BOROUGH OF BLOOMSBURY

COUNTY OF HUNTERDON

REPORT OF AUDIT

2011

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF BLOOMSBURY

COUNTY OF HUNTERDON

REPORT OF AUDIT

2011

BOROUGH OF BLOOMSBURY
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BOROUGH OF BLOOMSBURY

PART I

REPORT ON AUDIT AND FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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Independent Auditors' Report

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

We have audited the financial statements-regulatory basis of the various funds of the Borough of Bloomsbury in the County of Hunterdon (the "Borough") as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Borough prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, and the results of its operations for the years then ended.

However, in our opinion, the financial statements-regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Bloomsbury at December 31, 2011 and 2010, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 11, 2012, on our consideration of the Borough of Bloomsbury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements taken as a whole. The information included in the supplementary data schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis and are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements and Note 2 to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
April 11, 2012

NISIVOCCIA LLP

William F. Schroeder
Registered Municipal Accountant No. 452
Certified Public Accountant

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
CURRENT FUND

BOROUGH OF BLOOMSBURY
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31, 2011	December 31, 2010
ASSETS			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	$ 569,899.27	$ 568,977.05
Change Funds		35.00	35.00
		569,934.27	569,012.05
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	61,700.16	55,297.49
Tax Title Liens Receivable	A-7	188,912.39	211,895.20
Water Rents Receivable		12,119.63	14,350.98
Property Acquired for Taxes At Assessed Valuation		121,100.00	121,100.00
Other Municipal Fines-Yard Maintenance			295.00
Due from:			
Federal and State Grant Fund	A	3,000.00	
General Capital Fund	C	2.65	0.12
Total Receivables and Other Assets With Full Reserves		386,834.83	402,938.79
Deferred Charges - Special Emergency Authorization			13,720.00
Total Regular Fund		956,769.10	985,670.84
Federal and State Grant Fund:			
Grants Receivable	A-11	186,004.12	33,988.62
Due from Current Fund	A		2,822.14
Total Federal and State Grant Fund		186,004.12	36,810.76
TOTAL ASSETS		$ 1,142,773.22	$ 1,022,481.60

BOROUGH OF BLOOMSBURY
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31, 2011	December 31, 2010
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves:			
Unencumbered	A-3;A-9	$ 99,138.71	$ 90,577.64
Encumbered	A-3;A-9	42,999.83	39,157.98
Total Appropriation Reserves		142,138.54	129,735.62
Accounts Payable			10,290.00
Prepaid Taxes		13,349.36	10,735.14
Tax Overpayments		12.19	1,455.28
Tax Sale Premiums			200.00
County Taxes Payable		264.11	1,546.03
Due to Federal and State Grant Fund	A		2,822.14
Due to State of New Jersey:			
Marriage License Fees		75.00	75.00
Senior Citizens and Veterans Deductions		2,076.93	2,326.93
Reserve for Sale of Municipal Assets		205,618.64	350,931.64
		363,534.77	510,117.78
Reserve for Receivables and Other Assets	A	386,834.83	402,938.79
Fund Balance	A-1	206,399.50	72,614.27
Total Regular Fund		956,769.10	985,670.84
Federal and State Grant Fund:			
Unappropriated Reserves	A-13		25.14
Appropriated Reserves	A-12	183,004.12	36,785.62
Due to Current Fund	A	3,000.00	
Total Federal and State Grant Fund		186,004.12	36,810.76
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 1,142,773.22	$ 1,022,481.60

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31, 2011	2010
Revenue and Other Income Realized			
Fund Balance Utilized		$ 58,800.00	$ 99,000.00
Miscellaneous Revenue Anticipated		399,726.04	155,596.68
Receipts from:			
Delinquent Taxes		132,654.99	55,562.61
Current Taxes		2,293,243.08	2,163,535.87
Nonbudget Revenue		23,321.36	24,250.66
Other Credits to Income:			
Cancellation of Accounts Payable		10,290.00	
Unexpended Balance of Appropriation Reserves		89,095.44	78,744.25
Interfund Returned		0.12	
Total Income		3,007,131.03	2,576,690.07
Expenditures			
Budget Appropriations		873,258.14	607,438.00
County Taxes		401,222.01	400,634.43
Local School District Taxes		1,526,773.00	1,526,773.00
Cancellation of Emergency Authorization		10,290.00	
Interfunds Advanced		3,002.65	291.88
		2,814,545.80	2,535,137.31
Statutory Excess to Fund Balance		192,585.23	41,552.76
Fund Balance			
Balance January 1		72,614.27	130,061.51
		265,199.50	171,614.27
Decreased by:			
Utilized as Anticipated Revenue		58,800.00	99,000.00
Balance December 31	A	$ 206,399.50	$ 72,614.27

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 58,800.00	$ 58,800.00	
Miscellaneous Revenue:			
Fines and Costs:			
Municipal Court	16,100.00	8,031.88	$ (8,068.12)
Interest and Costs on Taxes	11,300.00	24,519.02	13,219.02
Energy Receipts Tax	49,008.00	49,008.00	
Consolidated Municipal Property Tax Relief	8,829.00	8,829.00	
Reserve for Sale of Municipal Assets	145,313.00	145,313.00	
Alcohol Education and Rehabilitation Fund	25.14	25.14	
Clean Communities Program	4,000.00	4,000.00	
New Jersey Department of Transportation	160,000.00	160,000.00	
Total Miscellaneous Revenue	394,575.14	399,726.04	5,150.90
Receipts from Delinquent Taxes	89,400.00	132,654.99	43,254.99
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	481,883.00	516,648.07	34,765.07
Budget Totals	1,024,658.14	1,107,829.10	83,170.96
Nonbudget Revenue		23,321.36	23,321.36
	$ 1,024,658.14	$ 1,131,150.46	106,492.32

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes		$ 2,293,243.08
Allocated to School and County Taxes		1,927,995.01
Balance for Support of Municipal Budget		365,248.07
Add: Appropriation "Reserve for Uncollected Taxes"		151,400.00
Realized for Support of Municipal Budget		$ 516,648.07

Receipts from Delinquent Taxes:	
Delinquent Tax Collections	$ 47,607.37
Tax Title Liens	85,047.62
	$ 132,654.99

Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Cable TV Franchise Fee	$ 2,400.00	
Other Fees and Permits	3,204.00	
Administration Fees - Veteran and Senior Citizens Deductions	170.00	
Recycling Tonnage Grant	752.72	
Cell Tower Leases	11,996.22	
Miscellaneous	408.96	
Interest on Investments and Deposits	955.11	
		$ 19,887.01
Tax Collector		903.03
Due from General Capital Fund - Interest Income		4.97
Other Municipal Fines-Yard Maintenance		295.00
Water Rents Receivable		2,231.35
		$ 23,321.36

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Within "CAPS":				
GENERAL GOVERNMENT:				
Municipal Clerk:				
Salaries & Wages	$ 46,600.00	$ 46,600.00	$ 45,647.53	$ 952.47
Other Expenses	24,000.00	24,000.00	22,106.96	1,893.04
Elections:				
Salaries and Wages	750.00	750.00	437.60	312.40
Financial Administration:				
Salaries & Wages	19,390.00	19,390.00	19,002.96	387.04
Other Expenses	6,000.00	6,000.00	5,500.00	500.00
Assessment of Taxes:				
Salaries & Wages	9,985.00	9,985.00	9,785.04	199.96
Other Expenses	1,000.00	1,000.00	571.72	428.28
Collection of Taxes:				
Salaries & Wages	8,165.00	8,165.00	7,999.92	165.08
Other Expenses	5,450.00	5,450.00	3,869.00	1,581.00
Legal Services and Costs:				
Other Expenses	30,000.00	30,000.00	17,291.00	12,709.00
Engineering Services:				
Other Expenses	5,000.00	5,000.00	4,586.25	413.75
Planning Board:				
Salaries & Wages	3,700.00	3,700.00	3,501.83	198.17
Other Expenses	3,000.00	3,000.00	385.00	2,615.00

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BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Within "CAPS" (Cont'd):				
GENERAL GOVERNMENT (continued):				
Public Buildings and Grounds:				
Salaries & Wages	$ 12,750.00	$ 12,750.00	$ 6,835.33	$ 5,914.67
Other Expenses	5,500.00	5,500.00	1,622.33	3,877.67
Municipal Court:				
Other Expenses	38,854.00	38,854.00	38,853.31	0.69
Audit Service	29,500.00	29,500.00	29,500.00	
PUBLIC SAFETY:				
Fire:				
Physical Firemen	1,000.00	1,000.00	29.50	970.50
Other Expenses	10,500.00	10,500.00	4,505.24	5,994.76
Insurance	22,800.00	22,800.00	22,800.00	
Aid to Volunteer Fire Company	11,500.00	11,500.00	11,500.00	
Contribution for Emergency Vehicles	5,000.00	5,000.00	5,000.00	
First Aid Organization Contribution	11,500.00	11,500.00	11,500.00	
Emergency Service:				
Salaries & Wages	1,910.00	1,910.00	1,860.00	50.00
Other Expenses	1,000.00	1,000.00		1,000.00
Hepatitis "B" Vaccines	1,000.00	1,000.00		1,000.00

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BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Within "CAPS" (Cont'd):				
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	$ 41,150.00	$ 41,150.00	$ 39,082.73	$ 2,067.27
Other Expenses	19,500.00	19,500.00	12,488.03	7,011.97
HEALTH AND WELFARE:				
Board of Health:				
Other Expenses	1,600.00	1,600.00	1,600.00	
Garbage and Trash Removal:				
Other Expenses	67,000.00	66,000.00	52,276.93	13,723.07
Dog Regulation:				
Other Expenses	1,400.00	1,400.00		1,400.00
Environmental Commission:				
Other Expenses	500.00	500.00	120.65	379.35
Insurance:				
Liability Insurance	36,000.00	37,000.00	36,737.50	262.50
Workers Compensation	15,520.00	15,520.00	15,520.00	
Group Health Insurance Plan for Employees	11,440.00	11,440.00	11,440.00	
Recycling:				
Salaries & Wages	2,785.00	2,785.00	2,785.00	
Other Expenses	4,500.00	4,500.00	4,075.00	425.00
Code Enforcement Officer:				
Salaries & Wages	7,000.00	7,000.00	6,265.00	735.00
Shade Tree Commission:				
Other Expenses	250.00	250.00		250.00
Crossing Guard:				
Salaries & Wages	6,135.00	6,135.00	5,378.25	756.75

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BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
RECREATION AND EDUCATION:				
Recreation and Education:				
Other Expenses	$ 2,800.00	$ 2,800.00		$ 2,800.00
UTILITIES:				
Electricity	10,500.00	10,500.00	$ 8,220.98	2,279.02
Street Lighting	12,000.00	12,000.00	10,968.78	1,031.22
Telephone	5,000.00	5,000.00	4,932.85	67.15
Fuel Oil	3,100.00	3,100.00	1,975.36	1,124.64
Gasoline	4,250.00	4,250.00	3,769.93	480.07
Water - Aqua Charges	12,500.00	12,500.00	289.51	12,210.49
Total Operations Within "CAPS"	580,784.00	580,784.00	492,617.02	88,166.98
Contingent	100.00	100.00		100.00
Total Operations Including Contingent Within "CAPS"	580,884.00	580,884.00	492,617.02	88,266.98
Detail:				
Salaries and Wages	160,320.00	160,320.00	148,581.19	11,738.81
Other Expenses	420,564.00	420,564.00	344,035.83	76,528.17
Deferred Charges and Statutory Expenditures- Municipal within "CAPS":				
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	13,698.00	13,698.00	13,698.00	
Disability Insurance	650.00	650.00		650.00

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BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	$ 12,000.00	$ 12,000.00	$ 11,715.60	$ 284.40
Unemployment Compensation	250.00	250.00	250.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	26,598.00	26,598.00	25,663.60	934.40
Total General Appropriations for Municipal Purposes Within "CAPS"	607,482.00	607,482.00	518,280.62	89,201.38
Operations Excluded from "CAPS":				
Insurance:				
Group Health Insurance Plan for Employees	321.00	321.00	320.72	0.28
Public and Private Programs Offset by Revenue:				
Clean Communities Grant	4,000.00	4,000.00	4,000.00	
Alcohol Rehabilitation Fund	25.14	25.14	25.14	
Local Match Grants	500.00	500.00		500.00
Total Operations Excluded from "CAPS"	4,846.14	4,846.14	4,345.86	500.28
Detail:				
Other Expenses	4,846.14	4,846.14	4,345.86	500.28

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BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Capital Improvements Excluded from "CAPS":				
Capital Improvement Fund	$ 64,500.00	$ 64,500.00	$ 64,500.00	
Main Street Reconstruction	22,000.00	22,000.00	15,632.95	$ 6,367.05
Fawn Run Repairs	11,000.00	11,000.00	7,930.00	3,070.00
New Jersey DOT Trust Fund Authority Act	160,000.00	160,000.00	160,000.00	
Total Capital Improvements Excluded from "CAPS"	257,500.00	257,500.00	248,062.95	9,437.05
Deferred Charges Excluded from "CAPS":				
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	3,430.00	3,430.00	3,430.00	
Total Deferred Charges Excluded from "CAPS"	3,430.00	3,430.00	3,430.00	
Subtotal General Appropriations	873,258.14	873,258.14	774,119.43	99,138.71
Reserve for Uncollected Taxes	151,400.00	151,400.00	151,400.00	
Total General Appropriations	$ 1,024,658.14	$ 1,024,658.14	$ 925,519.43	$ 99,138.71
Ref.				A

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BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Ref.	Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 1,024,658.14	
Reserve for Uncollected Taxes			$ 151,400.00
Cash Disbursed			564,774.46
Due to Federal and State Grant Fund:			
Public and Private Programs			164,025.14
Deferred Charge			3,430.00
Encumbrances	A		42,999.83
			926,629.43
Less: Refunds			1,110.00
			$ 925,519.43

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
TRUST FUNDS

BOROUGH OF BLOOMSBURY
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31, 2011	December 31, 2010
ASSETS			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	$ 1,524.82	$ 685.22
Other Trust Funds:			
Cash and Cash Equivalents	B-1	38,349.89	36,715.92
TOTAL ASSETS		$ 39,874.71	$ 37,401.14
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due to State of New Jersey		$ 5.40	$ 4.20
Reserve for Animal Control Fund Expenditures	B-2	1,519.42	681.02
		1,524.82	685.22
Other Trust Funds:			
Reserve for:			
Unemployment Compensation Insurance		3,863.05	2,968.30
Recreation Deposits		1,544.26	2,335.26
Recreation Commission		1,833.22	
Park Donation Trust		364.00	364.00
Escrow Deposits		30,495.36	29,198.36
Fire Code Violation Penalties		250.00	1,850.00
		38,349.89	36,715.92
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 39,874.71	$ 37,401.14

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
GENERAL CAPITAL FUND

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31, 2011	December 31, 2010
ASSETS			
Cash and Cash Equivalents	C-2	$ 57,387.09	$ 3,184.56
TOTAL ASSETS		$ 57,387.09	$ 3,184.56
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations:			
Funded	C-5	$ 39,700.00	
Due to Current Fund	A	2.65	$ 0.12
Capital Improvement Fund	C-6	15,075.61	575.61
Fund Balance	C-1	2,608.83	2,608.83
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 57,387.09	$ 3,184.56

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	Ref.	
Balance December 31, 2010	C	$ 2,608.83
Balance December 31, 2011	C	$ 2,608.83

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
WATER UTILITY FUND
NOT APPLICABLE

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
GENERAL FIXED ASSETS ACCOUNT GROUP

BLOOMSBURY BOROUGH
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31, 2011	December 31, 2010
ASSETS		
Buildings	$ 626,700.00	$ 676,700.00
Machinery and Equipment	195,805.36	195,805.36
TOTAL ASSETS	$ 822,505.36	$ 872,505.36
RESERVES		
Reserve for General Fixed Assets	$ 822,505.36	$ 872,505.36
TOTAL RESERVES	$ 822,505.36	$ 872,505.36

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Bloomsbury include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Bloomsbury, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Bloomsbury do not include the operations of the Volunteer Fire and First Aid Squads.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Bloomsbury 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 Borough of Bloomsbury accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

General Fixed Asset Account Group – estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E – "Basis of Accounting".

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Borough of Bloomsbury 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, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.

2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.

3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31, 2011 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; and inventories would not be reflected as expenditures at the time of purchase.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments - Investments are stated at cost or amortized cost, which approximates market.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved.

Compensated Absenses – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies: (Cont'd)

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund, and general capital fund. The values recorded in the general fixed asset account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

F. Budget/Budgetary Control – An annual appropriated budget is usually prepared in the first quarter for the Current Fund. The budget is submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2 - Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest. The Water Utility was sold to a private water company during 2010, transferring all debt relating to the utility to the private company.

Summary of Municipal Debt

	December 31,		
	2011	2010	2009
Authorized but not Issued			
Water Utility:			
Bonds and Notes	-0-	-0-	$ 190,000.00
Net Bonds and Notes Issued and Authorized but not Issued	-0-	-0-	$ 190,000.00

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0%.

	Gross Debt	Deductions	Net Debt
General Debt	$ -0-	$ -0-	$ -0-

Net Debt: $-0- divided by Average Equalized Valuations of $117,050,196.00 of Real Property = -0-%.

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

3.5% Average Equalized Valuation of Real Property	$ 4,096,756.86
Net Debt	-0-
Remaining Borrowing Power	$ 4,096,756.86

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2 - Long-Term Debt (Cont'd)

Analysis of Outstanding Debt at December 31, 2011

The Borough of Bloomsbury has no outstanding debt as of December 31, 2011.

Note 3 - Fund Balances Appropriated

The Current Fund-Fund Balance at December 31, 2011, which is appropriated and included in the adopted budget as anticipated revenue for the year ending December 31, 2012 is $158,995.00.

Note 4 - Pension Plans

Borough employees are enrolled in a cost sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS) of New Jersey. The State of New Jersey sponsors and administers this plan which covers substantially all Borough employees. As a general rule, all full-time employees are eligible to join the public employees' retirement system.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible services. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above system. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to PERS amounted to $13,698.00, $7,193.00, and $5,352.00 for 2011, 2010, and 2009, respectively.

Note 5 - Accrued Sick, Vacation, and Compensatory Time Off

The Borough of Bloomsbury does not permit the accrual of unused vacation, sick, and compensatory time off.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 6 - Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of $10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year maybe place in a lien at a tax sale held after December 10.

	2011	2010	2009
Tax Rate	$ 2.20	$ 2.10	$ 1.84
Apportionment of Tax Rate			
Municipal	.44	.33	.27
County	.37	.37	.32
Local School	1.39	1.40	1.25
Assessed Valuations			
2011	$ 109,486,840.00		
2010		$ 109,016,300.00	
2009			$ 121,737,400.00

Comparison of Tax Levies and Collections Currently

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

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2011	$ 2,411,209.60	$ 2,293,243.08	95.10%
2010	2,305,619.42	2,163,535.87	93.83%
2009	2,242,088.13	2,108,874.99	94.06%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 7 - Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 Governmental Accounting Standards Board Deposit and Investment Risk Disclosures requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered.

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

> The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 7 - Cash and Cash Equivalents (Cont'd)

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund; or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in statute; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 7 – Cash and Cash Equivalents (Cont'd)

As of December 31, 2011, cash and cash equivalents of the Borough of Bloomsbury consisted of the following:

Fund	Cash on Hand	Checking Accounts	Totals
Current	$ 35.00	$ 569,899.27	$ 569,934.27
Other Trust		38,349.89	38,349.89
Animal Trust		1,524.82	1,524.82
General Capital		57,387.09	57,387.09
	$ 35.00	$ 667,161.07	$ 667,196.07

During the period ending December 31, 2011, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2011, was $667,196.07, and the bank balance was $703,120.36.

Note 8 - Local District School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

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

	Local District School Tax	
	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Balance of Tax	$ 763,386.50	$ 763,386.50
Amount Deferred	763,386.50	763,386.50
	$ -0-	$ -0-

Note 9 - Risk Management

The Borough of Bloomsbury is currently a member of the Public Alliance Insurance Coverage Fund and the Community Alliance Pool/Fund (the "Funds"). The Funds are risk-sharing public entity risk pools that are both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 9 - Risk Management (Cont'd)

The following coverages are offered by the Funds to its members:

a.) Worker's Compensation and Employers' Liability
b.) Liability Other than Motor Vehicles
c.) Property Damage Other Than Motor Vehicles
d.) Motor Vehicles
e.) Environmental

As a member of the Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

The Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2011 audit report of the Funds is not filed as of the date of this audit. Selected, summarized financial information for the Funds are as follows:

	Fund Public Alliance Insurance Coverage Dec. 31, 2010
Total Assets	$ 12,473,920
Net Assets	$ 3,500,192
Total Revenue	$ 9,633,163
Total Expenses	$ 9,433,058
Change in Net Assets	$ 200,105
Net Assets Distribution to Participating Members	$ -0-

Financial statements for the Funds are available at the offices of the Funds' Executive Directors:

Public Alliance Insurance Coverage Fund
Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

Community Alliance Pool
Brown and Brown
222 Cameron Drive
Suite 140
Phillipsburg, NJ 08865
(908) 689-1092

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 9 - Risk Management (Cont'd)

The Borough is a also member of Statewide Excess Liability Fund ("SELF"). SELF is an insurance purchasing pool in which participants seek to lower insurance costs through their combined joint purchasing power. Each participant receives their own insurance policies. SELF provides the Borough with commercial excess liability insurance. Risk transfers through the pool to the insurance company from which the commercial excess liability insurance policy is purchased.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the state.

The following is a summary of the Borough and employee contributions, interest earned and reimbursements to the state for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

Year	Borough Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2011	$ 2,212.28	$ -0-	$ 3.32	$ 1,320.85	$ 3,863.05
2010	755.59	-0-	6.37	1,736.93	2,968.30
2009	2,302.19	-0-	12.93	3,305.79	3,943.27

Note 10: Contingent Liabilities

Claims and Other Legal Proceedings

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 11: Interfund Receivables and Payables

The interfund between the Current Fund and the General Capital Fund represents interest earned in December 2011 in the General Capital Fund which is due to the Current Fund. The interfund between Current Fund and the Federal and State Grant Fund represents the grant funds that were received during the year in the Current Fund that are due to the Federal and State Grant Fund.

Fund	Interfund Receivables	Interfunds Payables
Current Fund	$ 3,002.65	
General Capital Fund		$ 2.65
Federal and State Grant Fund		3,000.00
	$ 3,002.65	$ 3,002.65

Note 12: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

BOROUGH OF BLOOMSBURY

SUPPLEMENTARY DATA

BOROUGH OF BLOOMSBURY
OFFICALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2011

The following officials were in office during the period under audit:

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Mark R. Peck	Mayor		
Eric Weger	Council Member		
Chris James	Council Member		
Martha Tersigni	Council Member		
Steve Shelton	Council Member through November 22, 2011		
Vicky Papics	Council Member		
Kim Francisco	Chief Financial Officer	$1,000,000	MELJIF
Lisa A. Burd	Clerk/Administrator, Dog Licensing Official, Registrar	1,000,000	MELJIF
Rebecca Harm	Tax Collector, Tax Search Officer	1,000,000	MELJIF
Eloise Haggaman	Assessor		
William Edleston	Borough Attorney		

(A) All employees, who are not specifically bonded, are covered under $50,000 and $950,000 Faithful Performance Bonds provided by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
CURRENT FUND

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF CASH

	Ref.		
Balance December 31, 2010	A		$ 568,977.05
Increased by Receipts:			
Tax Collector		$ 2,454,436.94	
Revenue Accounts Receivable		65,868.88	
Miscellaneous Revenue Not Anticipated		19,887.01	
2011 Appropriation Refunds		1,110.00	
Federal and State Grants Receivable		4,237.00	
Prior Year Water Accounts Receivable		2,231.35	
Other Municipal Fines-Yard Maintenance		295.00	
Due from State of New Jersey:			
Veterans and Senior Citizens' Deductions		8,500.00	
Marriage License Fees		175.00	
Due from General Capital Fund		2.44	
			2,556,743.62
			3,125,720.67
Decreased by Disbursements:			
2011 Appropriation Expenditures		564,774.46	
2010 Appropriation Reserve Expenditures		40,640.18	
Federal and State Grant Expenditures		10,059.14	
Local School District Taxes		1,526,773.00	
County Taxes		402,503.93	
Tax Sale Premiums		200.00	
Tax Overpayments		26.69	
Third Party Liens		10,669.00	
Due State of New Jersey:			
Marriage License Fees		175.00	
			2,555,821.40
Balance December 31, 2011	A		$ 569,899.27

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2011

Increased by Receipts:		
Taxes Receivable	$ 2,319,936.72	
Tax Overpayments	12.19	
2012 Prepaid Taxes	13,349.36	
Tax Title Liens Collected	85,047.62	
Miscellaneous	903.03	
Outside Liens Redeemed	10,669.00	
Interest and Costs on Taxes	24,519.02	
		$ 2,454,436.94
Decreased by:		
Payments to Treasurer		$ 2,454,436.94

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Levy	Collections 2010	Collections 2011	Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2011
2010	$ 55,297.49			$ 47,607.37			$ 7,690.12		
2011		$ 2,411,209.60	$ 10,735.14	2,272,329.35	$ 1,428.59	$ 8,750.00	52,656.72	$ 3,609.64	$ 61,700.16
	$ 55,297.49	$ 2,411,209.60	$ 10,735.14	$ 2,319,936.72	$ 1,428.59	$ 8,750.00	$ 60,346.84	$ 3,609.64	$ 61,700.16
Ref.	A								A

Analysis of 2011 Property Tax Levy

Tax Yield:		
General Purpose Tax	$ 2,409,805.54	
Added Taxes (54:4-63.1 et seq.)	1,404.06	
		$ 2,411,209.60
Tax Levy:		
Local School District Taxes		$ 1,526,773.00
County Taxes:		
County Taxes	400,987.90	
Due County for Added and Omitted Taxes	234.11	
		401,222.01
		1,927,995.01
Local Tax for Municipal Purposes Levied	481,883.00	
Add: Additional Tax Levied	1,331.59	
		483,214.59
		$ 2,411,209.60

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	Ref.		
Balance December 31, 2010	A		$ 211,895.20
Increased by:			
Transferred from Taxes Receivable		$ 60,346.84	
Interest and Costs - 2011 Tax Sale		1,717.97	
			62,064.81
			273,960.01
Decreased by:			
Collections			85,047.62
Balance December 31, 2011	A		$ 188,912.39

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2011

	Accrued in 2011	Collected By: Collector	Collected By: Treasurer
Interest and Costs on Taxes	$ 24,519.02	$ 24,519.02	
Energy Receipts Tax	49,008.00		$ 49,008.00
Municipal Court:			
Fines and Costs	8,031.88		8,031.88
Consolidated Municipal Property Tax Relief Aid	8,829.00		8,829.00
	$ 90,387.90	$ 24,519.02	$ 65,868.88

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
Municipal Clerk:				
Salaries and Wages	$ 4,355.52	$ 4,355.52		$ 4,355.52
Other Expenses	6,605.36	6,605.36	$ 3,006.43	3,598.93
Elections:				
Other Expenses	211.49	211.49		211.49
Financial Administration:				
Salaries and Wages	147.04	147.04		147.04
Other Expenses	457.90	457.90		457.90
Assessment of Taxes:				
Salaries and Wages	144.96	144.96		144.96
Other Expenses	618.83	618.83	40.00	578.83
Collection of Taxes:				
Salaries and Wages	92.40	92.40		92.40
Other Expenses	1,272.10	1,272.10		1,272.10
Legal Services and Costs:				
Other Expenses	6,994.50	6,994.50	28.00	6,966.50
Audit	29,500.00	29,500.00	29,500.00	
Engineering Services:				
Other Expenses	1,798.75	1,798.75	365.00	1,433.75
Planning Board				
Salaries and Wages	78.04	78.04		78.04
Other Expenses	2,176.50	2,176.50		2,176.50
Buildings and Grounds:				
Salaries and Wages	3,672.00	3,672.00		3,672.00
Other Expenses	2,663.27	2,663.27		2,663.27
Other Insurance Premiums:				
Liability Insurance	1,753.75	1,753.75		1,753.75
Workers Compensation	677.00	677.00		677.00
Fire:				
Fire Police	1,000.00	1,000.00	1,000.00	
Other Expenses	7,648.46	7,648.46	49.00	7,599.46
Emergency Services:				
Salaries and Wages	1,885.00	1,885.00		1,885.00
Other Expenses	1,000.00	1,000.00		1,000.00
Hepatitis B Vaccines	1,000.00	1,000.00		1,000.00
Streets and Roads:				
Salaries and Wages	1,976.26	1,976.26		1,976.26
Other Expenses	8,110.90	8,110.90	279.99	7,830.91
Garbage and Trash Removal:				
Other Expenses	14,514.65	14,514.65	4,421.83	10,092.82

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
Board of Health:				
Other Expenses	$ 200.00	$ 200.00		$ 200.00
Dog Regulation:				
Other Expenses	1,400.00	1,400.00		1,400.00
Environmental Commission:				
Other Expenses	170.00	170.00		170.00
Code Enforcement:				
Salaries and Wages	710.00	710.00		710.00
Shade Tree Commission:				
Other Expenses	200.00	200.00		200.00
Crossing Guard:				
Salaries and Wages	424.65	424.65		424.65
Recreation:				
Other Expenses	2,800.00	2,800.00		2,800.00
Utilities:				
Electricity	3,100.73	3,100.73	$ 737.97	2,362.76
Street Lighting	650.48	650.48		650.48
Telephone	322.00	322.00		322.00
Fuel Oil	2,027.21	2,027.21	804.71	1,222.50
Gasoline	1,157.83	1,157.83		1,157.83
Water - Aqua Charges	12,429.22	12,429.22		12,429.22
Municipal Court:				
Other Expenses	1,300.00	1,300.00		1,300.00
Social Security	778.52	778.52		778.52
Disability Insurance	461.53	461.53		461.53
Group Health Insurance Plan for Employees	241.52	241.52		241.52
Local Match Grants	500.00	500.00		500.00
Contingent	100.00	100.00		100.00
Liability Insurance	407.25	407.25	407.25	
	$ 129,735.62	$ 129,735.62	$ 40,640.18	$ 89,095.44

	Ref.	
Balance December 31, 2010		
Unencumbered	A	$ 90,577.64
Encumbered	A	39,157.98
		$ 129,735.62

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2010:	
School Tax Deferred	$ 763,386.50
Increased by:	
Levy - School Year July 1, 2011 through June 30, 2012	1,526,773.00
	2,290,159.50
Decreased by:	
Payments to Local School District	1,526,773.00
Balance December 31, 2011:	
School Tax Deferred	$ 763,386.50

BOROUGH OF BLOOMSBURY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Cash Received	Transferred from Unappropriated Reserve	Balance Cancelled	Balance Dec. 31, 2011
Clean Communities Program		$ 4,000.00	$ 4,000.00			
Highlands Initial Assessment	$ 7,747.50				$ 7,747.50	
Highlands Conformance	19,241.12		237.00			$ 19,004.12
Forestry Grant	7,000.00					7,000.00
Alcohol Education and Rehabilitation		25.14		$ 25.14		
New Jersey Department of Transportaion		160,000.00				160,000.00
	$ 33,988.62	$ 164,025.14	$ 4,237.00	$ 25.14	$ 7,747.50	$ 186,004.12
Ref.	A					A

BOROUGH OF BLOOMSBURY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2010	Transferred from 2011 Budget	Cash Disbursed	Balance Cancelled	Balance Dec. 31, 2011
Clean Communities Program	$ 3,721.00	$ 4,000.00	$ 3,721.00		$ 4,000.00
Highlands Initial Assessment	7,747.50			$ 7,747.50	
Highlands Conformance	19,241.12		237.00		19,004.12
Forestry Grant	6,076.00		6,076.00		
Alcohol Education and Rehabilitation		25.14	25.14		
New Jersey Department of Transportation		160,000.00			160,000.00
	$ 36,785.62	$ 164,025.14	$ 10,059.14	$ 7,747.50	$ 183,004.12
Ref.	A				A

BOROUGH OF BLOOMSBURY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Transferred to 2011 Budget Revenue
Alcohol Education and Rehabilitation	$ 25.14	$ 25.14

Ref. A

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
TRUST FUNDS

BOROUGH OF BLOOMSBURY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Fund		Other Trust Funds	
Balance December 31, 2010	B		$ 685.22		$ 36,715.92
Increased by Receipts:					
Animal Control License Fees		$ 2,291.00			
State Registration Fees		273.00			
Late Fees		587.00			
Unemployment Contributions and Interest				$ 2,215.60	
Recreation Trust Deposits				3,298.00	
Recreation Commission Deposits				9,786.69	
Escrow Deposits				1,800.00	
			3,151.00		17,100.29
			3,836.22		53,816.21
Decreased by Disbursements:					
Expenditures under R.S. 4:19 - 15.11		2,039.60			
State Board of Health		271.80			
Recreation Trust Disbursements				4,089.00	
Recreation Commission Disbursements				7,953.47	
Unemployment Compensation Reserve Expenditures				1,320.85	
Fire Code Expenditures				1,600.00	
Return of Escrow Deposits				503.00	
			2,311.40		15,466.32
Balance December 31, 2011	B		$ 1,524.82		$ 38,349.89

BOROUGH OF BLOOMSBURY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	Ref.		
Balance December 31, 2010	B		$ 681.02
Increased by:			
Animal Control License Fees Collected		$ 2,291.00	
Late Fees		587.00	
			2,878.00
Decreased by:			3,559.02
Expenditures under R.S. 4:19-15.11:			
Cash Disbursements			2,039.60
Balance December 31, 2011	B		$ 1,519.42

License Fees Collected

Year	Amount
2009	$ 1,261.00
2010	1,573.00
Maximum Allowable Reserve	$ 2,834.00

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2011
GENERAL CAPITAL FUND

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	Ref.		
Balance December 31, 2010	C		$ 3,184.56
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund		$ 64,500.00	
Interest on Deposits		4.97	
			64,504.97
			67,689.53
Decreased by Disbursements:			
Improvement Authorizations		10,300.00	
Due to Current Fund		2.44	
			10,302.44
Balance December 31, 2011	C		$ 57,387.09

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

		Balance Dec. 31, 2010	Receipts: Interest on Deposits	Receipts: 2011 Budget Appropriation	Disbursements: Miscellaneous	Disbursements: Improvement Authorizations	Transfers: From	Transfers: To	Balance Dec. 31, 2011
Fund Balance		$ 2,608.83							$ 2,608.83
Capital Improvement Fund		575.61		$ 64,500.00			$ 50,000.00		15,075.61
Due Current Fund		0.12	$ 4.97		$ 2.44				2.65
Ord. Number	Ordinance Description								
105-11	Improvements to Streets, Roads, and Drainage					$ 10,300.00		$ 50,000.00	39,700.00
		$ 3,184.56	$ 4.97	$ 64,500.00	$ 2.44	$ 10,300.00	$ 50,000.00	$ 50,000.00	$ 57,387.09

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2011

Ord No.	Improvement Description	Ordinance Date	Ordinance Amount	2011 Authorizations Capital Improvement Fund	Paid or Charged	Balance December 31, 2011 Funded
105-11	Improvements to Streets, Roads, and Drainage	10/25/11	$ 50,000.00	$ 50,000.00	$ 10,300.00	$ 39,700.00
				$ 50,000.00	$ 10,300.00	$ 39,700.00
			Ref.			C

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2010	C	$ 575.61
Increased by:		
Current Fund Budget Appropriation		64,500.00
		65,075.61
Decreased by:		
Appropriation to Finance Improvement Authorizations		50,000.00
Balance December 31, 2011	C	$ 15,075.61

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF BLOOMSBURY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF BLOOMSBURY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Name of State Agency or Department	Name of Program	Pass-Through Entity ID#	C.F.D.A. Number	Grant Period From	Grant Period To	Grant Award Amount	Amount Received	Program Expenditures	Cumulative Expenditures
US Department of Transportation (Pass Through New Jersey Department of Transportation)	Improvements to Main Street Phase II	N/A	20.205	1/1/2011	12/31/2012	$ 160,000.00			
Total US Department of Environmental Protection								-	-
							$ -	$ -	$ -

N/A - Not Applicable

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BLOOMSBURY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Name of State Agency or Department/Grant Name	State Grant Account #	Grant Award Amount	Grant Period From	Grant Period To	Received	Current Year Grant Expenditures	Cumulative Expenditures
Department of Environmental Protection:							
Clean Communities Program	100-022-8070-	$ 4,000.00	1/1/2009	12/31/2011		$ 3,721.00	$ 4,000.00
	039-6120	4,000.00	1/1/2011	12/31/2012	$ 4,000.00		
					4,000.00	3,721.00	4,000.00
Green Communities Forest Grant	PF10-152	7,000.00	1/1/2010	12/31/2011		6,076.00	7,000.00
						6,076.00	7,000.00
Total Department of Environmental Protection					4,000.00	9,797.00	11,000.00
Department of Law and Public Safety							
Drunk Driving Enforcement Fund	100-078-6400-						
	260-YYYY	25.14	1/1/2010	12/31/2011		25.14	25.14
New Jersey Highlands Council							
Initial Assessment Grant	09-033-010-1438	15,000.00	1/1/09	12/31/09			7,252.50
Plan Conformance Grant	10-033-011-1438	50,000.00	1/1/09	12/31/11	237.00	237.00	30,995.88
Total New Jersey Highlands Council					237.00	237.00	38,248.38
Total Grant Expenditures					$ 4,237.00	$ 10,059.14	$ 49,273.52

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BLOOMSBURY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Note 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all state programs of the Borough of Bloomsbury. The Borough of Bloomsbury is defined in Note 1 to the Borough's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the Schedules of Expenditures of Federal and State Awards.

Note 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the Borough of Bloomsbury, in the County of Hunterdon (the "Borough") as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 11, 2012 which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Finding 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

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

The Borough's response to the finding noted in our audit is described in the accompanying schedule of findings and responses. We did not audit the Borough's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and Members of the Borough Council, and to meet the requirements for filing with the Division of Local Government Services, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mount Arlington, New Jersey
April 11, 2012

NISIVOCCIA LLP

William F. Schroeder
Certified Public Accountant
Registered Municipal Accountant No. 452

BOROUGH OF BLOOMSBURY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.

- The audit did not disclose any material weaknesses in the internal controls of the Borough.

- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.

- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04 for 2011 as grant expenditures were less than the single audit thresholds of $500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

  Finding 2011-1

  The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, permit and license fees; and recording of collections. Also, the CFO disburses funds and reconciles the bank accounts for their respective funds or accounts. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

  Management's Response:

  The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Findings and Responses for Federal Awards:

- Not Applicable.

Findings and Responses for State Awards:

- Not Applicable.

BOROUGH OF BLOOMSBURY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

The prior year finding with respect to the Borough not maintaining an adequate segregation of duties has not been resolved and is included on the Schedule of Findings and Responses.

BOROUGH OF BLOOMSBURY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of $17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to $25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest $1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is $17,500, and with a qualified purchasing agent the threshold may be up to $36,000.

The governing body of the Borough of Bloomsbury has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable 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. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

The following resolution was adopted in 2011:

> BE IT RESOLVED by the Mayor and Council of the Borough of Bloomsbury, Hunterdon County, New Jersey, that the rate of interest charges on delinquent taxes in this Borough shall be as follows:
>
> > On all delinquents to and including December 31, 2011, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2011 at the rate of 8% per annum for and upon the first $1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of $1,500, and the rate of 6% per annum for and upon any amount in excess of $10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.
>
> BE IT RESOLVED, that the collector of the Borough be and hereby directed to collect interest on all taxes accordingly.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 7, 2011, and was complete with respect to all items eligible for sale.

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
2011	6
2010	7
2009	3

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

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

Type	Number Mailed
Payment of 2012 Taxes	20
Payment of 2011 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3

Verification notices were mailed to confirm balances as of December 31, 2011. The items that were returned were compared to and are in agreement with the Borough's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

Municipal Court

The Borough of Bloomsbury is affiliated with Bethlehem Municipal Court. The Borough's share of municipal court fines and costs is anticipated in the current year budget. Budget appropriations are expended to reflect the Borough's share of costs. For the year ended December 31, 2011, realized revenue for the municipal court was $8,031.88 while budget expenditures amounted to $38,853.31.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.

2. Fixed asset accounting and reporting system.

3. General ledger accounting system.

The Borough currently maintains a general ledger, fixed assets records and an encumbrance accounting system.

Office of Recreation

Our review of the Recreation Commission revealed:
1) A bank reconciliation was not being prepared on a monthly basis.
2) A log of receipts was not being maintained.
It is recommended that all records in the Recreation Commission be accurately logged and maintained and that a monthly bank reconciliation be prepared.

Management Response

The Recreation Commision will ensure that all records are logged and a that a bank reconciliation is prepared on a monthly basis.

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS
(Continued)

Status of Prior Year Recommendations

The Borough's prior year audit finding regarding segregation of duties has not been resolved and is included as 2011-01.

BOROUGH OF BLOOMSBURY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough examine its policies and procedures in order to mitigate its segregation of duties finding.
2. All receipt records in the Recreation Commission be accurately logged and maintained and that a monthly bank reconciliation be prepared.

* * * * * * * *