

**CITY OF NORTHFIELD
COUNTY OF ATLANTIC, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2013**

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NORTHFIELD, CITY OF
COUNTY OF ATLANTIC, NEW JERSEY

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COUNTY OF ATLANTIC, NEW JERSEY

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CITY OF NORTHFIELD

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the City of Northfield, County of Atlantic, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the City prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of 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 the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Northfield, County of Atlantic, State of New Jersey, as of December 31, 2013, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 10.45% and 9.26% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the City of Northfield , County of Atlantic, State of New Jersey, as of December 31, 2013, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Prior Period Financial Statements

The financial statements as of December 31, 2012, were audited by other auditors whose report dated May 3, 2013 expressed a qualified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the City of Northfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Northfield's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA# 483

Freehold, New Jersey
June 25, 2014

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the City of Northfield (herein referred to as “the City”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 25, 2014 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA # 483

Freehold, New Jersey
June 25, 2014

BASIC FINANCIAL STATEMENTS

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**CITY OF NORTHFIELD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Cash:			
Treasurer	A-4	\$ 4,219,704	\$ 4,861,342
Change Fund	A	350	350
Total Cash & Cash Equivalents		<u>4,220,054</u>	<u>4,861,692</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	468,973	532,134
Tax Title Liens Receivable	A-7	21,771	17,638
Miscellaneous Liens Receivable	A-7	538	369
Property Acquired / Assessed Valuation		19,200	19,200
Sewer Rents Receivable	A-6	88,555	79,261
Sewer Liens Receivable	A-7	340	219
Due from the Dog Trust	B	-	1,314
Due from Grant Fund	A	51,223	-
Revenue Accounts Receivable	A-8	7,339	7,891
Total Receivables & Other Assets With Full Reserves		<u>657,939</u>	<u>658,026</u>
Deferred Charges			
NJS 40A:4-53 Special Emergency			
Preparation		-	10,000
Revaluation		70,000	140,000
Total Deferred Charges		<u>70,000</u>	<u>150,000</u>
Total Current Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		<u>4,947,993</u>	<u>5,669,718</u>
State & Federal Grants:			
Due from Current Fund	A		156,453
Federal and State Grants Receivable	A-13	335,027	150,736
Total State & Federal Grants		<u>335,027</u>	<u>307,189</u>
Total Assets		<u>\$ 5,283,020</u>	<u>\$ 5,976,907</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**CITY OF NORTHFIELD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2013	2012
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 675,187	\$ 634,347
Encumbrances Payable	A-3	196,611	222,070
Payroll Taxes Payable		34,166	36,045
Sewer Rents Overpayments		5,064	2,527
Prepaid Taxes		165,838	145,140
Tax Over Payments		39,993	23,277
Due to State of New Jersey - Senior Citizens and Veterans		17,621	30,371
Due to State of New Jersey - Marriage Fees		200	325
Due to State of New Jersey - DCA		1,961	1,446
Due to State - Burial Fees		25	-
Due to Grant Fund	A	-	156,453
Due to Trust	B	203	-
Reserve for Library Surplus		135,000	190,000
Due to County - Added Taxes	A-10	1,463	-
Subtotal		<u>1,273,333</u>	<u>1,442,001</u>
Reserve for Receivables & Other Assets		657,939	658,026
Fund Balance	A-1	<u>3,016,721</u>	<u>3,569,691</u>
Total Current Fund		<u>4,947,993</u>	<u>5,669,718</u>
State & Federal Grants:			
Due to the Current Fund	A	51,223	-
Reserve for Grants Appropriated	A-14	61,682	280,473
Reserve for Grants Unappropriated	A-15	11,580	11,594
Encumbrances Payable	A-14	<u>210,541</u>	<u>15,122</u>
Total State & Federal Grants		<u>335,027</u>	<u>307,189</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 5,283,020</u>	<u>\$ 5,976,907</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**CITY OF NORTHFIELD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Revenue & Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,634,000	\$ 1,400,000
Miscellaneous Revenues Anticipated	A-2	3,228,064	3,188,576
Receipts from Delinquent Taxes		475,478	369,238
Receipts from Current Taxes	A-2	26,303,739	25,448,267
Nonbudget Revenues	A-2	173,284	84,100
Other Credit to Income:			
Unexpended Balance of Appropriation Reserves	A-9	698,164	1,065,584
Interfund Returned	A	-	26,464
Sale of Municipal Assets	A-1	8,431	2,564
Cancelled Reserves	A-1	-	113,093
Cancelled Grants	A-13, A-14	3,638	11,529
Miscellaneous Cancellation	A-1	-	1,246
		<u>32,524,798</u>	<u>31,710,661</u>
Total			
Expenditures:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	3,966,750	3,940,267
Other Expenses	A-3	3,750,979	3,668,439
Deferred Charges and Statutory Expenditures	A-3	908,608	906,942
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	199,476	209,964
Other Expenses	A-3	2,004,872	1,761,887
Capital Improvements	A-3	81,000	326,000
Municipal Debt Service	A-3	1,283,099	1,051,345
Deferred Charges	A-3	84,000	87,250
County Taxes	A-10	4,030,868	3,386,937
Due County for Added and Omitted Taxes	A-10	1,463	13,147
Regional High School Tax	A-12	5,365,797	5,099,346
Local District School Tax	A-11	9,713,682	9,579,246
Prior Year Revenue	A-4	1,940	28,773
Interfund Created	A-9	51,233	-
		<u>31,443,768</u>	<u>30,059,543</u>
Excess Revenue over Expenditures			
		1,081,030	1,651,118
Fund Balance January 1			
	A	<u>3,569,691</u>	<u>3,318,573</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	4,650,721	4,969,691
		<u>1,634,000</u>	<u>1,400,000</u>
Fund Balance December 31			
	A	<u>\$ 3,016,721</u>	<u>\$ 3,569,691</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 1,634,000	\$ -	\$ 1,634,000	\$ -
Miscellaneous Revenues					
Licenses:					
Alcoholic Beverages	A-8	5,000	-	7,500	2,500
Other		75,000	-	77,586	2,586
Fees and Permits		60,000	-	75,379	15,379
Findes and Costs:					
Municipal Court		130,000	-	131,373	1,373
Interest and Costs on Taxes		100,000	-	113,216	13,216
Interest on Investments and Deposits		55,000	-	40,650	(14,350)
Sewer Rentals		1,190,000	-	1,183,783	(6,217)
Consolidated Municipal Property Tax Relief Act		30,080	-	30,080	-
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		602,306	-	582,121	(20,185)
Supplemental Energy Receipts		-	-	20,185	20,185
Uniform Construction Code Fees		110,000	-	109,318	(682)
Linwood Share - Sewerage Department Costs		120,000	-	165,508	45,508
Linwood Share - Court Costs		115,825	-	115,825	-
Linwood Share _ Police Chief Interlocal		95,000	-	95,529	529
Uniform Fire Safety Act		3,750	-	5,220	1,470
Library Maintenance Agreement		20,500	-	20,500	-
Library Reimbursement per Moriarity Law		55,000	-	55,000	-
Capital Fund Surplus		104,000	-	104,000	-
State and Federal Revenues Offset with Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse		13,145	-	13,145	-
Safe and secure Communities Program		60,000	-	60,000	-
NJ Department of Transportation		-	184,844	184,844	-
Recycling Tonnage Grant		9,168	-	9,168	-
Alcohol Education, Rehabilitation, and Enforcement		-	1,187	1,187	-
Body Armor Grant		2,426	-	2,426	-
Community Development Block Grant		-	-	-	-
Drive Sober or Get Pulled Over		-	4,400	4,400	-
US DOJ Body Armor Grant		3,140	-	3,140	-
Clean Community		-	16,981	16,981	-
Total Miscellaneous Revenue		2,959,340	207,412	3,228,064	61,312
Receipts from Delinquent Taxes		350,000	-	475,478	125,478
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		7,749,103	-	7,801,099	51,996
Minimum Library Tax	A-4	313,703	-	313,703	-
Total Amount to be Raised by Taxation		8,062,806	-	8,114,802	51,996
Sub-Total Budget		13,006,147	207,412	13,452,344	238,786
Non-Budget Revenue	A-2	-	-	173,284	173,284
Total General Revenues		\$ 13,006,147	\$ 207,412	\$ 13,625,628	\$ 412,070
	Ref.	A-3	A-3		

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	<u>Realized</u>
<u>Allocation of Current Tax Collections</u>		
Revenue from Collections	A-5	\$ 26,303,739
Net Revenue from Collections	A-1	26,303,739
Allocated to		
School and County Taxes	A-5	19,111,810
Balance for Support of Municipal Budget Appropriations		7,191,929
Add:		
Appropriations "Reserve for Uncollected Taxes"	A-3	922,873
Amount for Support of Municipal Budget Appropriations	A-2	\$ 8,114,802
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-5	\$ 474,057
Tax Title Lien Collections	A-7	1,420
	A-2	\$ 475,478

ANALYSIS OF NONBUDGET REVENUES

	<u>Amount</u>
Photocopies	\$ 1,372
Books, Maps, and Copies of Ordinance	36
Administrative Operations	5,837
LOSAP Surrender	2,840
Recycling Fees	1,603
Zoning Fees	9,490
Construction	28,020
Miscellaneous	124,087
Total Nonbudgeted Revenue	\$ 173,284

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
OPERATIONS - Within "CAPS"							
GENERAL GOVERNMENT:							
Administrative and Executive	\$ 44,000	\$ 47,000	\$ 43,418	\$ 1,382	\$ -	\$ 2,200	-
Other Expenses							
Mayor and Council	75,750	75,750	74,658	-	-	1,092	-
Salaries and Wages	3,500	3,500	2,778	-	-	723	-
Other Expenses							
City Clerk	105,000	95,000	85,440	-	-	9,560	-
Salaries and Wages							
Other Expenses							
Election Board	-	24,550	-	4,084	-	-	-
Miscellaneous							
Financial Administrator	83,000	83,000	80,593	-	-	2,407	-
Salaries and Wages	8,500	8,500	6,081	830	-	1,589	-
Other Expenses							
Municipal Prosecutor	12,000	12,000	12,000	-	-	-	-
Other Expenses							
Audit Service	49,500	44,500	35,000	9,000	-	500	-
Other Expenses							
Public Defender	2,000	2,000	-	-	-	2,000	-
Other Expenses							
Revenue Administration (Tax Collector)							
Salaries and Wages	97,000	97,000	96,237	-	-	763	-
Other Expenses	5,750	5,750	4,394	700	-	656	-
Tax Assessment Administrator							
Salaries and Wages	31,500	31,500	31,121	-	-	379	-
Other Expenses	6,500	6,500	4,294	994	-	1,212	-
Legal Services and Costs							
Other Expenses	125,000	125,000	90,485	14,187	-	20,328	-
Insurance							
Workers Compensation	310,000	310,000	307,177	-	-	2,823	-
Group Insurance	1,558,508	1,558,508	1,517,518	1,259	-	39,731	-
Other Insurance	132,500	132,500	118,225	6	-	14,269	-
Health Benefit Waiver	4,000	9,000	577	-	-	8,423	-
Economic Development Commission	1,000	1,000	-	-	-	1,000	-
Municipal Court							
Salaries and Wages	80,000	80,000	39,230	-	-	40,770	-
Other Expenses	12,000	12,000	10,712	680	-	609	-
Planning Board							
Salaries and Wages	8,500	8,500	8,000	-	-	500	-
Other Expenses	10,000	10,000	6,327	1,325	-	2,348	-
Engineering Services and Cost							
Other Expenses	40,000	40,000	19,658	6,948	-	13,394	-
Total General Government	2,830,058	2,823,058	2,610,445	41,394	-	171,219	-
DEPARTMENT OF PUBLIC SAFETY:							
Fire Official							
Salaries and Wages	10,000	10,000	7,914	-	-	2,086	-
Other Expenses	1,000	1,000	385	-	-	615	-
Fire Department							
Salaries and Wages	515,000	515,000	503,844	-	-	11,156	-
Other Expenses							
Fire Hydrant	88,500	88,500	74,290	14,210	-	-	-
Miscellaneous Other Expenses	45,000	45,000	28,579	15,537	-	883	-
Police Department							
Salaries and Wages	2,060,000	2,052,000	1,944,089	-	-	107,911	-
Other Expenses	69,420	69,420	64,609	1,685	-	3,127	-
Office of Emergency Management							
Salaries and Wages	3,000	3,000	2,500	-	-	500	-
Other Expenses	3,000	3,000	2,513	-	-	488	-
Total Public Safety	2,794,920	2,786,920	2,628,723	31,432	-	126,766	-

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
STREETS AND ROADS:						
Streets and Roads Maintenance						
Salaries & Wages	580,000	580,000	536,473	-	-	43,527
Other Expenses	17,950	17,950	10,055	5,951	-	1,944
Maintenance of Automotive Equipment						
Salaries & Wages						
Other Expenses	86,000	86,000	58,261	24,852	-	2,887
Solid Waste Collection						
Other Expenses	536,000	536,000	429,593	56,518	-	49,889
Public Buildings and Grounds						
Salaries & Wages	3,000	3,000	3,000	-	-	-
Other Expenses	80,000	80,000	56,441	8,306	-	15,253
Maintenance of Bike Path	2,000	2,000	-	-	-	2,000
Total Streets and Roads	1,304,950	1,304,950	1,093,823	95,627	-	115,500
SANITATION						
Sewerage						
Salaries & Wages	110,000	110,000	108,478	-	-	1,522
Other Expenses	35,000	30,000	12,730	740	-	16,531
Total Sanitation	145,000	140,000	121,208	740	-	18,053
HEALTH AND WELFARE						
Dog Regulation	9,000	9,000	8,250	750	-	-
Other Expenses						
Total Health and Welfare	9,000	9,000	8,250	750	-	-
RECREATION AND EDUCATION						
Parks and Playgrounds						
Salaries & Wages	103,000	103,000	90,350	-	-	12,650
Other Expenses	6,000	6,000	4,890	177	-	934
Neighborhood Programs						
Miscellaneous Other Expenses	10,000	10,000	10,000	-	-	-
FAN	1,000	1,000	-	-	-	1,000
Senior Citizens	2,500	2,500	2,478	-	-	22
Little League	4,000	4,000	3,997	-	-	4
Babe Ruth						
Conservation Commission	500	500	-	-	-	500
Other Expenses						
Total Recreation and Education	127,000	127,000	111,714	177	-	15,109
UNIFORM CONSTRUCTION CODE (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries & Wages	80,000	80,000	78,286	-	-	1,714
Other Expenses	22,000	22,000	19,408	-	-	2,592
Zoning/Housing Officer						
Salaries & Wages	40,000	40,000	39,607	-	-	393
Other Expenses	1,800	1,800	742	-	-	1,058
Total Uniform Construction Code	143,800	143,800	138,042	-	-	5,758
UNCLASSIFIED:						
Utilities:						
Petroleum Products	90,000	85,000	68,603	12,026	-	4,371
Telephone and Telegraph	50,000	57,000	55,000	-	-	2,000

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Electricity and Natural Gas	220,000	236,000	222,835	7,000	6,165	-
Street Lighting	-	-	-	-	-	-
Water	4,000	5,000	4,307	693	(0)	-
Street Sweeping	1	1	-	-	1	-
Total Unclassified	364,001	383,001	350,744	19,719	12,537	-
Total Operations - Within "CAP"	7,718,729	7,717,729	7,062,948	189,839	464,942	-
Detail:						
Salaries and Wages	3,984,750	3,966,750	3,729,820	-	236,930	-
Other Expenses	3,733,979	3,750,979	3,333,128	189,839	228,012	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - WITHIN "CAP"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	169,407	169,407	169,407	-	-	-
Police and Firemen's Retirement System	542,701	542,701	542,701	-	-	-
Social Security System (O.A.S.I.)	175,000	175,000	149,915	-	25,085	-
Defined Contribution retirement Program	3,000	3,066	4,000	496	438	-
Reserve for Accumulated Leave	500	500	500	-	-	-
Unemployment Compensation Insurance	17,000	17,000	14,633	-	2,367	-
Total Deferred Charges and Statutory Expenditures - Within "CAP"	907,608	908,608	880,223	496	27,889	-
Total General Appropriations for Municipal Purpose - Within "CAP"	8,626,337	8,626,337	7,943,171	190,335	492,831	-
OPERATIONS EXCLUDED FROM "CAP"						
Maintenance of Free Public Library (P.L. 1985 c.82 and 541)	313,703	313,703	313,703	-	-	-
Atlantic County Utilities Authority Service Charge - Contractual	675,000	675,000	616,732	-	58,268	-
LOSAP	22,500	22,500	5,250	-	17,250	-
Group Health Insurance - Outside CAPs Allowance	76,492	76,492	-	-	76,492	-
Dispatch	350,200	350,200	350,200	-	-	-
Other Expenses	120,000	120,000	119,377	276	346	-
Linwood Share Sewerage - Interlocal Service Agreement	95,000	95,000	95,000	-	-	-
Linwood Police Chief Interlocal	115,825	115,825	110,825	-	5,000	-
Linwood Share of Court Costs						
Interlocal Service Agreement						
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES - EXCLUDED FROM "CAP"						
Clean Communities Program	16,981	16,981	16,980.91	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse	13,145	13,145	13,145	-	-	-
County Share	3,287	3,287	3,287	-	-	-
Local Share	-	-	-	-	-	-
COPS in Shops	60,000	60,000	60,000	-	-	-
Safe and Secure Program:	137,050	137,050	137,050	-	-	-
State Share	-	-	-	-	-	-
Local Share	-	-	-	-	-	-
Click It or Ticket	-	-	-	-	-	-
Drunk Driving Enforcement Grant	4,400	4,400	4,400	-	-	-
Drive Sober or Get Pulled Over	184,844	184,844	184,844	-	-	-
NJ DOT Trust Fund Authority	-	-	-	-	-	-
State Farm Grant	3,140	3,140	3,140	-	-	-
US DOJ Body Armor Grant	-	-	-	-	-	-
Community Development Block Grant	-	-	-	-	-	-

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Over the Limit Under Arrest	-	-	-	-	-	-
Body Armor	2,426	2,426	2,426	-	-	-
Recycling Tonnage Grant	9,168	9,168	-	-	-	-
NJ Alcohol Education Rehabilitation	1,187	1,187	1,187	-	-	-
Total Operations - Excluded From "CAP"	2,204,349	2,204,349	2,046,716	276	157,356	-
Detail:						
Salaries and Wages	199,476	199,476	199,476	-	-	-
Other Expenses	2,004,872	2,004,872	1,847,240	276	157,356	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP"						
Capital Improvement Fund	50,000	50,000	50,000	-	-	-
Firefighter Protection Equipment	6,000	6,000	-	6,000	-	-
Sewer Repairs	25,000	25,000	-	-	25,000	-
Total Capital Improvement Fund - Excluded From "CAP"	81,000	81,000	50,000	6,000	25,000	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	1,030,000	1,030,000	1,030,000	-	-	-
Interest on Bonds	265,000	265,000	253,099	-	-	11,901
Total Municipal Debt Service - Excluded From "CAP"	1,295,000	1,295,000	1,283,099	-	-	11,901
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"						
Special Emergency Authorizations	80,000	80,000	80,000	-	-	-
5 Years (N.J.S.A. 40A:4-55)	4,000	4,000	4,000	-	-	-
Ordinance 1-10	84,000	84,000	84,000	-	-	-
Total Deferred Charges - Municipal Excluded From "CAPS"	168,000	168,000	168,000	-	-	-
Total General Appropriations For Municipal Purposes - Excluded From "CAP"	3,664,349	3,664,349	3,463,815	6,276	182,356	11,901
Subtotal General Appropriations	12,290,686	12,290,686	11,406,986	196,611	675,187	11,901
Reserve for Uncollected Taxes	922,873	922,873	922,873	-	-	-
Total General Appropriations	\$ 13,213,559	\$ 13,213,559	\$ 12,329,859	\$ 196,611	\$ 675,187	\$ 11,901
	A-2		A		A	A-3
Appropriation by N.J.S. 40A:4-47	A-3	\$ 207,412				
Budget	A-3	13,006,147				
		\$ 13,213,559				
Reserve for Federal and State Grants	A-14	\$ 435,629				
Reserve for Uncollected Taxes	A-2	922,873				
Deferred Charges	A	84,000				
Disbursed	A-4	10,887,358				
		\$ 12,329,859				

**CITY OF NORTHFIELD
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 9,342	\$ 9,757
		<u>9,342</u>	<u>9,757</u>
Other Funds:			
Cash - Treasurer	B-1	1,418,574	1,397,633
Cash - Tax Collector	B-2	131,990	103,840
Due From Current Fund	A	203	-
Small Cities Revolving Loans Receivable	B	44,398	44,398
		<u>1,595,165</u>	<u>1,545,871</u>
LOSAP (Reviewed)			
Investments - Held for LOSAP		<u>187,186</u>	<u>158,752</u>
Total Revenues		<u>\$ 1,791,693</u>	<u>\$ 1,714,380</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Due to Current Fund	A	\$ -	\$ 1,314
Due to State of New Jersey	B-6	3	1
Reserve for Animal Control Fund Expenditures	B-4	9,339	8,442
		<u>9,342</u>	<u>9,757</u>
Other Funds:			
Due to State - Sales Tax	B	164	125
Reserve for:			
Law Enforcement Forfeiture	B-7	69,765	34,043
Escrow Fees	B-9	194,375	209,751
Snow Removal	B-10	33,317	33,317
Small Cities Grant Appropriation	B-8	181,496	181,496
Recreation Expenditures	B-11	106,841	98,242
Cultural Committee	B-18	6,325	8,966
Municipal Alliance	B-13	1,137	1,137
Outside Employment of Police	B-12	3,799	2,591
POAA	B-19	105	978
Police Donations	B	-	5,000
Public Defender	B-14	7,863	6,585
Recycling	B-20	20,638	20,638
Accumulated Sick and Vacation	B-3	781,649	781,149
Small Cities Revolving Loan	B-15	44,398	44,398
Tax Sale Premiums	B-17	131,990	103,840
Joint Insurance Funds	B-21	11,303	13,615
		<u>1,595,165</u>	<u>1,545,871</u>
LOSAP (Reviewed)			
Reserve for LOSAP		<u>187,186</u>	<u>158,752</u>
Total Liabilities and Reserves		<u>\$ 1,791,693</u>	<u>\$ 1,714,380</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Cash - Treasurer	C-2	\$ 1,426,515	\$ 2,630,597
Due from Current Fund			-
Deferred Charges to Future Taxation			
Funded	C-4	7,864,000	8,894,000
Unfunded	C-5	1,752,750	4,000
Total		\$ 11,043,265	\$ 11,528,597
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds Payable	C-9	\$ 7,864,000	\$ 8,894,000
Contracts Payable	C-10	555,511	746,819
Improvement Authorizations:			
Funded	C-7	679,161	1,484,960
Unfunded	C-7	1,728,004	4,000
Reserve for:			
Capital Improvement Fund	C-6	3,628	81,878
Preliminary Expenses	C-8	20	-
Fund Balance	C-1	212,941	316,940
Total		\$ 11,043,265	\$ 11,528,597

There were Bonds and Notes Authorized But Not Issued on December 31, 2013 and 2012 of \$1,752,750 and \$4,000, respectively.

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

Balance, December 31, 2012	\$	316,941
Decreased by:		
Budget Appropriations		<u>104,000</u>
Balance, December 31, 2013	\$	<u><u>212,941</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**CITY OF NORTHFIELD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

ASSETS	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land, Building, & Improvements	\$ 5,473,737	\$ 5,512,687
Machinery and Equipment	<u>4,436,094</u>	<u>4,436,801</u>
Total General Fixed Assets	<u>\$ 9,909,831</u>	<u>\$ 9,949,488</u>
RESERVES		
Investment in General Fixed Assets	<u>\$ 9,909,831</u>	<u>\$ 9,949,488</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the City of Northfield, County of Ocean, New Jersey (“the City”), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City as required by *N.J.S.A.40A:5-5*. The financial statements of the City do not include the operations of the Board of Education, first aid organization or volunteer fire companies that are subject to separate audits.

B. Descriptions of Funds

The Governmental Accounting Standards Board (“GASB”) is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB codification establishes seven major fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (“GAAP”).

The accounting policies of the City 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, (the “Division”). 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 respect to public funds. Under this method of accounting, the City accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

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

Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

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

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1. Summary of Significant Accounting Policies (continued):

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State Grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the City's budget. Federal and State Grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the City requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. Summary of Significant Accounting Policies (continued):

or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water and Sewer Utility Operating Fund would be on a full accrual basis.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

Sale of Municipal Assets - cash proceeds from the sale of City owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets - in accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the City has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1. Summary of Significant Accounting Policies (continued):

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain (“infrastructures”) 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 reported acquisition costs or estimated acquisition cost if actual historical cost is not available.

No depreciation has been provided for the financial statements.

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

Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. However, comparative data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1. Summary of Significant Accounting Policies (continued):

D. Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in general-purpose financial statements in accordance with GAAP. The City presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budget and Budgetary Accounting

The City is required by state law to adopt an annual budget for the Current Fund. Each budget is presented in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The following steps are taken in establishing the budgetary data reflected in the financial statements:

1. Prior to February 10th of the budget year the City introduces a budget, which includes proposed expenditures and financing methods.
2. A public hearing is held 28 days after introduction, after a public hearing the budget may be adopted by the governing body.

Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

F. Subsequent Events

The City has evaluated subsequent events occurring after December 31, 2013 through the date of June 25, 2014, which is the date the financial statements were available to be issued.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 2. Cash and Cash Equivalents (continued):

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 7,206,475
Total Deposits	<u>\$ 7,206,475</u>
 Reconciliation of Statement of Comparative Balance Sheets:	
Current Fund	\$ 4,220,054
Animal Control Trust	9,342
Trust - Other	1,550,564
General Capital Fund	<u>1,426,515</u>
 Total	 <u>\$ 7,206,475</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned. The City does have a deposit policy for custodial credit risk. As of December 31, 2013, the City’s bank balance of \$8,007,256 was insured or collateralized as follows:

FDIC	\$ 250,000
Insured	7,139,024
Uncollateralized and Uninsured	<u>618,232</u>
 Total	 <u>\$ 8,007,256</u>

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 3. Investments:

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's investments are held in the name of the Authority and are collateralized by GUDPA.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2013, are provided in the above schedule.

Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 3. Investments (continued):

- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2013, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Total Reported Value</u>
LOSAP	\$ 187,186	187,186	<u>\$ 187,186</u>
Total			<u><u>\$ 187,186</u></u>

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The City has deposited cash in 2013 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the City invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 5. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax rate Information

	2013	2012	2011
Total Tax Rate	\$ 2.814	\$ 2.676	\$ 2.657
Apportionment of Tax Rate:			
Municipal	0.802	0.792	0.792
County	0.418	0.349	0.350
Local District School	1.006	0.980	0.965
Regional School	0.556	0.521	0.514
Municipal Library	0.032	0.034	0.036

Net Valuation Taxable

2013	<u>\$ 965,961,379</u>	
2012		<u>\$ 977,094,553</u>
2011		<u>\$ 986,787,846</u>

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2013	\$ 27,197,325	\$ 26,303,739	96.71%
2012	26,250,522	25,447,372	96.94%
2011	26,301,579	25,760,894	97.94%

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6. Interfund Balances

Balances due to/from other funds at December 31, 2013 consist of the following:

	<u>Due From</u>	<u>Due To</u>
Current Fund	\$ 51,223	\$ 203
Grant Fund		51,223
Trust Other	203	
	<u>\$ 51,426</u>	<u>\$ 51,426</u>

The purpose of these interfunds is short-term borrowings.

Note 7. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 7. Debt (continued)

A. Long-Term Debt

The City's long-term debt is summarized as follows:

General Capital Fund

Bonds Payable:

In September 2002, the City issued \$4,655,000 general obligation bonds for general improvements. The annual maturities range from \$430,000 to \$435,00 through 2015, interest is 4.000%	\$ 865,000
In November 2006, the City issued \$4,999,000 general obligation bonds for general improvements. The annual maturities range from \$450,000 to \$600,000 through 2018, interest rates ranging from 3.750% to 4.000%	2,524,000
In October 2012, the City issued \$4,650,000 general obligation bonds for general improvements. The annual maturities range from \$175,000 to \$350,000 through 2027, interest rates ranging from 2.000% to 3.000%	<u>4,475,000</u>
Total	<u>\$ 7,864,000</u>

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 7. Debt (continued)

A. Long-Term Debt (continued)

Aggregate debt service requirements during the next five fiscal years and thereafter for the General Capital Fund are as follows:

Calender Year	General Capital Debt		
	Bonded Debt		
	Principal	Interest	Total
2014	\$ 1,055,000	\$ 233,998	\$ 1,288,998
2015	1,085,000	196,423	1,281,423
2016	850,000	157,710	1,007,710
2017	875,000	146,273	1,021,273
2018	849,000	116,210	965,210
2019-2023	1,750,000	336,875	2,086,875
2024-2027	1,400,000	96,250	1,496,250
	<u>\$ 7,864,000</u>	<u>\$ 1,283,739</u>	<u>\$ 9,147,739</u>

B. Short-Term Debt

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuing of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

On December 31, 2012 and 2013, the City had no outstanding bond anticipation notes.

C. Bonds and Notes Authorized But Not Issued

On December 31, 2013, the City had authorized but not issued bonds and notes as follows:

General Capital \$1,752,750

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 7. Debt (continued)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The City's statutory net debt at December 31, 2013 was 1.013%.

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

As of December 31, 2013, the carrying value of the above bonds approximates the fair value of the bonds.

At December 31, 2013 and 2012, the City has authorized but not issued debt of \$1,752,750 and \$4,000, respectively.

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

Summary of Municipal Debt

	2013	2012	2011
General - Bonds, Loans and Notes	\$ 7,864,000	\$ 8,894,000	\$ 5,064,000
General - Bond Anticipation Notes			2,660,000
Authorized But Not Issued	1,752,750	4,000	1,147,250
	<u>\$ 9,616,750</u>	<u>\$ 8,898,000</u>	<u>\$ 8,871,250</u>

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 7. Debt (continued)

Summary of Regulatory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of 1.013%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,128,000	\$ 3,128,000	\$ -
Regional School Debt	12,463,950	12,463,950	-
General Debt	9,616,750	-	9,616,750
	\$ 25,208,700	\$ 15,591,950	\$ 9,616,750
	\$ 25,208,700	\$ 15,591,950	\$ 9,616,750

Net Debt \$9,616,750 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$949,729,144 =1.013%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 33,240,520
Net Debt	<u>9,616,750</u>
Remaining Borrowing Power	<u><u>\$ 23,623,770</u></u>

Note 8. Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the City's liability related to unused vacation and sick pay. The City permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation, as calculated by the City, would approximate \$1,432,506 at December 31, 2013 in accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying statements.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 9. Fund Balances Appropriated

The municipal budget for 2014 has been introduced and, therefore, the fund balances at December 31, 2013, which are appropriated and included as anticipated revenues in the year ending December 31, 2014 are as follows:

Current Fund	\$1,600,000
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Note 10. Taxes Collected in Advance

Taxes and sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

Balance December 31,	2013	2012
Prepaid Taxes	<u>\$165,838</u>	<u>\$145,140</u>

Note 11. Assessments and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the City Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the City, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the City Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the City annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the City granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 12. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Balance Dec 31, 2013	2014 Budget Appropriation
Current Fund:		
Special Emergency - Revaluation	\$ 70,000	\$ 70,000

Note 13. Pension

A. Plan Description

The City of Northfield contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A* and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of *N.J.S.A.43:16A*. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of *N.J.S.A.43:16A*, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625, or calling (609) 984-1684.

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 13. Pension (continued)

B. Vesting and Benefit Provisions

The vesting and benefit provisions of P.E.R.S. are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The P.E.R.S. provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2012 changed this for employees enrolled after June 28, 2012. See Note 8C below.

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the P.F.R.S. and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 13. Pension (continued)

C. Significant Legislation (continued)

Effective June 28, 2012, Chapter 78, P.L. 2012 reformed various pension and health benefits provisions. Employees hired after June 28, 2012 and enrolled in P.E.R.S. will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 P.E.R.S. members will be age 65 and 30 years of service. Tier 3 was added to P.F.R.S. for enrollees after June 28, 2012. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a “target funded ratio”.

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

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. P.E.R.S. provide for employee contributions of 6.5%, effective October 1, 2012, of employees’ annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both P.F.R.S. and P.E.R.S. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2012, of their annual covered salary for P.F.R.S. and the City of Northfield is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan’s board of trustees. The City’s contributions to P.E.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$169,407, \$169,926, and \$164,090, respectively, equal to the required contributions for each year and to P.F.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$542,701, \$539,158 and \$589,751, respectively, equal to the required contributions for each year.

Note 14. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The City is a member of the Ocean County Municipal Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen’s compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance for property.

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 15. Deferred Compensation

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

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

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

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

Note 16. School Taxes

Local District School taxes and Regional High School Tax have been raised on a calendar year basis. There were no Local District School Taxes or Regional High School taxes payable at December 31, 2013.

Note 17. Contingent Liabilities

State and Federal Financial Assistance

The City receives financial assistance from the State of New Jersey and the U. S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2013, the City estimates that no material liabilities will result from such audits.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 17. Contingent Liabilities (continued)

Pending Litigation

There are actions, which have been instituted against the City which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the City.

It is the opinion of the City officials that there is no litigation threatened or pending that would materially affect the financial position of the City or adversely affect the City's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The City officials believe that negligence and other types of liability suits, of which the City is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

Note 18. Length of Service Award Program ("LOSAP") (Reviewed):

During the year 2001 the voters of the City of Northfield approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who performed qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City has included \$22,500 in the 2013 budget for contributions to the LOSAP for volunteers who have met the established criteria.

Reporting Requirements

N.J.A.C.5:30-14.49 requires that the City perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accounts Statements for Accounting and Auditing Review Services.

CITY OF NORTHFIELD

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 19: Other Post-Employment Benefits

The financial statements of the City are not prepared in accordance with Governmental Accounting Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description

In addition to the pension benefits described in Note 12, the City contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. was established in 1961 under *N.J.S.A.52:14-17.25 et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P. The City's defined benefit postemployment healthcare plan provides post-employment health care benefits, at its cost, to certain retired employees. The City will cover the entire cost of post-retirement health benefits for the retirees and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and twenty (20) continuous years or more of service with the City of Northfield and remains in effect until the employee becomes Medicare eligible. The plan can be amended by the City subject to applicable collective bargaining and employment agreements.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the S.H.B.P. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the City on a monthly basis.

The City is a member of the SHBP and provides that its retirees will be covered if they have participated in either the PERS or the PFRS for 25 years. During 2013, 2012 and 2011 the City paid the SHBP \$1,576,519, \$1,432,159, and \$1,331,096 respectively for health care of employees and retirees. The amount paid for retirees was \$629,024, \$556,019, and \$540,437 respectively.

CITY OF NORTHFIELD

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 20: UNION CONTRACTS

As of December 31, 2013, the City's employees are organized in three collective bargaining units. The contracts with the Policeman's Benevolent Association will expire December 31, 2013, the UWU will contract December 31, 2015 and the IAFF contract will expire December 31, 2014.

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

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF CURRENT CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$	4,861,692
Increased by Receipts:		
Taxes Receivable	\$	26,632,656
Due from State of New Jersey (c.73, P.L. 1976)		116,322
Prepaid Taxes		165,838
Lien Payments		1,420
Federal and State Grants		82,456
Miscellaneous revenue Anticipated		2,771,125
Miscellaneous Revenue Not Anticipated		173,284
Due to Trust Fund		203
Unappropriated Grants		11,580
Due State for Burial Permit Fees		25
Due State for DCA		5,982
Due State for Marriage Licenses		775
		<hr/>
Subtotal		<u>29,961,667.44</u>
Decreased by:		
2012 Appropriation Reerves		158,253
2013 Apporpriations		10,887,358
County Taxes		4,030,868
Regional High School Tax		5,365,797
Local District School Tax		9,713,682
Due to Capital		
Due to Library		
Due State for Marriage Licenses		900
Due State for DCA		5,467
Refund Prior Year Revenue		520
Payroll Taxes Payable		1,880
Federal and State Grant Expenditures		438,931
		<hr/>
Subtotal		<u>30,603,655.29</u>
Balance, December 31, 2013	\$	<u><u>4,219,704</u></u>

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of 2013 Property Tax Levy	
Tax Yield	
General Property Tax	\$ 27,182,153
Added Taxes (54:4-63.1 et. Seq.)	<u>15,172</u>
	<u>\$ 27,197,325</u>
Tax Levy:	
Regional High School Tax (Abstract)	\$ 5,365,797
Local School District Tax (Abstract)	9,713,682
County Taxes:	
County Tax (Abstract)	\$ 3,783,256
County Health Service Tax (Abstract)	190,820
County Open Space Tax (Abstract)	56,792
Due County for Added Taxes (R.S. 54:4-63.1 et seq.)	<u>1,463</u>
Total County Taxes	4,032,331
Local Tax For Municipal Purposes	7,749,103
Add: Minimum Library Tax	313,703
Add: Additional Tax Levied	<u>22,709</u>
	<u>8,085,515</u>
	<u>\$ 27,197,325</u>

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF SEWER RENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ 79,261
Increased by:		
Penalties	\$ 23,207	
Sewer Rents	<u>1,169,870</u>	
		<u>1,193,077</u>
		1,272,338
Decreased by:		
Transfer to Liens	121	
Overpayments Applied	2,527	
Collections	<u>1,181,135</u>	
		<u>1,183,783</u>
Balance, December 31, 2013		<u><u>\$ 88,555</u></u>

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF LIENS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ 18,226
Increased by:		
Tax Sale	\$ 302	
Sewer Liens	121	
Maintenance Liens	538	
Adjustment	2,044	
Interest and Cost from Tax Sale	54	
Transfers		
2013 Receivable	2,784	
		5,843
		24,069
Decreased by:		
Tax Title Lien Collections	1,420	
		1,420
Balance, December 31, 2013		\$ 22,649
<u>Analysis of Balance:</u>		
Tax Title Liens	\$ 21,771	
Sewer Title Liens	340	
Miscellaneous Liens	538	
	\$ 22,649	

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	ACCRUED IN 2013	COLLECTED	BALANCE DECEMBER 31, 2013
<u>Micellaneous Revenues Anticipated:</u>				
Alcoholic Beverage Licenses	\$ -	\$ -	\$ -	\$ -
Other Licenses		7,500	7,500	-
Fees and Permits	-	77,586	77,586	-
Municipal Court:	-	75,379	75,379	-
Fines and Costs	7,891	130,821	131,373	7,339
Interest and Costs on Taxes	-	113,216	113,216	-
Interest on Investments Deposits	-	40,650	40,650	-
Sewerage Rentals	-	1,183,783	1,183,783	-
Energy Receipt Taxes	-	30,080	30,080	-
Consolidated Municipal Tax Relief Act	-	582,121	582,121	-
Supplemental Energy Receipts Taxes	-	20,185	20,185	-
Uniform Construction Code Fees	-	109,318	109,318	-
Linwood Share - Sewerage Department Costs - Interlocal Service Agreement	-	115,825	115,825	-
Linwood Share - Police Chief	-	95,529	95,529	-
Linwood Share - Court Costs	-	5,220	5,220	-
Library Rent	-	20,500	20,500	-
Library Reimbursement	-	55,000	55,000	-
	<u>\$ 7,891</u>	<u>\$ 2,828,221</u>	<u>\$ 2,828,773</u>	<u>\$ 7,339</u>
	A			A
Receipts			\$ 2,771,125	
Overpayments Applied and Transfers to Sewer Liens			2,648	
Reserve for Library Surplus			<u>55,000</u>	
			<u>\$ 2,828,773</u>	

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE		BUDGET AFTER	PAID OR CHARGED	BALANCE
	DECEMBER 31, 2012				
	ENCUMBERED	RESERVED			
General Administration					
Other Expenses	\$ 1,368	\$ 7,012	\$ 8,380	\$ 80	\$ 8,300
Mayor and Council					
Salaries and Wages	-	523	523	-	523
Other Expenses	81	461	542	81	461
City Clerk					
Salaries and Wages	-	707	707	-	707
Other Expenses					
Election Board	-	430	430	-	430
Miscellaneous	6,892	1,787	8,679	5,690	2,989
Financial Administration					
Salaries and Wages	-	3,455	3,455	(800)	4,255
Other Expenses	5,343	1,620	6,963	-	6,963
Audit					
Other Expenses	8,000	3,250	11,250	-	11,250
Public Defender					
Other Expenses	-	2,000	2,000	-	2,000
Tax Collector					
Salaries and Wages	-	-	-	-	-
Other Expenses	495	504	999	428	571
Tax Assessment Administration					
Other Expenses	975	585	1,560	975	585
Legal Services and Costs					
Other Expenses	17,700	3,802	21,502	10,695	10,807
Insurance					
Workers' Compensation	-	2,831	2,831	-	2,831
Group Insurance	674	58,049	58,723	8,431	50,292
Other Insurance	4,060	6,229	10,289	5,996	4,293
Health Benefit Waiver	-	4,000	4,000	-	4,000
Municipal Court					
Salaries and Wages	-	11,314	11,314	-	11,314
Other Expenses	1,814	1,118	2,932	1,588	1,344
Planning Board					
Salaries and Wages	-	551	551	-	551
Other Expenses	400	3,524	3,924	-	3,924
Engineering					
Other Expenses	16,486	6,159	22,645	15,533	7,112
Fire Official					
Salaries and Wages	-	2,241	2,241	-	2,241
Other Expenses	-	768	768	-	768
Fire Department					
Salaries and Wages	-	67,423	67,423	-	67,423
Other Expenses					
Fire Hydrant	77	6,698	6,775	-	6,775
Miscellaneous Other Expenses	22,516	2	22,518	15,780	6,738
Police Services					
Salaries and Wages	-	60,538	60,538	-	60,538
Other Expenses	6,752	4,206	10,958	4,818	6,140
Office of Emergency Management					
Other Expenses	400	653	1,053	365	688
Streets and Roads					
Salaries and Wages	-	26,885	26,885	-	26,885
Other Expenses	2,935	9,146	12,081	30	12,051

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE		BUDGET AFTER	PAID OR CHARGED	BALANCE LAPSED
	DECEMBER 31, 2012 ENCUMBERED	RESERVED			
Maintenance of Automotive Equipment					
Other Expenses	20,871	438	21,309	15,199	6,110
Solid Waste Tipping Fees					
Tipping Fees	15,908	47,893	63,801	18,407	45,394
Recycling Contracts	12,365	-	12,365	11,026	1,339
Yard Waste	24,482	-	24,482	12,794	11,688
Public Buildings and Grounds					
Other Expenses	8,281	1,886	10,167	4,824	5,343
Maintenance of Bike Path	-	2,000	2,000	-	2,000
Sewerage					
Salaries and Wages	-	75,946	75,946	-	75,946
Other Expenses	2,794	11,843	14,637	1,861	12,776
Dog Regulations					
Other Expenses	750	-	750	750	-
Parks and Playgrounds					
Salaries and Wages	-	6,614	6,614	-	6,614
All Sports	1,712	428	2,140	1,247	893
Senior Citizens	600	400	1,000	-	1,000
Conservation Commission					
Other Expenses	-	500	500	-	500
Construction Code Official					
Salaries and Wages	-	3,380	3,380	-	3,380
Other Expenses	-	2,000	2,000	-	2,000
Zoning/Housing Officer					
Salaries and Wages	-	370	370	-	370
Other Expenses	-	244	244	-	244
Utilities:					
Gasoline	7,354	14,294	21,648	5,972	15,676
Electricity	2,921	7,639	10,560	-	10,560
Telephone and Telegraph	1,725	1,716	3,441	284	3,157
Natural Gas	11,033	11,759	22,792	-	22,792
Street Lighting	5,917	11,364	17,281	-	17,281
Water Service	1	545	546	-	546
Internet	22	1,526	1,548	-	1,548
Street Sweeping	-	1	1	-	1
Contribution to:					
Social Security	-	22,251	22,251	-	22,251
DCRP	-	1,648	1,648	-	1,648
Unemployment Compensation Insurance	-	2,851	2,851	-	2,851
ACUA Service Charge - Contract	-	71,310	71,310	-	71,310
LOSAP	-	7,500	7,500	7,500	-
Dispatch					
Other Expenses	-	15,000	15,000	-	15,000
Linwood - Interlocal Agreement	767	5,835	6,602	32	6,570
Capital Improvements Excluding from "CAP"					
Sewer Repairs	7,599	6,695	14,294	8,667	5,627
Total General Appropriations for County Purposes	\$ 222,070	\$ 634,347	\$ 856,417	\$ 158,253	\$ 698,164

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF COUNTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012			
County Taxes	\$	-	
Added and Omitted Taxes		-	
		<u> </u>	\$ -
Increased by:			
County General		3,783,256	
County Local Health		190,820	
County Open Space		56,792	
Added Taxes		1,463	
			<u>4,032,331</u>
			4,032,331
Decreased by:			
Payment to County			<u>4,030,868</u>
Balance, December 31, 2013			
County Taxes		-	
Added and Omitted Taxes		1,463	
		<u> </u>	
			<u><u>\$ 1,463</u></u>

**CITY OF NORTHFIELD
CURRENT FUND
STATEMENT OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ -
Increased by Receipts:	
Levy - Calendar Year 2013	<u>9,713,682.00</u>
	9,713,682.00
Decreased by:	
Payments	<u>9,713,682.00</u>
Balance, December 31, 2013	<u><u>\$ -</u></u>

**NORTHFIELD, CITY OF
CURRENT FUND
STATEMENT OF REGIONAL HIGH SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ -
Increased by:	
Levy - Calendar Year 2013	<u>5,365,797.00</u>
	5,365,797.00
Decreased by:	
Payments	<u>5,365,797.00</u>
Balance, December 31, 2013	<u><u>\$ -</u></u>

**CITY OF NORTHFIELD
FEDERAL AND STATE GRANT FUND
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

GRANT	BALANCE DECEMBER 31, 2012	2013 ANTICIPATED REVENUE	CASH RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2013
Clean Communities Program	\$ -	\$ 16,981	\$ 16,981	\$ -	\$ -
Safe and Secure State	-	60,000	-	-	60,000
Alcohol Education Rehabilitation Fund	-	1,187	1,187	-	-
NJ DOT 2012	60,250	-	-	-	60,250
NJ DOT 2013	-	184,844	-	-	184,844
Municipal Alliance Grant					
2012 Grant	10,758	-	5,383	5,375	-
2013 Grant	-	13,145	-	-	13,145
Recycling Tonnage Grant	-	9,168	9,168	-	-
Community Development Block Grant	69,528	-	52,780	4,500	12,248
State Body Armor Grant	-	2,426	2,426	-	-
US DOJ Body Armor Grant	-	3,140	-	-	3,140
Over the Limit Under Arrest	4,400	-	-	4,400	-
Drive Sober or Get Pulled Over	4,400	4,400	6,125	2,675	-
COPS in Shops	1,400	-	-	-	1,400
Grand Total All Pages	\$ 150,736	\$ 295,292	\$ 94,051	\$ 16,950	\$ 335,027

Analysis:

Receipts	\$ 82,456
Transferred from Unappropriated Reserves	11,594
	<u>\$ 94,051</u>

**CITY OF NORTHFIELD
FEDERAL AND STATE GRANT FUND
STATEMENT OF FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

GRANT	BALANCE DECEMBER 31, 2012	2013 BUDGET APPROPRIATIONS	PAID OR CHARGED EXPENDED	ENCUMBRANCES CANCELLED/ (CANCELLED)	BALANCE DECEMBER 31, 2013
Drunk Driving Enforcement Fund	\$ 354	-	\$ 354	-	-
Police Salaries and Wages	14,661	16,981	18,944	255	12,954
Clean Communities Program					
Municipal Alliance Grant	635	13,145	9,984	165	3,961
County Share	3,287	3,287	3,082	(2,767)	726
Local Share					
Safe and Secure Communities Program					
State Share	-	60,000	60,000	-	-
Local Share	-	137,050	137,050	-	-
Alcohol Education Rehabilitation Fund	6,829	1,187	600	-	7,416
Body Armor	4,864	2,426	6,985	785	1,090
NJ DOT 2011	220,000	-	220,000	-	-
NJ DOT 2013	-	184,844	184,844	-	-
Recycling/Tonnage Grant	-	9,168	-	-	9,168
US DOJ Bulletproof Vest Grant	-	3,140	-	-	3,140
State Farm Grant	2,000	-	-	-	2,000
Cape Bank Grant - Veterans Park	1,000	-	-	-	1,000
Sustainable Jersey	851	-	820	-	31
COPS in Shops	1,000	-	-	-	1,000
NJ DEP Stormwater Grant	6,351	-	-	-	6,351
Over the Limit Under Arrest	4,400	-	-	(4,400)	-
Community Development Grant	11,029	-	1,885	3,104	12,248
NADDI	12	-	-	585	597
Drive Sober or Get Pulled Over	3,200	4,400	4,925	(2,675)	-
Total	\$ 280,473	\$ 435,629	\$ 649,472	\$ (4,948)	\$ 61,682

Analysis:
Disbursements \$ 438,931
Encumbrances 210,541

\$ 649,472

**CITY OF NORTHFIELD
FEDERAL AND STATE GRANT FUND
STATEMENT OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

GRANT	BALANCE DECEMBER 31, 2012		ANTICIPATED IN 2013		BALANCE DECEMBER 31, 2013	
		RECEIVED	BUDGET	CANCELLED		
Body Armor	\$ 2,426	\$ 2,897	\$ 2,426	\$ -	\$ 2,897	
Recycling Tonnage Grant	9,168	8,683	9,168	-	8,683	
Total	\$ 11,594	\$ 11,580	\$ 11,594	\$ -	\$ 11,580	

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TRUST FUND

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**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ANIMAL CONTROL	OTHER
Balance, December 31, 2012	\$ 9,757	\$ 1,397,633
Increased by Receipts:		
Animal Control Fees	3,540	-
State Fees	812	-
Due to State - Sales Tax	-	1,012
Cultural Committee	-	3,133
Accumulated Sick and Vacation	-	500
Parking Offense Adjudication Act	-	17
Joint Insurance Funds	-	2,484
Public Defender	-	7,378
Law Enforcement Forfeiture	-	70,411
Escrow Review Fees	-	177,891
Fees and Permits - Birch Grove Park	-	69,543
Outside Employment of Police	-	27,739
	<u>4,352</u>	<u>360,108</u>
	<u>14,109</u>	<u>1,757,741</u>
Decreased by Disbursements:		
Dog Fund Expenditures	2,643	-
State Fees	810	-
Due to Current Fund	1,314	203
Due to State - Sales Tax	-	973
Cultural Committee	-	5,773
Parking Offense Adjudication Act	-	890
Joint Insurance Funds	-	4,796
Public Defender	-	6,100
Law Enforcement Forfeiture	-	34,689
Contractors' Expenditures	-	193,268
Police Department Donations	-	5,000
Birch Grove Park Expenditures	-	60,944
Outside Employment of Police	-	26,531
	<u>4,767</u>	<u>339,167</u>
Balance, December 31, 2013	<u>\$ 9,342</u>	<u>\$ 1,418,574</u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ 103,840
Increased by Receipts:		
Redemption of Liens	\$ 290,156	
Premiums on Sales	212,389	
		<u>502,545</u>
		606,385
Decreased by Disbursements:		
Redemption of Liens	290,156	
Premiums on Sales	<u>184,239</u>	
		<u>474,395</u>
Balance, December 31, 2013		<u><u>\$ 131,990</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR ACCUMULATED ABSENCES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$	781,149
Increased by:		
Budget Transfer		<u>500</u>
Balance, December 31, 2013	\$	<u><u>781,649</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$	8,442
Increased by Receipts:		
Animal Control Fees Collected - 2013		3,540
		11,982
Decreased by Disbursements:		
Dog License Expenses	\$ 2,643	2,643
Balance, December 31, 2013	\$	9,339

Licence Fees Collected:

Year	Amount
2011	\$ 4,252
2012	5,258
	\$ 9,510

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF AMOUNT DUE (TO)FROM CURRENT FUND - ANIMAL CONTROL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$	(1,314)
Decreased by Disbursements:			
Excess reserve Paid to Current			1,314
			<hr style="border: 1px solid black;"/>
Balance, December 31, 2013		\$	<u><u>-</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 1
Increased by Receipts:	
2013 State License Fees	<u>812</u>
	813
Decreased by Disbursements:	
Disbursements to the State	<u>810</u>
Balance, December 31, 2013	<u><u>\$ 3</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF REERVE FOR LAW ENFORCEMENT FORFEITURE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 34,043
Increased by Receipts:	
Cash Receipts	<u>70,411</u>
	104,454
Decreased by Disbursements:	
Expenditures	<u>34,689</u>
Balance, December 31, 2013	<u><u>\$ 69,765</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR SMALL CITIES PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2013 and 2012

\$ 181,496

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR ESCROW REVIEW FEES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 209,752
Increased by Receipts:	
Escrow Deposits Received	<u>177,891</u>
	387,643
Decreased by Disbursements:	
Disbursements	<u>193,268</u>
Balance, December 31, 2013	<u><u>\$ 194,375</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR SNOW REMOVAL FEES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2013 and 2012

\$ 33,317

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR RECREATION EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ 98,242
Increased by Receipts:		
Fees and Permits -		
Birch Grove Park	<u>\$ 69,543</u>	<u>69,543</u>
		167,785
Decreased by Disbursements:		
Birch Grove Park Expenditures	<u>60,944</u>	<u>60,944</u>
Balance, December 31, 2013		<u><u>\$ 106,841</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF OUTSIDE EMPLOYMENT OF POLICE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 2,591
Increased by Receipts:	
Fees	<u>27,739</u>
	30,330
Decreased by Disbursements:	
Payments to Current Fund	<u>26,531</u>
Balance, December 31, 2013	<u><u>\$ 3,799</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR MUNICIPAL ALLIANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2013 and 2012

\$ 1,137

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR PUBLIC DEFENDER TRUST
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 6,585
Increased by Receipts:	
Cash Receipts	<u>7,378</u>
	13,963
Decreased by Disbursements:	
Cash Disbursements	<u>6,100</u>
Balance, December 31, 2013	<u><u>\$ 7,863</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR SMALL CITIES REVOLVING LOAN
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2013 and 2012

\$ 44,398

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR REDEMPTION OF TAX LIENS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ -
Increased by Receipts:	
Redemption of Third Party Liens	<u>290,156</u>
	290,156
Decreased by Disbursements:	
Cash Disbursed to Lienholders	<u>290,156</u>
Balance, December 31, 2013	<u><u>\$ -</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR TAX SALE PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 103,840
Increased by Receipts:	
Tax Sale Premiums Received	<u>212,389</u>
	316,229
Decreased by Disbursements:	
Cash Disbursed	<u>184,239</u>
Balance, December 31, 2013	<u><u>\$ 131,990</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR CULTURAL COMMITTEE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 8,966
Increased by Receipts:	
Cash Receipts	<u>3,133</u>
	12,099
Decreased by Disbursements:	
Cash Disbursements	<u>5,773</u>
Balance, December 31, 2013	<u><u>\$ 6,325</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR POAA
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 978
Increased by Receipts:	
Cash Receipts	<u>17</u>
	995
Decreased by Disbursements:	
Cash Disbursements	<u>890</u>
Balance, December 31, 2013	<u><u>\$ 105</u></u>

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR RECYCLING
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2013 and 2012

\$ 20,638

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF RESERVE FOR JOINT INSURANCE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 13,615
Increased by Receipts:	
Cash Receipts	<u>2,484</u>
	16,099
Decreased by Disbursements:	
Cash Disbursements	<u>4,796</u>
Balance, December 31, 2013	<u><u>\$ 11,303</u></u>

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GENERAL CAPITAL FUND

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**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ 2,630,597
Increased by Receipts:		
Other	\$ 4,000	
Capital Improvement Fund	<u>50,000</u>	
		<u>54,000</u>
		2,684,597
Decreased by Disbursements:		
Capital Fund Balance	104,000	
Improvement Authorizations	1,138,102	
Preliminary Expenses	<u>15,980</u>	
		<u>1,258,082</u>
Balance, December 31, 2013		<u><u>\$ 1,426,515</u></u>

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
ANALYSIS OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

FUND BALANCE DECEMBER 31, 2012	RECEIPTS		DISBURSEMENTS		TRANSFERS		BALANCE DECEMBER 31, 2013
	BONDS	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM	TO	
\$ 316,940	\$ -	\$ -	\$ -	\$ 104,000	\$ -	\$ -	\$ 212,940
Capital Improvement Fund	81,878	50,000	-	-	128,250	-	3,628
Encumbrances Payable	746,820	-	-	-	338,614	147,306	555,512
Preliminary Expenses	-	-	-	15,980	-	16,000	20
ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION						
5-04	59,509	-	17,534	-	-	-	41,975
4-06	-	-	-	-	-	6,484	6,484
4-08	32,509	-	32,509	-	-	-	-
14-09	-	-	-	-	-	644	644
1-10	147,841	-	144,335	-	-	-	3,506
1-10	7,961	-	5,710	-	-	-	2,251
1-10	5,000	-	-	-	6,536	-	6,536
18-10	30,763	-	10,763	-	20,000	-	25,000
11-02a	190,050	-	209,897	-	24,202	324,950	280,901
11-02b	37,612	-	14,302	-	-	-	23,310
11-02c	16,421	-	16,421	-	-	-	-
11-02d	1,293	-	-	-	-	-	1,293
11-02e	60,000	-	34,255	-	-	-	25,745
10-12a	600,000	-	519,050	-	55,543	-	25,407
10-12b	100,000	-	-	-	-	-	100,000
10-12c	15,000	-	-	-	-	-	15,000
10-12d	60,000	-	33,714	-	-	-	26,286
10-12e	30,000	-	21,865	-	340	-	7,795
10-12f	20,000	-	11,148	-	-	-	8,852
9-13	71,000	4,000	61,573	-	-	20,000	13,427
12-13a	-	-	-	-	-	20,000	20,000
12-13c	-	-	5,025	-	42,475	47,500	-
12-13d	-	-	-	-	24,746	-	(24,746)
12-13e	-	-	-	-	-	5,250	5,250
12-13g	-	-	-	-	-	3,250	3,250
12-13i	-	-	-	-	-	16,250	16,250
TOTAL	\$ 2,630,597	\$ -	\$ 1,138,102	\$ 119,980	\$ 634,170	\$ 634,170	\$ 1,426,515

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 8,894,000
Decreased by:	
Bond Payments	<u>1,030,000</u>
Balance, December 31, 2013	<u><u>\$ 7,864,000</u></u>

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATION	RAISED IN BOND ISSUE	RAISED IN BUDGET	BALANCE DECEMBER 31, 2013	FINANCED BY NOTES	EXPENDED	UNEXPENDED IMPROVEMENT AUTHORIZATION
\$	4,000	\$ -	\$ -	4,000	\$ -	-	-	-
	-	380,000	-	-	380,000	-	-	380,000
	-	902,500	-	-	902,500	-	24,726	877,754
	-	99,750	-	-	99,750	-	-	99,750
	-	61,750	-	-	61,750	-	-	61,750
	-	308,750	-	-	308,750	-	-	308,750
\$	4,000	1,752,750	\$ -	4,000	1,752,750	\$ -	24,726	1,728,004

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION
10-12g	Rec Field Improvements
12-13b	Fire Truck
12-13d	Road Improvements
12-13f	Flashing Lights
12-13h	License Plate Reader
12-13j	Sewer Repairs & Reconstruction

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ 81,878
Increased by:		
2013 Budget Appropriation		<u>50,000</u>
		131,878
Decreased by:		
Improvement Authorizations	\$ 112,250	
Preliminary Expenses	<u>16,000</u>	
		<u>128,250</u>
Balance, December 31, 2013		<u><u>\$ 3,628</u></u>

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT		BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS DOWNPAYMENT OR CAPITAL IMPROVEMENT FUND		DEFERRED CHARGES TO FUTURE TAXATION	P.O.'S CANCELLED	PAID OR CHARGED	BALANCE DECEMBER 31, 2013	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED	FUNDED	UNFUNDED				FUNDED	UNFUNDED
5-04	Improvements to City Building	4/20/2004	\$ 114,000	\$ -	\$ 59,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,534	\$ 41,975	\$ -
04-06	Acquisition of Vehicles and Equipment	4/4/2006	172,000	-	-	-	-	-	-	6,484	-	6,484	-
4-08	Various Equipment and Vehicles	6/17/2008	74,200	-	32,509	-	-	-	-	32,509	-	-	-
9-14A	Purchase of Truck & Plow	10/01/2009	85,000	-	-	-	-	-	644	-	-	644	-
1-10	Storm Water Drainage Improvements	1/26/2010	1,225,000	-	147,841	-	-	-	-	144,335	-	3,506	-
1-10	Equipment, communications, & Sign	1/26/2010	100,000	-	7,961	-	-	-	-	5,710	-	2,251	-
1-10	Recreation Improvements	1/26/2010	12,000	-	-	-	-	-	6,536	-	-	6,536	-
1-10	Improvements to City Hall	1/26/2010	25,000	-	25,000	-	-	-	-	-	-	25,000	-
18-10	Improvements to Jack Sloan & Joseph	12/18/2010	137,000	-	10,763	-	-	-	-	-	-	10,763	-
11-02a	Storm Water Drainage	4/23/2011	515,000	-	190,050	-	-	-	-	234,099	-	280,901	-
11-02b	Road Improvements	4/23/2011	495,000	-	37,612	-	-	-	324,950	14,302	-	23,310	-
11-02c	Purchase of Equipment	4/23/2011	110,000	-	16,421	-	-	-	-	16,421	-	-	-
11-02d	All-Sports Recreation Area Improvement	4/23/2011	25,000	-	-	-	-	-	-	-	-	1,293	-
11-02e	Sanitary Sewer Improvements	4/23/2011	60,000	-	60,000	-	-	-	-	34,255	-	25,745	-
10-12a	Road Projects	9/11/2012	600,000	-	600,000	-	-	-	-	574,593	-	25,407	-
10-12b	PW Vehicles and Equipment	9/11/2012	100,000	-	100,000	-	-	-	-	-	-	100,000	-
10-12c	PW Vehicles and Equipment	9/11/2012	15,000	-	15,000	-	-	-	-	-	-	15,000	-
10-12d	Communicator	9/11/2012	60,000	-	60,000	-	-	-	-	33,714	-	26,286	-
10-12e	Various Sewer Repairs	9/11/2012	30,000	-	30,000	-	-	-	-	22,205	-	7,795	-
10-12f	Veteran Park Improvements Phase I	9/11/2012	20,000	-	20,000	-	-	-	-	11,148	-	8,852	-
10-12g	Rec Field Improvements	9/11/2012	75,000	-	71,000	4,000	-	-	-	61,573	-	13,427	-
9-13	Computer & Electronic Equipment	7/27/2013	20,000	-	20,000	-	-	-	-	-	-	20,000	-
12-13a	Fire Truck	11/17/2013	20,000	-	-	-	-	380,000	-	-	-	-	380,000
12-13b	Fire Truck	11/17/2013	380,000	-	-	-	-	-	-	-	-	-	-
12-13c	Road Improvements	11/17/2013	47,500	-	-	-	-	902,500	-	47,500	-	5,250	-
12-13d	Road Improvements	11/17/2013	902,500	-	-	-	-	-	-	24,746	-	877,754	-
12-13e	Flashing Lights	11/17/2013	5,250	-	-	-	-	-	-	-	-	-	-
12-13f	Flashing Lights	11/17/2013	99,750	-	-	-	-	99,750	-	-	-	5,250	-
12-13g	License Plate Reader	11/17/2013	3,250	-	-	-	-	-	-	-	-	-	99,750
12-13h	License Plate Reader	11/17/2013	61,750	-	-	-	-	61,750	-	-	-	3,250	-
12-13i	Sewer Repairs & Reconstruction	11/17/2013	16,250	-	-	-	-	-	-	-	-	-	61,750
12-13j	Sewer Repairs & Reconstruction	11/17/2013	308,750	-	-	-	-	308,750	-	-	-	16,250	-
TOTAL			\$ 1,484,959	\$ 4,000	\$ 1,484,959	\$ 4,000	\$ 112,250	\$ 1,732,750	\$ 338,614	\$ 1,285,408	\$ 679,161	\$ 1,728,004	\$ -

Encumbrances \$ 147,306
Cash 1,138,102
\$ 1,285,408

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF RESERVE FOR PRELIMINARY EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012		\$ -
Increased by:		
Capital Improvement Fund		16,000
		16,000
Decreased by:		
Cash Disbursements	\$ 15,980	15,980
Balance, December 31, 2013		\$ 20

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Improvement Description	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DECEMBER 31, 2012	DECREASED	BALANCE DECEMBER 31, 2013		
			DATE	AMOUNT						
General Improvements	9/1/2002	\$ 4,655,000	9/1/2014	\$ 430,000	4.00%	\$ 1,295,000	\$ 430,000	\$ 865,000		
			9/1/2015	435,000	4.00%					
General Improvements	11/15/2006	4,999,000	12/1/2014	450,000	3.75%	2,949,000	425,000	2,524,000		
			12/1/2015	475,000	3.75%					
			12/1/2016	500,000	3.75%					
			12/1/2017	600,000	3.75%					
	12/1/2018	499,000	4.00%							
General Improvements	10/23/2012	4,650,000	9/1/2014	175,000	2.00%	4,650,000	175,000	4,475,000		
			9/1/2015	175,000	2.00%					
			9/1/2016	350,000	2.00%					
			9/1/2017	275,000	2.00%					
			9/1/2018	350,000	2.00%					
			9/1/2019	350,000	2.00%					
			9/1/2020	350,000	2.00%					
			9/1/2021	350,000	2.00%					
			9/1/2022	350,000	2.00%					
			9/1/2023	350,000	2.00%					
9/1/2024	350,000	3.00%								
	9/1/2025	350,000	3.00%							
	9/1/2026	350,000	3.00%							
	9/1/2027	350,000	3.00%							
TOTAL								\$ 8,894,000	\$ 1,030,000	\$ 7,864,000

**CITY OF NORTHFIELD
TRUST FUND
STATEMENT OF CONTRACTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance, December 31, 2012	\$ 746,819
Increased by:	
Additional Contracts	<u>147,306</u>
	894,125
Decreased by:	
Cancelled	<u>338,614</u>
Balance, December 31, 2013	<u><u>\$ 555,511</u></u>

**CITY OF NORTHFIELD
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	RAISED IN BUDGET	BALANCE DECEMBER 31, 2013
<u>General Improvements</u>					
10-12g	Rec Field Improvements	\$ 4,000	\$ -	\$ 4,000	\$ -
12-13	Fire Truck	-	380,000	-	380,000
12-13	Road Improvements	-	902,500	-	902,500
12-13	Flashing Lights	-	99,750	-	99,750
12-13	License Plate Reader	-	61,750	-	61,750
12-13	Sewer Repairs & Reconstruction	-	308,750	-	308,750
		\$ 4,000	\$ 1,752,750	\$ 4,000	\$ 1,752,750

CITY OF NORTHFIELD

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

We have audited the financial statements of the City of Northfield in the County of Atlantic for the year ended December 31, 2013.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, and Water-Sewer Utility Collector, the activities of the Mayor and Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various City Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the City records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the 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 by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 as of January 1, 2012, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

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

Reconstruction of Board Street Phase II; General Repairs & Construction of Stormwater Facilities; Emergency Generator for Police and Municipal Offices

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000 as of January 1, 2013 and thereafter "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 provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes,

N.J.S.54:4-67, as amended, 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, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 11, 2013 and was complete.

Delinquent Taxes and Tax Title Liens (continued)

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

YEAR	NUMBER OF LIENS
2013	11
2012	9
2011	13

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Municipal Court

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the City, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

The statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the City Clerk.

Follow-up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2013:

NAME	POSITION	AMOUNT OF BOND
Vincent Mazzeo	Mayor	
Lisa Brown (1/1/13-6/20/13)	Council President	
Jim Travagline (1/1/13-6/19/13) (6/20/13-12/31/13)	Councilman Council President	
Frank Perri	Councilman	
Timothy Carew	Councilman	
Thomas Polistina	Councilman	
Gregory Dewees	Councilman	
James O'Neil	Councilman	
Dennis Mahon (7/23/13-11/18/13)	Councilman	
Nick Piergiovanni (11/19/13-12/31/13)	Councilman	
Mary Canesi	Borough Clerk/ Assessment Search Officer	
Kristoper Facenda, Esq.	Attorney	
Dawn Stollenwerk	Chief Financial Officer	1,000,000
Cindy Ruffo	Tax Collector	1,000,000
John Rosenberger	Magistrate	
Donna M. Clark	Court Administrator	1,000,000

All of the Bonds were examined and were properly executed.

There was an Employees' Blanket Performance Bond in the amount of \$50,000 for municipal employees carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Joint Insurance Fund

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 25, 2014