve for Uncollected Taxes"		<u>1,086,463.07</u>
Amount for Support of Municipal Budget Appropriations		<u><u>9,848,382.81</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	258,233.86	
Tax Title Lien Collections	<u>-</u>	
	\$	<u><u>258,233.86</u></u>

**CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023**

ANALYSIS OF REALIZED REVENUES (Continued)

Analysis of Non-Budget Revenues:

Photocopies & Certified Lists	\$	199.88	
Rent on Municipal Property		1,000.00	
Zoning Fees		9,510.00	
License - Construction		1,700.00	
Rental - Construction		21,300.00	
Resale - Construction		8,670.00	
Field Light Usage Fees		1,250.00	
Gun Permits		3,450.00	
Community Champions Foreclosure Registration		11,600.00	
Auto Salvage and Recycling		1,181.97	
Police Detail Admin Fee		60,077.76	
Miscellaneous		<u>39,950.58</u>	
			\$ <u><u>159,890.19</u></u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDITURES		(OVER)EXPENDED) UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAP"						
GENERAL GOVERNMENT:						
Administrative and Executive						
Salaries and Wages	15,600.00	15,600.00	15,600.00			
Other Expenses	102,000.00	107,000.00	92,988.90	3,341.59	10,669.51	
Mayor and Council						
Salaries and Wages	71,750.00	71,750.00	63,080.93		8,669.07	
Other Expenses	5,000.00	5,000.00	3,843.39		1,156.61	
City Clerk						
Salaries and Wages	144,375.00	145,875.00	143,597.96		2,277.04	
Other Expenses	74,500.00	54,500.00	27,733.90	4,681.64	22,084.46	
Financial Administration						
Salaries and Wages	105,000.00	98,000.00	90,581.55		7,418.45	
Other Expenses	16,000.00	16,000.00	12,592.79	918.99	2,488.22	
Audit Services						
Other Expenses	36,000.00	36,000.00	32,750.00		3,250.00	
Revenue Administration (Tax Collector)						
Salaries and Wages	125,000.00	125,000.00	118,216.32		6,783.68	
Other Expenses:	11,700.00	12,700.00	12,049.95	242.90	407.15	
Tax Assessment Administration						
Salaries and Wages	46,600.00	46,600.00	46,575.10		24.90	
Other Expenses	7,700.00	7,700.00	6,339.12	529.65	831.23	
Legal Services and Costs						
Other Expenses	120,000.00	120,000.00	91,387.76	24,166.90	4,445.34	
Insurance						
Workers' Compensation	217,350.00	217,350.00	217,350.00		-	
Group Insurance	1,440,400.00	1,440,400.00	1,440,400.00		-	
Other Insurance	102,500.00	102,500.00	81,454.62		21,045.38	
Health Benefit Waiver	20,000.00	20,000.00	20,000.00		-	
Planning Board						
Salaries and Wages	9,000.00	9,000.00	8,739.72		260.28	
Other Expenses	15,000.00	12,500.00	9,140.56	102.60	3,256.84	

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDITURES		(OVEREXPENDED) UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAP" (Continued)						
Engineering Services and Costs	30,000.00	30,000.00	23,341.25	1,225.00	5,433.75	
Other Expenses	5,000.00	5,000.00	3,000.00		2,000.00	
Economic Development Other Expenses	2,720,475.00	2,698,475.00	2,560,763.82	35,209.27	102,501.91	
TOTAL General Government						
DEPARTMENT OF PUBLIC SAFETY:						
Fire Department	517,000.00	527,000.00	526,804.18		195.82	
Salaries and Wages						
Other Expenses:						
Fire Hydrant	110,000.00	120,000.00	110,790.90		9,209.10	
Miscellaneous Other Expenses	50,600.00	50,600.00	27,179.81	22,348.51	1,071.68	
Police Department	2,420,000.00	2,385,000.00	2,369,087.87	80,550.40	15,912.13	
Salaries and Wages	200,300.00	203,300.00	122,445.28		304.32	
Other Expenses	6,000.00	6,000.00	559.93		5,440.07	
Office of Emergency Management	19,000.00	19,000.00	8,844.27	4,576.06	5,579.67	
Salaries and Wages						
Other Expenses						
Emergency Medical Services						
TOTAL Public Safety	3,322,900.00	3,310,900.00	3,165,712.24	107,474.97	37,712.79	-
STREETS AND ROADS:						
Streets and Road Maintenance	440,000.00	440,000.00	435,636.81		4,363.19	
Salaries and Wages	36,700.00	36,700.00	17,944.69	15,641.97	3,113.34	
Other Expenses	1.00	1.00			1.00	
Reserve for Snow Removal						
Maintenance of Automotive Equipment	62,000.00	62,000.00	30,102.27	25,109.84	6,787.89	
Other Expenses	843,000.00	843,000.00	756,242.77	77,053.73	9,703.50	
Solid Waste Collection						
Tipping Fees	80,000.00	80,000.00	66,998.87	6,880.25	6,120.88	
Public Buildings and Grounds	2,500.00	2,500.00	109.40		2,390.60	
Other Expenses						
Maintenance of Bike Path						
TOTAL Streets and Roads	1,464,201.00	1,464,201.00	1,307,034.81	124,685.79	32,480.40	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDITURES		(OVEREXPENDED) UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAP" (Continued)						
SANITATION						
Sewerage						
Salaries and Wages	\$ 210,000.00	190,000.00	138,614.63		51,385.37	
Other Expenses	20,000.00	20,000.00	11,765.04	2,179.98	6,054.98	
TOTAL Sanitation	230,000.00	210,000.00	150,379.67	2,179.98	57,440.35	
HEALTH AND WELFARE:						
Dog Regulation						
Other Expenses	9,300.00	9,300.00	9,075.00	225.00	-	
TOTAL Health and Welfare	9,300.00	9,300.00	9,075.00	225.00	-	
RECREATION AND EDUCATION:						
Parks and Playgrounds						
Other Expenses	6,000.00	6,000.00	1,544.02	186.80	4,269.18	
Neighborhood Programs						
Miscellaneous Other Expenses:						
Senior Citizens	2,200.00	2,200.00	217.33		1,982.67	
Recreation Programs Contribution	10,000.00	10,000.00	10,000.00		-	
Parks Maintenance						
Other Expenses	37,000.00	40,000.00	34,501.51	2,553.49	2,945.00	
TOTAL Recreation and Education	55,200.00	58,200.00	46,262.86	2,740.29	9,196.85	-
UNIFORM CONSTRUCTION CODE (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries and Wages	95,000.00	90,000.00	81,307.35		8,692.65	
Other Expenses	60,000.00	45,000.00	21,436.68	1,191.58	22,371.74	
Zoning / Housing Officer						
Salaries and Wages	20,000.00	27,000.00	25,790.63		1,209.37	
Other Expenses	2,500.00	2,500.00	59.89		2,440.11	
Total Uniform Construction Code	177,500.00	164,500.00	128,594.55	1,191.58	34,713.87	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDITURES		(OVEREXPENDED) UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAP" (Continued)						
<u>UNCLASSIFIED:</u>						
Utilities:						
Petroleum Products	\$ 75,000.00	75,000.00	46,340.25	10,000.00	18,659.75	
Electricity & Natural Gas	275,000.00	325,000.00	293,865.90	21,088.86	10,045.24	
Telephone & Telecommunications	42,000.00	42,000.00	33,486.43	3,222.75	5,290.82	
Water	15,000.00	15,000.00	8,171.65		6,828.35	
Reserve for Accumulated Leave	1.00	1.00			1.00	
TOTAL Unclassified	<u>407,001.00</u>	<u>457,001.00</u>	<u>381,864.23</u>	<u>34,311.61</u>	<u>40,825.16</u>	<u>-</u>
TOTAL OPERATIONS - WITHIN "CAP"	<u>8,386,577.00</u>	<u>8,372,577.00</u>	<u>7,749,687.18</u>	<u>308,018.49</u>	<u>314,871.33</u>	<u>-</u>
Detail:						
Salaries and Wages	4,245,326.00	4,196,826.00	4,084,192.98		112,633.02	
Other Expenses	4,141,251.00	4,175,751.00	3,665,494.20	308,018.49	202,238.31	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAP":						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	198,027.00	198,027.00	198,027.00			
Police and Firemen's Retirement System	781,918.00	795,918.00	781,918.00		14,000.00	
Social Security System (O.A.S.I.)	170,000.00	170,000.00	158,377.52		11,622.48	
Defined Contribution Retirement Program	10,000.00	10,000.00	5,650.16		4,349.84	
Unemployment Compensation Insurance	17,000.00	17,000.00	14,459.17		2,540.83	
TOTAL Deferred Charges and Statutory Expenditures - within "CAP"	<u>1,176,945.00</u>	<u>1,190,945.00</u>	<u>1,158,431.85</u>	<u>-</u>	<u>32,513.15</u>	<u>-</u>
TOTAL General Appropriations for Municipal Purposes - within "CAP"	<u>9,563,522.00</u>	<u>9,563,522.00</u>	<u>8,908,119.03</u>	<u>308,018.49</u>	<u>347,384.48</u>	<u>-</u>

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		EXPENDITURES			(OVEREXPENDED) UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS EXCLUDED FROM "CAP"						
Maintenance of Free Public Library (P.L. 1985, c.82 and 541)	\$ 331,436.00	331,436.00	331,436.00	-	-	-
Atlantic County Utilities Authority Service Charge - Contractual	750,000.00	750,000.00	734,478.00	-	15,522.00	-
LOSAP	14,000.00	14,000.00	-	-	14,000.00	-
Health Insurance	154,600.00	154,600.00	154,157.07	-	442.93	-
Worker's Compensation Insurance	49,650.00	49,650.00	47,376.15	-	2,273.85	-
PERS Contribution	5,057.00	5,057.00	5,057.00	-	-	-
PFRS Contribution	60,565.00	60,565.00	60,564.00	-	1.00	-
Dispatch						
Other Expenses	455,051.00	455,051.00	455,051.00	-	-	-
Municipal Court Services	155,000.00	155,000.00	146,738.25	-	8,261.75	-
Chief Financial Officer Services	27,500.00	27,500.00	27,250.00	-	250.00	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES - EXCLUDED FROM "CAP"						
State Body Armor Grant	1,735.50	1,735.50	1,735.50	-	-	-
US DOJ Body Armor Grant			3,029.94	-	-	-
Recycling Tonnage Grant	10,787.91	10,787.91	10,787.91	-	-	-
Click It or Ticket			3,500.00	-	-	-
Distracted Driving Grant	3,500.00	3,500.00	3,500.00	-	-	-
Drive Sober Grant			5,600.00	-	-	-
Clean Communities			21,890.52	-	-	-
Stormwater Assistance Grant			25,000.00	-	-	-
Lead Grant Assistance			3,400.00	-	-	-
Local Recreation Grant			80,000.00	-	-	-
DMHAS Youth Leadership Grant	3,124.38	3,124.38	3,124.38	-	-	-
CLRP/ARP	9,000.00	9,000.00	9,000.00	-	-	-
Community Development Block Grant	55,905.00	84,380.00	84,380.00	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse						
County Share	7,910.14	7,910.14	7,910.14	-	-	-
Local Share	1,977.53	1,977.53	1,977.53	-	-	-
Safe and Secure Program						
State Share	32,400.00	32,400.00	32,400.00	-	-	-
Local Share	19,132.00	19,132.00	19,132.00	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAP"	2,148,331.46	2,319,226.92	2,278,475.39	-	40,751.53	-
Detail:						
Salaries and Wages	82,532.00	82,532.00	82,282.00	-	250.00	-
Other Expenses	2,065,799.46	2,236,694.92	2,196,193.39	-	40,501.53	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	APPROPRIATIONS		EXPENDITURES			(OVEREXPENDED) UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBERED	RESERVED	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP":						
Capital Improvement Fund	15,000.00	15,000.00	2,623.95	12,009.15	366.90	-
Firefighter Protection Equipment	15,000.00	15,000.00			15,000.00	
Sewer Repairs	5,000.00	5,000.00		1,221.38	3,778.62	
Computer & Electronic Equipment	75,000.00	75,000.00	35,215.60	11,400.00	28,384.40	
Facility Improvements	261,640.00	261,640.00	261,640.00			
New Jersey Transportation Trust Fund Auth. Act						
TOTAL Capital Improvement Fund - Excluded from "CAP"	371,640.00	371,640.00	299,479.55	24,630.53	47,529.92	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	748,000.00	748,000.00	748,000.00			981.24
Interest on Bonds	302,000.00	302,000.00	301,018.76			
TOTAL Municipal Debt Service - Excluded from "CAP"	1,050,000.00	1,050,000.00	1,049,018.76	-	-	981.24
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 years (N.J.S.A. 40A:4-55)	750.00	750.00	750.00			
Deferred Charges to Future Tax ord 5-202						
TOTAL Deferred Charges - Municipal Excluded from "CAPS"	750.00	750.00	750.00	-	-	-
TOTAL General Appropriations for Municipal Purposes - Excluded from "CAP"	3,570,721.46	3,741,616.92	3,627,723.70	24,630.53	88,281.45	981.24
SUBTOTAL GENERAL APPROPRIATIONS	13,134,243.46	13,305,138.92	12,535,842.73	332,649.02	435,665.93	981.24
RESERVE FOR UNCOLLECTED TAXES	1,086,463.07	1,086,463.07	1,086,463.07			
TOTAL GENERAL APPROPRIATIONS	\$ 14,220,706.53	14,391,601.99	13,622,305.80	332,649.02	435,665.93	981.24

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	BUDGET AFTER MODIFICATION	PAID
Appropriation by N.J.S. 40A:4-47	\$ 170,895.46	
Budget	14,220,706.53	
Emergency Appropriations	\$ 14,391,601.99	
Reserve for Federal and State Grants	\$ 578,007.92	
Reserve for Uncollected Taxes	1,086,463.07	
Deferred Charges	750.00	
Disbursed	11,957,084.81	
	\$	13,622,305.80

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
AS OF DECEMBER 31,**

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Animal Control Fund:		
Cash - Treasurer	\$ <u>1,338.80</u>	<u>445.05</u>
	<u>1,338.80</u>	<u>445.05</u>
Other Funds:		
Cash - Treasurer	1,281,082.10	1,327,596.89
Cash - Tax Collector	193,710.00	435,984.42
Due from Current Fund	-	252.24
Small Cities Revolving Loans Receivable	<u>32,988.78</u>	<u>25,797.50</u>
	<u>1,507,780.88</u>	<u>1,789,631.05</u>
LOSAP		
Investments - Held for LOSAP	<u>329,361.99</u>	<u>307,532.62</u>
	<u><u>1,838,481.67</u></u>	<u><u>2,097,608.72</u></u>

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

<u>Liabilities, Reserves, and Fund Balance</u>	<u>2023</u>	<u>2022</u>
Animal Control Fund:		
Due to the State	4.20	-
Reserve for Animal Control Fund Expenditures	1,334.60	445.05
	1,338.80	445.05
Other Funds:		
Due to Current Fund	-	-
Reserves for:		
Law Enforcement Forfeiture	23,533.64	23,201.52
Escrow Fees	168,503.67	203,960.75
Snow Removal	110,900.50	110,900.50
Small Cities Grant Appropriation	191,504.41	199,595.69
Recreation Expenditures	35,209.31	34,392.85
Cultural Committee	6,587.78	5,327.82
Banner Program	1,175.00	1,175.00
Outside Employment of Police	8,515.04	15,995.07
Police Donation	354.58	354.58
Public Defender	5,608.50	5,608.50
Uniform Fire Safety Penalty	500.00	-
Recycling	52,317.85	52,317.85
Accumulated Sick and Vacation	560,929.72	568,429.72
Small Cities Revolving Loan	32,988.78	25,797.50
Tax Sale Premiums	193,710.00	417,810.00
Tax Liens	-	18,174.42
Joint Insurance Funds	9,397.21	12,358.21
Affordable Housing Trus	105,842.89	93,631.07
Community Events	202.00	600.00
	1,507,780.88	1,789,631.05
LOSAP		
Reserve for LOSAP	329,361.99	307,532.62
	\$ 1,838,481.67	2,097,608.72

See Accompanying Notes to Financial Statements

EXHIBIT C - GENERAL CAPITAL FUND

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

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash - Treasurer	\$ 455,186.50	898,059.22
Deferred Charges to Future Taxation:		
Funded	8,055,000.00	8,803,000.00
Unfunded	<u>2,888,000.00</u>	<u>2,185,750.00</u>
	<u>11,398,186.50</u>	<u>11,886,809.22</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds Payable	8,055,000.00	8,803,000.00
Contracts Payable	639,870.66	505,102.87
Improvement Authorizations:		
Funded	1,140,822.79	1,366,536.01
Unfunded	893,558.91	456,294.00
Reserve for:		
Capital Improvement Fund	478,148.00	615,148.00
Fund Balance	<u>190,786.14</u>	<u>140,728.34</u>
	<u>\$ 11,398,186.50</u>	<u>11,886,809.22</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2023 and 2022 of \$2,888,000.00 and \$2,185,750.00, respectively.

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>2023</u>	<u>2022</u>
Balance January 1,	\$ 140,728.34	126,841.68
Increased by:		
Cancelled Improvement Authorizations	50,057.80	
Premium on Sale of Bonds		<u>13,886.66</u>
Balance December 31,	<u>\$ 190,786.14</u>	<u>140,728.34</u>

EXHIBIT G - GENERAL FIXED ASSETS

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

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
General Fixed Assets:		
Land, Building & Improvements	\$ 5,347,049.28	5,328,249.28
Machinery and Equipment	<u>6,807,840.92</u>	<u>7,045,593.89</u>
Total General Fixed Assets	<u><u>12,154,890.20</u></u>	<u><u>12,373,843.17</u></u>
<u>Reserves</u>		
Investment in General Fixed Assets	\$ <u><u>12,154,890.20</u></u>	<u><u>12,373,843.17</u></u>

See Accompanying Notes to Financial Statements

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**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

C. Basis of Accounting

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

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 is not included on the various balance sheets.

General Fixed Assets -- The entity 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.

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

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

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

Any capital assets of \$5,000 or more are capitalized.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

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.

Interest on Delinquent Taxes – It is the policy of the City of Northfield to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

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.

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. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. 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 entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

F. Recent Accounting Pronouncements Not Yet Effective

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for periods beginning after June 15, 2022 and June 15, 2023, and will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023, and will not have any effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023, and will not have any effect on the City's financial reporting.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement is effective for fiscal years beginning after June 15, 2024, and will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$1,086,463.07 and \$1,068,591.31, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$2,075,000 and \$2,239,000, 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 the City Council. The following significant budget transfers were approved in the 2023 and 2022 calendar years:

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**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
City Clerk	\$	
Other Expenses	(20,000.00)	
Tax Assessment Administration		
Other Expenses		22,000.00
Revenue Administration (Tax Collector)		
Salaries and Wages		14,000.00
Fire Department		
Fire Hydrant		(21,000.00)
Other Expenses		21,000.00
Police Department		
Salaries and Wages	(35,000.00)	(15,000.00)
Other Expenses		15,000.00
Sewerage		
Salaries and Wages	(20,000.00)	
Construction Code Official		
Other Expenses	(15,000.00)	(23,098.41)
Electricity & Natural Gas	50,000.00	20,000.00

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. During 2023 and 2022, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
Clean Communities	\$ 21,890.52	19,516.93
Click It or Ticket	3,500.00	2,800.00
EMAA - Emergency Management		10,000.00
Drive Sober	5,600.00	5,200.00
Assistance to Firefighters - ARP EFG		28,000.00
Sustainable Jersey		5,000.00
Community Development Block Grant	28,475.00	
Stormwater Assistance Grant	25,000.00	
Lead Grant Assistance	3,400.00	
Local Recreation Grant	80,000.00	
US DOJ Body Armor Grant	3,029.94	

The entity 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 budgets 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, 2023 the City had no special emergencies.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 3: INVESTMENTS

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

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

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

Investments. As more fully described in Note 19, the City has created a Length of Service Awards Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2023 and 2022 amounted to \$329,361.99 and \$307,532.62, respectively.

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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2023 and 2022, \$1,080,556.59 and \$1,340,544.03 of the municipality's bank balance of \$7,579,212.99 and \$8,491,309.14 was exposed to custodial credit risk.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023 and 2022:

	Balance 12/31/2021	Additions	Retirements/ Adjustments	Balance 12/31/2022
Land, Buildings and Improvements	\$ 5,321,250.28	6,999.00		5,328,249.28
Equipment and Machinery	6,301,972.46	743,621.43		7,045,593.89
	<u>\$ 11,623,222.74</u>	<u>750,620.43</u>	<u>-</u>	<u>12,373,843.17</u>

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land, Building and Improvements	\$ 5,328,249.28	18,800.00		5,347,049.28
Equipment and Machinery	7,045,593.89	127,511.39	(365,264.36)	6,807,840.92
	<u>12,373,843.17</u>	<u>146,311.39</u>	<u>(365,264.36)</u>	<u>12,154,890.20</u>

Note 6: LONG TERM DEBT

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	Balance 12/31/21	Issued	Retired	Balance 12/31/22	Amounts Due Within One Year
General	\$ 5,630,000.00	3,778,000.00	605,000.00	8,803,000.00	748,000.00
Net PFRS	8,737,917.00		4,088,903.00	4,649,014.00	
Net PERS	2,852,135.00		928,459.00	1,923,676.00	
Compensated Absences Payable	<u>1,313,083.77</u>	<u>271,251.81</u>	<u>393,673.83</u>	<u>1,190,661.75</u>	<u>-</u>
Total long-term liabilities	<u>\$ 18,533,135.77</u>	<u>4,049,251.81</u>	<u>6,016,035.83</u>	<u>16,566,351.75</u>	<u>748,000.00</u>

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
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	Balance 12/31/22	Issued	Retired	Balance 12/31/23	Amounts Due Within One Year
General	\$ 8,803,000.00		748,000.00	8,055,000.00	760,000.00
Net PFRS	4,649,014.00	2,765,800.00		7,414,814.00	
Net PERS	1,923,676.00	506,697.00		2,430,373.00	
Compensated Absences Payable	1,190,661.75	393,145.74	325,440.74	1,258,366.75	-
Total long-term liabilities	<u>\$ 16,566,351.75</u>	<u>3,665,642.74</u>	<u>1,073,440.74</u>	<u>19,158,553.75</u>	<u>760,000.00</u>

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

\$4,650,000 General Improvement Bond dated 10/23/12 payable in annual installments through 10/23/2027. Interest is paid semiannually at a rate of 2.00% to 3.00% per annum. The balance remaining as of December 31, 2023 was \$1,400,000.

\$4,675,000 General Improvement Bond dated 10/19/16, payable in annual installments through 10/15/2032. Interest is paid semiannually at a rate of 2.00% to 5.00% per annum. The balance remaining as of December 31, 2023 was \$3,005,000.

\$3,778,000 General Improvement Bond dated 4/29/22, payable in annual installments through 3/1/2041. Interest is paid semiannually at a rate of 3.00% to 5.00% per annum. The balance remaining as of December 31, 2023 was \$3,650,000.

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

Year	General Fund		Total
	Principal	Interest	
2024	\$ 760,000.00	277,318.75	1,037,318.75
2025	775,000.00	246,318.75	1,021,318.75
2026	790,000.00	214,568.75	1,004,568.75
2027	805,000.00	182,068.75	987,068.75
2028	535,000.00	157,068.75	692,068.75
2029-2033	2,440,000.00	512,325.00	2,952,325.00
2034-2038	1,200,000.00	239,750.00	1,439,750.00
2039-2041	750,000.00	49,687.50	799,687.50
	<u>\$ 8,055,000.00</u>	<u>1,879,106.25</u>	<u>9,934,106.25</u>

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Bonds, Loans and Notes	\$ 8,055,000.00	8,803,000.00	5,630,000.00
Bond Anticipation Notes	-	-	-
Authorized But Not Issued	2,888,000.00	2,185,750.00	4,778,750.00
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 10,943,000.00</u>	<u>10,988,750.00</u>	<u>10,408,750.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.102%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,073,000.00	1,073,000.00	-
Regional School Debt	5,162,574.32	5,162,574.32	-
General Debt	10,943,000.00	-	10,943,000.00
	<u>\$ 17,178,574.32</u>	<u>6,235,574.32</u>	<u>10,943,000.00</u>

Net Debt \$10,943,000 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, 993,401,447.33 = 1.102%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 34,769,050.66
Net Debt	10,943,000.00
Remaining Borrowing Power	<u>\$ 23,826,050.66</u>

The City of Northfield School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2023 and 2022, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	\$ 2,175,000.00	2,075,000.00

The 2024 figures shown above are as shown in the introduced budget.

**CITY OF NORTHFIELD
 NOTES TO FINANCIAL STATEMENTS
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Note 8: SCHOOL TAXES

Local District School Taxes and Regional High School Taxes have been raised on a calendar year basis. There were no Local District School Taxes or Regional High School Taxes payable at December 31, 2023.

Note 9: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/23	Balance 12/31/22
Prepaid Taxes	\$ 302,903.71	186,884.72
Cash Liability for Taxes Collected in Advance	\$ 302,903.71	186,884.72

Note 10: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions 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 systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at -

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (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 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
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Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA43:15C-1 et seq). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

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 provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 7.50% of covered payroll. The City's contributions to PERS for the years ended December 31, 2023, 2022, and 2021 were \$203,084.00, \$190,170.00 and \$192,056.77.

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 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the year ended December 31, 2023, 2022, and 2021 were \$842,482.00, \$741,298.00, and \$775,476.00.

The total payroll for the year ended December 31, 2023 was \$4,469,039.87. Payroll covered by PERS was \$1,151,501.00. Payroll covered by PFRS was \$2,379,439.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

member contribution rates for PERS members will take place in July of each subsequent fiscal year.

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 11: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The Municipality has a liability of \$2,430,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Municipality's proportion would be 0.01610438270%, which would be an decrease of 0.83% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality would have recognized pension expense of (\$358,523). At December 31, 2022, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 17,541	\$ (15,469)
Changes of assumptions	7,530	(363,923)
Changes in proportion	5,616	(280,579)
Net difference between projected and actual earnings on pension plan investments	100,591	
Total	<u>\$ 131,278</u>	<u>\$ (659,971)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
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	Year ended June 30,	
	<u>2023</u>	\$ (483,254)
	2024	(177,980)
	2025	(12,505)
	2026	146,183
	2027	(1,136)
	Total	<u>\$ (528,693)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
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Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 2,914,516	\$ 2,430,373	\$ 2,018,806

Pension plan fiduciary net position.

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YEARS ENDED DECEMBER 31, 2023 AND 2022**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen’s Retirement System

The Municipality has a liability of \$7,414,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2021 that was rolled forward to June 30, 2022. The Municipality’s proportion of the net pension liability was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Municipality’s proportion would be 0.06477881000%, which would be an increase of 1.84% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality would have recognized pension expense of (\$193,687). At December 31, 2022, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 335,614	\$ (454,258)
Changes of assumptions	20,321	(933,379)
Changes in proportion	370,693	(554,675)
Net difference between projected and actual earnings on pension plan investments	678,979	
Total	<u>\$ 1,405,607</u>	<u>\$ (1,942,312)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2023	\$ (564,302)
2024	(360,624)
2025	(343,534)
2026	717,590
2027	6,916
Thereafter	7,250
Total	<u>\$ (536,705)</u>

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases: 3.25% - 16.25% (based on years of service)

Investment rate of return: 7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Municipality's proportionate share of the net pension liability	10,478,086.19	7,414,814.00	4,864,924.13

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2022 State special

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

funding situation net pension liability amount of \$2,037,115,833.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2022 State special funding situation pension expense of \$235,029,281.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.06477881000% for 2022. The net pension liability amount allocated to the Municipality was \$1,319,619. For the fiscal year ending June 30, 2022 State special funding situation pension expense of \$152,249 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

Note 12: POST-RETIREMENT BENEFITS

General Information about the Plan:

The Municipality offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$3,872,142,278, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2022 is as follows:

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	June 30, 2022	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 16,090,925,144	\$ 14,689,408
Plan Fiduciary Net Position	(58,670,334)	(53,560)
Net OPEB Liability	<u>\$ 16,149,595,478</u>	<u>\$ 14,742,968</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	-0.36%

At June 30, 2022 the Municipality's proportionate share of the Collective Net OPEB Liability was \$14,742,968. The Municipality's proportion of the Collective Net OPEB Liability was 0.091290% which was an decrease from the prior year of 3.21%.

For the Year ended June 30, 2022 the Municipality's Total OPEB Expense was \$291,794. The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Investment Rate of Return
Including Inflation rate 3.54%

Salary increases*:

PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75
PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Mortality:

Pre-Retirement Healthy Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Chapter 330 Current Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Current Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

		1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Collective				
Net OPEB Liability	\$	18,720,632,230	16,149,595,478	14,080,955,857
Proportionate Share				
Net OPEB Liability	\$	17,090,068	14,742,968	12,854,507

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease	Healthcare cost Trend Rate	1% Increase
Collective				
Net OPEB Liability	\$	13,700,188,049	16,149,595,478	19,286,596,671
Proportionate Share				
Net OPEB Liability	\$	12,506,904	14,742,968	17,606,737

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

		Collective Totals		Proportionate Share	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	833,982,363	(2,993,448,535)	761,342	(2,732,719)
Changes of assumptions		2,155,230,462	(5,511,545,572)	1,967,510	(5,031,490)
Net difference between projected and actual earnings on OPEB plan investments		4,251,491		3,881	
Changes in proportion and differences between contributions and proportionate share of contributions				4,013,849	(2,349,165)
Total	\$	<u>2,993,464,316</u>	<u>(8,504,994,107)</u>	<u>6,746,582</u>	<u>(10,113,374)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Year Ended June 30,	Collective Totals	Proportionate Share
2023	\$ (1,463,380,541.00)	(893,925.66)
2024	(1,464,672,406.00)	(894,714.81)
2025	(1,156,630,075.00)	(706,543.02)
2026	(516,557,746.00)	(315,546.24)
2027	(115,810,526.00)	(70,744.42)
Thereafter	(794,478,497.00)	(485,317.86)
Total	<u>\$ (5,511,529,791.00)</u>	<u>(3,366,792.00)</u>

Detailed information about the plan’s fiduciary net position is available in the separately issued OPEB financial report.

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2022 are as follows:

Service cost	\$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Expected Investment Return	86,955
Administrative Expenses	12,334,441
Changes of Benefit Terms	402,474,416
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(630,413,303)
Changes in Assumptions	(835,585,441)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,032,008
Total Collective OPEB Expense	<u>\$ 150,955,720</u>

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**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Schedule of Municipality's Share of Net OPEB Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Municipality's Proportionate Share of Net OPEB Liability	0.091290%	0.094050%	0.093796%	0.065280%
Municipality's Share of Net OPEB Liability \$	14,742,968	16,883,135	16,878,789	8,842,469
Municipality's Covered Payroll	1,151,501	1,166,118	1,182,828	1,235,418
Municipality's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	1280.33%	1447.81%	1426.99%	715.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.97%	1.97%

Note 13: LABOR CONTRACTS

As of December 31, 2023, the City's employees were organized in three collective bargaining units. The contracts with Policeman's Benevolent Association (PBA) will expire December 31, 2023, Government Workers Union (GWU) Supervisor will expire December 31, 2025, Government Workers Union (GWU) Blue Collar will expire December 31, 2024 and International Association of Firefighters (IAFF) will expire December 31, 2024.

<u>Bargaining Unit</u>	<u>Job Category</u>	<u>Members</u>
PBA	Police	All uniformed police
GWU	Supervisory Employees and White and Blue Collar	All other employees except exempt employees, police and fire
IAFF	Fire	Most Department Heads

Note 14: 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 \$1,258,366.75 and \$1,190,661.75 as of December 31, 2023 and 2022, 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, 2023 and 2022 is \$560,929.72 and \$568,429.72, respectively.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 15: ECONOMIC DEPENDENCY

The City of Northfield is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 16: RISK MANAGEMENT

The entity 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 entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2023 and 2022 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity 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 entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

Note 17: DEFERRED COMPENSATION

Employees of the City of Northfield 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 entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

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

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

Note 18: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

**CITY OF NORTHFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2023, the following interfunds were included on the balance sheets of the various funds of the City of Northfield:

	Due From	Due To
Current Fund:		
Grant Fund		165,250.48
Grant Fund:		
Current Fund	165,250.48	
	<u>\$ 165,250.48</u>	<u>165,250.48</u>

The amounts due to the Grant fund from the Current fund is due to the fact that the City does not receive all grant funds prior to expenditures being made, therefore all disbursements must be made through the Current Fund.

Note 20: LENGTH OF SERVICE AWARDS PROGRAM

In 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 are performing 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 will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP document. The City appropriated \$14,000 and \$14,000 in the 2023 and 2022 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City subject only to the claims of the City's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

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.

The City of Northfield issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP. The financial report may be obtained by contacting the City of Northfield, 1600 Shore Road, Northfield, NJ 08225.

**CITY OF NORTHFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events through April 12, 2024, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council
City of Northfield
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Northfield, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 12, 2024, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Northfield 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 (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

April 12, 2024

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	
Balance December 31, 2022		\$ 4,628,228.81
Increased by Receipts:		
Taxes Receivable	30,810,649.81	
Due from State of New Jersey (c.73, P.L.1976)	65,500.00	
Prepaid Taxes	302,903.71	
Tax Overpayments	39,464.90	
Sewer Overpayments	2,880.14	
Sale of Municipal Property	20,285.44	
Due to State for DCA Fees	13.00	
Due to State Marriage Licenses	575.00	
Reserve for Municipal Relief Aid	65,961.28	
Federal and State Grants	350,023.45	
Miscellaneous Revenue Anticipated	2,922,498.49	
Miscellaneous Revenue Not Anticipated	159,890.19	
	<u>34,740,645.41</u>	
Decreased by Disbursements:		
2022 Appropriation Reserves	450,844.14	
2023 Appropriations	11,957,084.81	
County Taxes	4,684,819.46	
Regional High School Tax	6,437,911.00	
Local District School Tax	10,932,692.00	
Refund Tax Overpayment	2,381.50	
Refund Sewer Overpayment	1,887.00	
Due to Mayor Marriage Ceremonies	100.00	
Due from Library	6,827.70	
Refunds	499.97	
Payroll Taxes Payable	31,598.56	
Due to Trust Fund	252.24	
Federal and State Grant Expenditures	195,199.74	
	<u>34,702,098.12</u>	
Balance December 31, 2023		\$ <u><u>4,666,776.10</u></u>

See Accompanying Auditor's Report

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

Year	Balance 12/31/22	2023 Levy	Added Taxes	2022	Collections by Cash 2023	Adjustments	Transferred To Tax Title Liens	Arrears	Balance 12/31/23
Arrears \$	-								-
2021	28.13				28.13				-
2022	291,016.26			258,205.73		20,257.04	2,833.78		9,719.71
2023	291,044.39	30,926,216.56	197,065.50	186,884.72	258,233.86 30,617,073.96	20,257.04 46,575.15	2,833.78 52,207.26	-	9,719.71 220,540.97
	\$ 291,044.39	30,926,216.56	197,065.50	186,884.72	30,875,307.82	66,832.19	55,041.04	-	230,260.68
					Cash 30,810,649.81				
					State of New Jersey (c.73,P.L. 1976) 64,658.01				
					<u>30,875,307.82</u>				

See Accompanying Auditor's Report

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

Analysis of 2023 Property Tax Levy		
Tax Yield:		
General Property Tax	30,926,216.56	
Added Taxes (54:4-63.1 et. seq.)	<u>197,065.50</u>	
	<u><u>31,123,282.06</u></u>	
Tax Levy:		
Regional High School Tax (Abstract)	6,437,911.00	
Local School District Tax (Abstract)	10,932,692.00	
County Taxes:		
County Tax (Abstract)	4,387,292.33	
County Health Service Tax (Abstract)	204,164.86	
County Open Space Tax (Abstract)	50,350.14	
Due County for Added Taxes (R.S. 54:4-63.1 et seq.)	<u>29,628.61</u>	
Total County Taxes	4,671,435.94	
Local Tax for Municipal Purposes		
Add: Minimum Library Tax	8,577,002.60	
Add: Additional Tax Levied	<u>331,436.00</u>	
	<u>9,081,243.12</u>	
	<u><u>31,123,282.06</u></u>	

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF SEWER RENTS RECEIVABLE**

Balance December 31, 2022		\$	82,837.50
Increased by:			
Sewer Billings			<u>1,527,015.26</u>
			1,609,852.76
Decreased by:			
Adjustments	2,860.00		
Collections	<u>1,554,457.83</u>		
			<u>1,557,317.83</u>
Balance December 31, 2023		\$	<u><u>52,534.93</u></u>

**CURRENT FUND
SCHEDULE OF LIENS**

Balance December 31, 2022		\$ 299,698.79
Increased by:		
Tax Sale	2,833.78	
Interest and Cost from Tax Sale	398.27	
Transfers	52,180.49	
Added Tax Liens	5,016.40	
Sewer Liens	975.00	
Miscellaneous Liens	<u>225.05</u>	
		<u>61,628.99</u>
		361,327.78
Decreased by:		
Tax Title Lien Collections	-	
Lien Cancelled	-	
Sewer Lien Collections	-	
Miscellaneous Liens Collected	<u>-</u>	
		<u>-</u>
Balance December 31, 2023		\$ <u><u>361,327.78</u></u>
 <u>Analysis of Balance:</u>		
Tax Title Liens	356,260.70	
Sewer Liens	4,398.68	
Miscellaneous Liens	<u>668.40</u>	
	<u><u>361,327.78</u></u>	

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance 12/31/22	Accrued In 2023	Collected	Balance 12/31/23
<u>Miscellaneous Revenues Anticipated:</u>	\$			
Alcoholic Beverage Licenses	-	7,500.00	7,500.00	-
Other Licenses	-	84,855.73	84,855.73	-
Fees and Permits	-	237,117.69	237,117.69	-
Municipal Court:				
Fines and Costs	-	52,392.60	52,392.60	-
Interest and Costs on Taxes	-	77,945.04	77,945.04	-
Interest on Investments and Deposits	-	93,645.60	93,645.60	-
Sewerage Rentals	-	1,554,457.83	1,554,457.83	-
Energy Receipt Taxes	-	636,757.00	636,757.00	-
Reserve for State Aid TMRFA	-	32,988.00	32,988.00	-
Uniform Construction Code Fees	-	145,807.00	145,807.00	-
Linwood Share - Sewerage Department Costs-				
Interlocal Service Agreement	-	11,520.00	11,520.00	-
Library Maintenance Agreement	-	20,500.00	20,500.00	-
	\$	2,955,486.49	2,955,486.49	-
		Cash Receipts	\$ 2,922,498.49	
		Prior Receipts	32,988.00	
			\$ 2,955,486.49	

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	Balance 12/31/22	Balance After Transfers	Paid	Balance Lapsed
Operations Within "CAP":				
General Administration				
Other Expenses	\$ 93,304.51	93,304.51	83,995.87	9,308.64
Mayor and Council				
Other Expenses	1,364.61	1,364.61	800.00	564.61
City Clerk				
Other Expenses	91,194.57	91,194.57	66,191.28	25,003.29
Financial Administration				
Other Expenses	1,811.04	1,811.04	1,122.09	688.95
Revenue Administration (Tax Collector)				
Other Expenses	4,644.16	4,644.16	1,026.60	3,617.56
Tax Assessment Administration				
Other Expenses	22,091.23	22,091.23	19,647.50	2,443.73
Legal Services and Costs				
Other Expenses	38,444.10	38,444.10	2,513.75	35,930.35
Planning Board				
Other Expenses	2,580.55	2,580.55	60.00	2,520.55
Engineering				
Other Expenses	15,842.50	15,842.50	4,850.00	10,992.50
Insurance				
Group Insurance	10,861.23	10,861.23	5,953.50	4,907.73
Other Insurance	22,655.00	22,655.00	308.00	22,347.00
Police Department				
Salaries and Wages	95,661.89	95,661.89	2,618.40	93,043.49
Other Expenses	32,296.50	32,296.50	26,598.47	5,698.03
Fire Department				
Salaries and Wages	17,311.72	17,311.72	3,552.20	13,759.52
Other Expenses				
Fire Hydrants	5,238.26	5,238.26	5,238.26	-
Miscellaneous Other Expenses	25,513.50	25,513.50	23,817.86	1,695.64

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	Balance 12/31/22	Balance After Transfers	Paid	Balance Lapsed
Emergency Management				
Other Expenses	8,168.62	8,168.62	4,359.92	3,808.70
Streets and Road Maintenance				
Other Expenses	8,634.19	8,634.19	716.13	7,918.06
Maintenance of Automotive Equipment				
Other Expenses	17,566.53	17,566.53	8,730.27	8,836.26
Solid Waste Collection				
Tipping Fees	165,783.80	165,783.80	74,059.19	91,724.61
Public Buildings and Grounds				
Other Expenses	33,777.36	33,777.36	26,107.41	7,669.95
Dog Regulation				
Other Expenses	1,050.00	1,050.00	825.00	225.00
Parks and Playgrounds				
Senior Citizens	2,200.00	2,200.00	48.51	2,151.49
Sewerage				
Other Expenses	24,805.05	24,805.05	389.45	24,415.60
Construction Code Official				
Other Expenses	10,130.62	10,130.62	1,066.00	9,064.62
Utilities				
Petroleum Products	21,600.46	21,600.46	7,933.73	13,666.73
Telephone & Telecommunications	4,490.62	4,490.62	1,448.34	3,042.28
Water	2,425.83	2,425.83	812.92	1,612.91
Social Security	3,722.55	3,722.55	150.00	3,572.55
LOSAP	14,000.00	14,000.00	8,250.00	5,750.00
Firefighter Protective Equipment	12,500.00	12,500.00	12,223.00	277.00
Computer and Electronic Equipment	5,000.00	5,000.00	5,000.00	-
Facility Improvements	283,020.00	283,020.00	283,020.00	-
Recreation Improvements	54,091.95	54,091.95	38,555.00	15,536.95
Accounts with no change	164,663.13	164,663.13		164,663.13
	\$ 1,318,446.08	1,318,446.08	721,988.65	596,457.43
Appropriation Reserves \$	727,056.39		271,144.51	Accounts Payable
Encumbrances Payable	591,389.69		450,844.14	Disbursements
\$	1,318,446.08		721,988.65	

**CURRENT FUND
SCHEDULE OF COUNTY TAXES**

Balance December 31, 2022			
County Taxes	\$	-	
Added and Omitted Taxes		<u>43,012.13</u>	43,012.13
Increased by:			
County General		4,387,292.33	
County Local Health		204,164.86	
County Open Space		50,350.14	
Added Taxes		<u>29,628.61</u>	
			<u>4,671,435.94</u>
			4,671,435.94
Decreased by:			
Payments to County			<u>4,684,819.46</u>
Balance December 31, 2023			
County Taxes		0.00	
Added and Omitted Taxes		<u>29,628.61</u>	
			\$ <u><u>29,628.61</u></u>

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

Balance December 31, 2022	\$	-
Increased by:		
Levy - Calendar Year 2023		<u>10,932,692.00</u>
Decreased by:		
Payments		<u>10,932,692.00</u>
Balance December 31, 2023	\$	<u><u>-</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

Balance December 31, 2022	\$	-
Increased by:		
Levy - Calendar Year 2023		<u>6,437,911.00</u>
Decreased by:		
Payments		<u>6,437,911.00</u>
Balance December 31, 2023	\$	<u><u>-</u></u>

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

	Balance 12/31/22	Transferred From 2023 Revenues	Received	Cancelled	Balance 12/31/23
Federal Grants:					
ARP Assistance to Firefighters	\$ 28,000.00				28,000.00
EMMA Emergency Management	10,000.00		10,000.00		-
Community Development Block Grant	-	84,380.00			84,380.00
CLRP/ARP	3,760.00	9,000.00	9,000.00		-
US DOJ Body Armor		3,029.94	3,760.00		3,029.94
Total Federal	41,760.00	96,409.94	22,760.00	-	115,409.94
State Grants:					
Safe and Secure Communities	16,912.00	32,400.00	32,400.00		16,912.00
2023-24 Municipal Alliance		7,910.14	1,591.36		6,318.78
2022-23 Municipal Alliance	3,195.46		3,178.86	16.60	0.00
2021-22 Municipal Alliance	8.13			8.13	0.00
NJDOT 2023		261,640.00			261,640.00
NJDOT 2022 - Oak	285,000.00		201,675.00		83,325.00
NJDOT 2021 - Merrit	112,975.00				112,975.00
NJDOT 2020 - Fuae	-				-
Clean Communities	-	21,890.52	21,890.52		-
Lead Grant Assistance Program	3,400.00	3,400.00	3,400.00		-
Stormwater Assistance Program	25,000.00	25,000.00	15,000.00		10,000.00
FY2023 Local Recreation Improvement Grant		80,000.00			80,000.00
Body Worn Camera	39,130.00		28,643.69		10,486.31
Distracted Driving	-	3,500.00	3,500.00		-
Drive Sober or Get Pulled Over	2,800.00	5,600.00	5,600.00		2,800.00
Click It or Ticket		3,500.00	3,500.00		-
DMHAS Youth Leadership	3,124.38	3,124.38	3,124.38	478.87	3,124.38
Sustainable Jersey	2,500.00				2,021.13
Recycling Tonnage	-	10,787.91	10,787.91		-
State Body Armor	-	1,735.50	1,735.50		-
Total State	465,644.97	460,488.45	336,027.22	503.60	589,602.60
Total Federal and State Grants	\$ 507,404.97	556,898.39	358,787.22	503.60	705,012.54
		Current Fund	348,051.72		
		Transferred from Unappropriated Reserves	10,735.50		
			358,787.22		

See Accompanying Auditor's Report

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2022		2023 Budget Appropriation	Disbursed	Other/ Canceled	Balance 12/31/23
	Appropriated	Reserve for Encumbrances				
Federal Grants:						
Reserve for Grant Match	\$ 10,000.00					10,000.00
EMMA Emergency Management	10,000.00			10,000.00		-
ARP Assistance to Firefighters	28,000.00			27,980.60		19.40
Community Development Block Grant			84,380.00			84,380.00
CLRF/ARP			9,000.00	6,697.37		2,302.63
US DOJ Federal Body Armor	-		3,029.94	3,029.94		-
Total Federal	48,000.00	-	96,409.94	47,707.91	-	96,702.03
State Grants:						
Clean Communities	31,310.68		21,890.52	3,132.86		50,068.34
Safe and Secure	51,532.00		51,532.00	103,064.00		-
Recycling Tonnage	39,316.18		10,787.91	35,967.88		14,136.21
NJDOT 2021 Merrit	-	28.85		28.85		-
NJDOT 2022 Oak	285,000.00			268,900.00		16,100.00
NJDOT 2023			261,640.00			261,640.00
Sustainable Jersey	5,000.00			4,521.13	478.87	-
Municipal Alliance 2021-2022	8.13				8.13	(0.00)
Municipal Alliance 2022-23	2,991.41	38.98		3,013.79	16.60	0.00
Municipal Alliance 2023-2024				3,712.04		6,175.63
Lead Grant Assistance Program			9,887.67	3,400.00		-
Stormwater Assistance Program			3,400.00	3,400.00		-
FY2023 Local Recreation Improvement Grant			25,000.00	25,000.00		-
DDEF	9,150.19		80,000.00			80,000.00
Body Armor	-			431.02		8,719.17
Body Worn Camera	1,331.91		1,735.50	1,735.50		-
Click It or Ticket	-	9,154.00		7,358.82		3,127.09
Drive Sober Get Pulled Over	-		3,500.00	3,500.00		-
Distracted Driving	-		5,600.00	5,040.00		560.00
DMHAS Youth Leadership	3,124.38		3,500.00	3,500.00		-
Total State	428,764.88	9,221.83	481,597.98	475,430.27	503.60	443,650.82
Total Federal and State Grant	\$ 476,764.88	9,221.83	578,007.92	523,138.18	503.60	540,352.85

Encumbered	327,938.44
Current Fund	195,199.74
	<u>523,138.18</u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2022	Transferred To 2023 Appropriations	Received	Balance Dec. 31, 2023
NJ Body Armor Fund	\$ 1,735.50	1,735.50	1,971.73	1,971.73
American Rescue Plan	9,000.00	9,000.00	-	-
	<u>\$ 10,735.50</u>	<u>10,735.50</u>	<u>1,971.73</u>	<u>1,971.73</u>

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2022	\$ 445.05	1,327,596.89
Increased by Receipts:		
Animal Control Fees	1,766.80	
State Fees	418.20	
Due from Current Fund		252.24
Cultural Committee		1,689.00
Uniform Fire		500.00
Joint Insurance Funds		4,178.75
Law Enforcement Forfeiture		332.12
Small Cities		14,382.56
Escrow Review Fees		180,547.12
Affordable Housing Fees and Permits -		27,161.82
Birch Grove Park		8,186.76
Outside Employment of Police		199,766.49
	<u>2,185.00</u>	<u>436,996.86</u>
	<u>2,630.05</u>	<u>1,764,593.75</u>
Decreased by Disbursements:		
Dog Fund Expenditures	877.25	
State Fees	414.00	
Accumulated Sick and Vacation		7,500.00
Cultural Committee		429.04
Community Events		398.00
Escrow Review Fees		216,004.20
Joint Insurance Funds		7,139.75
Small Cities		22,473.84
Affordable Housing		14,950.00
Birch Grove Park Expenditures		7,370.30
Outside Employment of Police		207,246.52
	<u>1,291.25</u>	<u>483,511.65</u>
Balance December 31, 2023	\$ <u>1,338.80</u>	<u>1,281,082.10</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2022		\$ 435,984.42
Increased By Receipts:		
Redemption of Liens	313,801.76	
Premiums on Sales	<u>288,900.00</u>	
		<u>602,701.76</u>
		1,038,686.18
Decreased by Disbursements:		
Redemption of Liens	331,976.18	
Premiums on Sales	<u>513,000.00</u>	
		<u>844,976.18</u>
Balance December 31, 2023		\$ <u><u>193,710.00</u></u>

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

Balance December 31, 2022	\$ 568,429.72
Increased by:	
None	<u> </u>
Decreased by:	
Retirement payouts	<u>7,500.00</u>
Balance December 31, 2023	\$ <u><u>560,929.72</u></u>

See Accompanying Auditor's Report

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

Balance December 31, 2022		\$ 445.05
Increased by:		
Animal Control Fees Collected - 2023		1,766.80
		2,211.85
Decreased by:		
Dog License Expenses	877.25	
Excess reserve due to Current	-	
		877.25
Balance December 31, 2023		\$ 1,334.60

License Fees Collected:	
Year	Amount
2021	\$ 2,468.00
2022	2,282.00
	\$ 4,750.00

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

Balance December 31, 2022		\$	-
Increased by:			
Excess reserve paid to Current			-
			<u> -</u>
Decreased by:			
Excess reserve due to Current	-		-
	<u> -</u>		<u> -</u>
Balance December 31, 2023		\$	<u><u> -</u></u>

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

Balance December 31, 2022		\$	-
Increased by:			
2023 State License Fees			418.20
			<u> 418.20</u>
Decreased by:			
Disbursements to the State			414.00
			<u> 414.00</u>
Balance December 31, 2023		\$	<u><u> 4.20</u></u>

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

Balance December 31, 2022	\$	23,201.52
Increased by:		
Cash Receipts		332.12
		23,533.64
Decreased by:		
Expenditures		-
Balance December 31, 2023	\$	23,533.64

SCHEDULE OF RESERVE FOR SMALL CITIES PROGRAM

Balance December 31, 2022	\$	199,595.69
Decreased by:		
Cash Disbursement		8,091.28
Balance December 31, 2023	\$	191,504.41

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

Balance December 31, 2022	\$ 203,960.75
Increased by:	
Escrow Deposits Received	<u>180,547.12</u>
	384,507.87
Decreased by:	
Disbursements	<u>216,004.20</u>
Balance December 31, 2023	<u><u>\$ 168,503.67</u></u>

SCHEDULE OF RESERVE FOR SNOW REMOVAL FEES

Balance December 31, 2022	\$ 110,900.50
Increased by:	
Budget transfer	<u>-</u>
	110,900.50
Decreased by:	
Disbursements	<u>-</u>
Balance December 31, 2023	<u><u>\$ 110,900.50</u></u>

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

Balance December 31, 2022		\$ 34,392.85
Increased by:		
Fees and Permits -		
Birch Grove Park	<u>8,186.76</u>	<u>8,186.76</u>
		42,579.61
Decreased by:		
Birch Grove Park Expenditures	<u>7,370.30</u>	<u>7,370.30</u>
Balance December 31, 2023		<u><u>\$ 35,209.31</u></u>

Exhibit B-12

SCHEDULE OF OUTSIDE EMPLOYMENT OF POLICE

Balance December 31, 2022		\$ 15,995.07
Increased by:		
Fees		<u>199,766.49</u>
		215,761.56
Decreased by:		
Payments to Current Fund		<u>207,246.52</u>
Balance December 31, 2023		<u><u>\$ 8,515.04</u></u>

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST

Balance December 31, 2022	\$ 93,631.07
Increased by:	
Cash Receipts	<u>27,161.82</u>
	27,161.82
Decreased by:	
Cash Disbursements	<u>14,950.00</u>
Balance December 31, 2023	<u>\$ 105,842.89</u>

Exhibit B-14

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER TRUST

Balance December 31, 2022	\$ 5,608.50
Increased by:	
Cash Receipts	<u>-</u>
	5,608.50
Decreased by:	
Cash Disbursements	<u>-</u>
Balance December 31, 2023	<u>\$ 5,608.50</u>

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

Balance December 31, 2022	\$	25,797.50
Increased by:		
Loan Disbursement		21,573.84
Decreased by:		
Loan Repayment		<u>14,382.56</u>
 Balance December 31, 2023	 \$	 <u><u>32,988.78</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR REDEMPTION OF TAX LIENS

Balance December 31, 2022	\$ 18,174.42
Increased by:	
Redemption of Third Party Liens	<u>313,801.76</u>
	331,976.18
Decreased by Disbursements:	
Cash Disbursed to Lienholders	<u>331,976.18</u>
Balance December 31, 2023	\$ <u><u>-</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2022	\$ 417,810.00
Increased by:	
Tax Sale Premiums Received	<u>288,900.00</u>
	706,710.00
Decreased by Disbursements:	
Cash Disbursed	<u>513,000.00</u>
Balance December 31, 2023	\$ <u><u>193,710.00</u></u>

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

Balance December 31, 2022		\$ 898,059.22
Miscellaneous	750.00	
Capital Improvement Fund	-	
		750.00
		898,809.22
Decreased by Disbursements:		
Improvement Authorizations	443,622.72	
		443,622.72
Balance December 31, 2023		\$ 455,186.50

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance 12/31/23
	Bonds Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	140,728.34						190,786.14
Capital Improvement Fund	615,148.00				137,000.00	50,057.80	478,148.00
	505,102.87				505,102.87	639,870.66	639,870.66
Due from Current Fund							-
Improvement Authorizations:							
Ordinance No.							
08-16 Various Improvements	355.30		20,843.62		14,257.80	34,746.12	-
16-17a Public Works Renovations	45,800.00				45,800.00		-
16-17b Road & Drainage Improvements					14,245.49	14,820.49	575.00
16-17c Sewer System Improvements	439,689.82		40,605.61		141,806.89		257,277.32
16-17d Public Safety Vehicles and Equipment	7,225.80						7,225.80
16-17g City Hall Improvements	(7,225.80)						(7,225.80)
16-17h Veteran's Park Improvements	6,141.02		1,888.00				4,253.02
04-19a Zion Road Pump Station Upgrades	(15,300.00)						(15,300.00)
04-19b Jet Vactor Truck and Sewer Camera Crawler	(358,000.00)		2,976.65		138.89		(361,115.54)
04-19c Sewer System Asset Management Plan	(130,500.00)						(130,500.00)
06-19 Park Improvements	601.00						
09-19a DPW Pole Barn	75,000.00						75,000.00
09-19b Sewer Inspection Camera	33,558.38						33,558.38
09-19c Road and Drainage Improvement	(750.00)	750.00	64,000.81			64,057.11	56.30
12-20a Road Improvements	991.75		34,351.75		17,762.50	51,142.50	
12-20b Sewer Improvements	374,950.00						374,950.00
12-20c Facilities Improvements	(5,822.60)						(5,822.60)
12-20d DPW Vehicles & Equipment	5,822.60						5,822.60
05-21a Road and Drainage Improvement	300,000.00		6,612.00		46,896.25		246,491.75
05-21b Sewer Improvements	88,178.74		168,445.66		68,375.60		88,178.74
05-21c Facilities Improvements			34,778.14			34,778.14	
05-21d OEM Vehicles & Equipment	2,020.00		18,519.48			18,737.25	
05-21e Public Safety Equipment and Stop Signs			50,000.00			50,000.00	
07-22 Fire Truck	(1,225,656.00)				9,344.00		(1,235,000.00)
6-23 Roof Replacement					41,755.49	100,000.00	58,244.51
11-23a PW Vehicles					148,825.00	7,500.00	(141,325.00)
11-23b Public Safety Vehicles and Equipment						7,500.00	7,500.00
11-23c Stormwater Mapping					140,700.55		(131,950.55)
11-23d Facility Improvements						5,750.00	5,750.00
11-23de Various Recreation Improvements						7,500.00	7,500.00
	898,059.22	750.00	443,622.72		1,332,031.33	1,332,031.33	455,186.50

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

Balance December 31, 2022	\$ 8,803,000.00
Bonds Issued	-
Decreased by:	
Bond Payments	<u>748,000.00</u>
Balance December 31, 2023	<u><u>\$ 8,055,000.00</u></u>

See Accompanying Auditor's Report

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Raised in Budget /Debt Issued	Balance Dec. 31, 2023	Analysis of Balance December 31, 2023		Unexpended Improvement Authorization
						Financed by Notes	Expended	
04-19	Sewer Improvements and Equipment	\$ 950,000.00			950,000.00			443,084.46
09-19	Various Improvements	750.00		750.00	-			-
07-22	Various Improvements	1,235,000.00			1,235,000.00			-
11-23	Various Improvements		703,000.00		703,000.00			450,474.45
		<u>\$ 2,185,750.00</u>	<u>703,000.00</u>	<u>750.00</u>	<u>2,888,000.00</u>	<u>-</u>	<u>-</u>	<u>893,558.91</u>

Improvement Authorizations Unfunded\$ 893,558.91
 Less:
 Unexpended Proceeds of Bond
 Anticipation Notes Issued:
 \$ -
 \$ 893,558.91

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

Balance December 31, 2022		\$ 615,148.00
2023 Budget Appropriation	<u>-</u>	<u>-</u>
		615,148.00
Decreased by:		
Improvement Authorizations		<u>137,000.00</u>
Balance December 31, 2023		\$ <u><u>478,148.00</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Ord. #	Improvement Description	Date	Amount	2023 Authorizations					Balance		
				Downpayment or Capital Improvement Fund		Deferred Charges to Future Taxation	Prior Encumbrances	Paid or Charged	Cancelled/ Other	December 31, 2023	
				Funded	Unfunded					Funded	Unfunded
08-16	Various Improvements	6/28/2016	1,610,000	355.30	-	34,746.12	30,843.62	4,257.80	-	-	
16-17	Various Improvements	11/28/2017	1,285,000	491,630.84	-	14,820.49	198,545.99	45,800.00	262,105.34	-	
04-19	Sewer Improvements and Equipment	3/5/2019	1,000,000	-	446,200.00	-	3,115.54	-	-	443,084.46	
06-19	Park Improvements	4/2/2019	25,000	601.00	-	-	601.00	-	-	-	
09-19	Various Improvements	7/16/2019	725,000	107,808.38	750.00	64,057.11	64,000.81	-	108,614.68	-	
12-20	Various Improvements and Equipment	8/11/2020	1,070,000	375,941.75	-	51,142.50	52,134.25	-	374,950.00	-	
05-21	Various Improvements	7/13/2021	890,000	390,198.74	-	340,336.65	393,627.13	-	336,908.26	-	
07-22	Fire Truck	6/28/2022	1,300,000	9,344.00	-	-	9,344.00	-	-	-	
06-23	Roof Replacement	3/21/2023	100,000	100,000.00	-	-	41,755.49	-	58,244.51	-	
11-23	Various Improvements	8/15/2023	740,000	37,000.00	-	703,000.00	289,525.55	-	450,474.45	-	
				<u>\$ 1,366,536.01</u>	<u>456,294.00</u>	<u>505,102.87</u>	<u>1,083,493.38</u>	<u>50,057.80</u>	<u>1,140,822.79</u>	<u>893,558.91</u>	
								Encum			
								Cash			
								<u>1,083,493.38</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, 2022	Increased	Decreased	Balance Dec. 31, 2023
	No current year activity				\$	-			-
						-			-
					\$	-	-	-	-

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2023		Interest Rate	Balance Dec. 31, 2022	Issued	Decreased	Balance Dec. 31, 2023
			Date	Amount					
General Improvements	10/23/2012	4,650,000	9/1/2024	350,000	3.000%	1,750,000.00	-	350,000.00	1,400,000.00
			9/1/2025	350,000	3.000%				
			9/1/2026	350,000	3.000%				
			9/1/2027	350,000	3.000%				
						<u>1,750,000.00</u>		<u>350,000.00</u>	<u>1,400,000.00</u>
General Improvements	10/19/2016	4,675,000	10/15/2024	285,000	5.000%	3,275,000.00	-	270,000.00	3,005,000.00
			10/15/2025	300,000	5.000%				
			10/15/2026	315,000	5.000%				
			10/15/2027	330,000	2.500%				
			10/15/2028	335,000	2.625%				
			10/15/2029	345,000	2.750%				
			10/15/2030	355,000	3.000%				
			10/15/2031	365,000	3.000%				
			10/15/2032	375,000	3.000%				
						<u>3,275,000.00</u>		<u>270,000.00</u>	<u>3,005,000.00</u>
General Improvements	4/29/2022	3,778,000	3/1/2024	125,000	5.000%	3,778,000.00	-	128,000.00	3,650,000.00
			3/1/2025	125,000	5.000%				
			3/1/2026	125,000	5.000%				
			3/1/2027	125,000	5.000%				
			3/1/2028	200,000	5.000%				
			3/1/2029	200,000	5.000%				
			3/1/2030	200,000	3.000%				
			3/1/2031	200,000	3.000%				
			3/1/2032	200,000	3.000%				
			3/1/2033	200,000	3.000%				
			3/1/2034	200,000	3.000%				
			3/1/2035	250,000	3.000%				
			3/1/2036	250,000	3.125%				
			3/1/2037	250,000	3.125%				
			3/1/2038	250,000	3.250%				
			3/1/2039	250,000	3.250%				
			3/1/2040	250,000	3.250%				
			3/1/2041	250,000	3.375%				
						<u>3,778,000.00</u>		<u>128,000.00</u>	<u>3,650,000.00</u>
						\$ 8,803,000.00		748,000.00	8,055,000.00

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE**

Balance December 31, 2022		\$	505,102.87
Additional Contracts			578,390.51
Decreased by:			
Cash Disbursed	443,622.72		
Cancelled	-		
			443,622.72
Balance December 31, 2023		\$	639,870.66

See Accompanying Auditor's Report

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Debt Issued	Other	Balance Dec. 31, 2023
04-19	Sewer Improvements & Equipment	\$ 950,000.00				950,000.00
09-19	Road and Drainage Improvements	750.00			750.00	-
07-22	Fire Truck	1,235,000.00				1,235,000.00
11-23	Various Improvements		703,000.00			703,000.00
		<u>\$ 2,185,750.00</u>	<u>703,000.00</u>	<u>-</u>	<u>750.00</u>	<u>2,888,000.00</u>

See Accompanying Auditor's Report

CITY OF NORTHFIELD

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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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." Due to the City having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$44,000.

The governing body of the City of Northfield has the responsibility of determining whether the expenditures in any category will exceed \$44,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

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

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

City Hall Roof Replacement

Our examination of expenditures did not reveal any payments in excess of \$44,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 3, 2023, 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 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 May 19, 2023 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>
2023	16
2022	16
2021	16

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 2024 and 2023 Taxes	5
Payments of 2024 and 2023 Sewer	5
Delinquent Taxes	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>
2023	\$ 31,123,282	30,803,959	98.97%
2022	30,571,437	30,159,726	98.65%
2021	30,114,201	29,652,787	98.47%
2020	30,327,084	29,827,661	98.35%
2019	29,988,291	29,328,077	97.80%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	3.545	3.492	3.455	3.468	3.409
Apportionment of Tax Rate					
Municipal	0.983	0.968	0.968	0.967	0.967
Library	0.038	0.035	0.032	0.034	0.034
County	0.533	0.510	0.498	0.504	0.513
Local School	1.253	1.248	1.235	1.223	1.148
Regional High School	0.738	0.731	0.722	0.740	0.747
Assessed Valuation	872,389,600	867,036,960	869,648,060	872,248,260	878,762,860

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>
2023	\$ 356,261	230,261	586,521	1.88%
2022	295,832	295,832	591,664	1.94%
2021	205,048	205,048	410,096	1.36%
2020	180,900	236,702	417,602	1.38%
2019	165,019	345,156	510,175	1.70%

FINDINGS AND RECOMMENDATIONS

None

STATUS OF PRIOR RECOMMENDATIONS

None

FINDINGS

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.

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

Nancy Sbrolla
Nancy Sbrolla
Certified Public Accountant
Registered Municipal Accountant
No. 542

April 12, 2024