BOROUGH OF NORTHVALE

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2007

BOROUGH OF NORTHVALE

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BOROUGH OF NORTHVALE

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2007

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Northvale
Northvale, New Jersey

We have audited the financial statements - statutory basis of the Borough of Northvale, as of and for the year ended December 31, 2007 as listed in the table of contents. These financial statements are the responsibility of the Borough of Northvale's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Borough of Northvale as of December 31, 2006, were audited by other auditors whose report dated March 7, 2007 expressed an unqualified opinion on those financial statements prepared using statutory accounting practices which differ from accounting principles generally accepted in the United States of America.

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

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the statutory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the General Fixed Assets Account Group have not been audited. The financial activities of the General Fixed Assets Account Group have not been updated for 2007. Furthermore, the financial statements of the Length of Service Awards Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services to audit, nor were we engaged to audit, the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 36 percent and 33 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2007 and 2006.

INDEPENDENT AUDITORS' REPORT (Continued)

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Northvale, as of December 31, 2007, or the changes in its financial position, for the year then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also, in our opinion except for the effects of such adjustments, if any, as might have been determined to be necessary had the General Fixed Assets Account Group and LOSAP Fund financial statements been audited, the financial statements - statutory basis referred to above present fairly, in all material respects, the financial position - statutory basis of the Borough of Northvale, as of December 31, 2007 and the results of its operations - statutory basis for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 30, 2008 on our consideration of the Borough of Northvale'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 read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Northvale. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Northvale. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been necessary had the General Fixed Assets Account Group and LOSAP Fund financial statements been audited, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 30, 2008

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2007 AND 2006

ASSETS	Reference	2007	2006
Operating Fund			
Cash	A-4	$ 1,260,505	$ 928,277
Change Funds	A-5	200	200
Petty Cash	A-6	100	100
		1,260,805	928,577
Due from State of New Jersey - Senior Citizens and Veterans Deductions	A-7	1,074	813
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-8	220,636	327,778
Tax Title Liens	A-9	29,008	26,749
Property Acquired for Taxes	A-10	1,422,200	1,422,200
Revenue Accounts Receivable	A-11	30,754	5,058
Prepaid Local School Tax	A-14		94,995
Due from County of Bergen	A-20		3,724
Interfunds Receivable			
Due from Animal Control Trust Fund	B-2	2,400	164
Due from Other Trust Fund	B-5	10,542	5,336
Due from Community Development Trust Fund	B-9	12,197	14,870
		1,727,737	1,900,874
Deferred Charges			
Overexpenditure of Appropriation Reserves	A-12	7,763	7,763
Special Emergency Authorizations (40A:4-55)	A-13	120,000	150,000
		127,763	157,763
		3,117,379	2,988,027
Federal and State Grant Fund			
Grants Receivable	A-24	15,538	16,538
Due from Current Fund	A-27	129,816	145,338
		145,354	161,876
		$ 3,262,733	$ 3,149,903

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2007 AND 2006

	Reference	2007	2006
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Liabilities:			
Appropriation Reserves	A-3,A-19	$ 21,079	$ 153,639
Prepaid Taxes	A-17	103,894	53,229
Encumbrances Payable	A-22	105,563	18,063
Miscellaneous Reserves	A-23	45,215	66,332
Fees Payable	A-18	190	29
Interfunds Payable:			
Due to Open Space Preservation Trust Fund	A-21	892	137
Due to Federal and State Grant Fund	A-27	129,816	145,338
		406,649	436,767
Reserve for Receivables	A	1,727,737	1,900,874
Fund Balance	A-1	982,993	650,386
		3,117,379	2,988,027
Federal and State Grant Fund			
Appropriated Reserves	A-25	94,305	96,000
Encumbrances Payable	A-22		3,358
Due to General Capital Fund	C	22,875	22,875
Unappropriated Reserves	A-26	28,174	39,643
		145,354	161,876
		$ 3,262,733	$ 3,149,903

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - STATUTORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Reference	Year 2007	Year 2006
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	$ 490,000	$ 615,000
Miscellaneous Revenue Anticipated	A-2	2,766,777	2,165,731
Receipts from Delinquent Taxes	A-2	329,518	233,805
Receipts from Current Taxes	A-2	17,093,715	15,939,494
Non-Budget Revenue	A-2	118,338	201,791
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-19	160,860	185,014
Cancellation of Miscellaneous Reserves	A-23	19,011	
Statutory Excess - Animal Control Fund	B-2	2,142	
Liquidation of Prior Year Prepaid Local School Taxes	A-14	94,995	
Liquidation of Prior Year Due from County of Bergen	A-20	3,724	
Interfunds Liquidated	A	2,673	55,295
Total Income		21,081,753	19,396,130
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	2,767,585	2,649,825
Other Expenses	A-3	3,540,215	3,322,588
Deferred Charges and Statutory Expenditures- Municipal	A-3	245,237	261,500
Capital Improvements	A-3	49,000	40,000
Municipal Debt Service	A-3	689,313	616,912
Local District School Taxes	A-14	7,171,269	6,537,872
Regional High School Tax	A-15	3,935,975	3,864,196
County Taxes Payable	A-16	1,712,660	1,622,571
Due to County for Added and Omitted Taxes	A-16	15,871	4,930
Municipal Open Space Tax	A-21	97,285	47,696
Interfunds Advanced	A	7,442	11,193
Overexpenditure of Appropriation Reserves	A-1		7,763
Refunds of Prior Year Revenue	A-4	27,294	185,214
Total Expenditures		20,259,146	19,172,260
Excess in Revenues		822,607	223,870
Adjustment to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-1	-	157,763
Statutory Excess to Fund Balance		822,607	381,633
Fund Balance, January 1	A-1	650,386	883,753
		1,472,993	1,265,386
Decreased by:			
Utilized as Anticipated Revenue	A-2	490,000	615,000
Fund Balance, December 31	A-1	$ 982,993	$ 650,386

- The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Reference	2007 Budget	Added by N.J.S. 40A:4-87	2007 Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	$ 490,000	-	$ 490,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	15,000		15,116	$ 116
Other	A-11	10,000		12,879	2,879
Fees and Permits	A-11	27,500		26,816	(684)
Fines and Costs					
Municipal Court	A-11	111,000		105,354	(5,646)
Interest and Costs on Taxes	A-11	37,000		65,339	28,339
Interest on Investments and Deposits	A-2	76,300		80,613	4,313
Energy Receipts Tax	A-11	439,104		439,104	
Supplemental Energy Receipts Tax	A-11	41,495		41,495	
Legislative Initiative Municipal Block Grant	A-11	19,966		19,966	
Consolidated Municipal Property Tax Relief Aid	A-11	313,967		313,967	
Homeland Security Police Assistance Fund		25,000			(25,000)
Municipal Property Tax Assistance	A-11	15,951		15,951	
Extraordinary Aid	A-11	100,000		100,000	
Uniform Construction Code Fees	A-11	177,000		256,060	79,060
Borough of Rockleigh - Police/Court Services	A-11	332,000		332,000	
State and Federal Revenues Offset with Appropriations					
Clean Communities	A-24		$ 5,760	5,760	
Alcohol Education and Rehabilitation Fund	A-24		1,579	1,579	
Recycling Tonnage Grant	A-24		3,639	3,639	
Municipal Recycling Assistance Program	A-24		2,339	2,339	
You Drink, You Drive, You Lose	A-24		4,316	4,316	
Municipal Stormwater Regulation Program	A-24		1,705	1,705	
USDA Commodities	A-26	2,640		2,640	
Title III	A-24, A-26	13,523		13,523	
Drunk Driving Enforcement Fund	A-24		5,049	5,049	
Body Armor	A-26	1,337		1,337	
Northvale Municipal Alliance	A-26	24,515		24,515	
Hazardous Discharge	A-26	10,130		10,130	
Junior Marksmanship Grant	A-26	1,020		1,020	
Private Donation - 273 Livingston Ave. Associates	A-24	9,000		9,000	
200 Club of Bergen County - Junior Police Academy	A-24		4,000	4,000	
NJ EDA - Hazardous Discharge Site Remediation	A-24		306,528	306,528	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Reference	2007 Budget	Added by N.J.S. 40A:4-87	2007 Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES (Continued)					
Life Hazard Use Fees	A-11	$ 25,000		$ 26,135	$ 1,135
Recreation Fees	A-11	15,000		44,363	29,363
Rent - Library		30,000			(30,000)
Donation - Senior Center	A-11	4,500		5,720	1,220
Senior Van Drive - Senior Financial Association	A-11	21,000		24,024	3,024
Police Outside Detail		10,000			(10,000)
Rental of Borough Property	A-11	70,000		70,000	
Summer Recreation Fees	A-11	25,000		24,769	(231)
Compost Program - Hillsdale	A-11	35,000		40,026	5,026
General Capital Fund Balance	C-10	310,000	-	310,000	-
		2,348,948	$ 334,915	2,766,777	82,914
RECEIPTS FROM DELINQUENT TAXES	A-2	300,000	-	329,518	29,518
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2	4,197,326	-	4,540,493	343,167
Total General Revenues		$ 7,336,274	$ 334,915	8,126,788	$ 455,599
Non-Budget Revenue				118,338	
				$ 8,245,126	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

	Reference	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collection		
Revenue from Collections	A-8	$ 17,093,715
Less: Allocated to School,County and Open Space Taxes	A-14, A-15, A-16, A-21	12,933,060
Balance for Support of Municipal Budget Appropriations	A-3	4,160,655
Add: Appropriation "Reserve for Uncollected Taxes"	A-2	379,838
Amount for Support of Municipal Budget Appropriations		$ 4,540,493
Interest on Investments and Deposits		
Cash Receipts	A-11	$ 46,971
Due from Animal Control Fund	B-2	258
Due from Other Trust Fund	B-5	5,206
Due from General Capital Fund	C-7	28,178
		$ 80,613

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Appropriations		2007 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	$ 92,000	$ 86,701	$ 86,701		
Other Expenses	75,000	70,881	70,881		
Financial Administration					
Salaries and Wages	50,000	46,876	46,876		
Other Expenses	10,000	18,255	18,255		
Annual Audit	40,000	40,251	40,251		
Collection of Taxes					
Salaries and Wages	48,000	48,000	48,000		
Other Expenses	10,000	13,551	13,551		
Assessment of Taxes					
Salaries and Wages	10,400	10,400	10,400		
Other Expenses	3,100	2,911	2,911		
Legal Services and Costs					
Salaries and Wages	14,000	14,239	14,239		
Other Expenses	50,000	119,978	111,899	$ 8,079	
Engineering Services and Costs					
Other Expenses	40,000	40,657	40,657		
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board					
Salaries and Wages	4,000	4,000	4,000		
Other Expenses	11,000	12,451	12,451		
Planner-Other Expenses	3,000	4,533	4,533		
Municipal Court					
Salaries and Wages	85,000	95,681	95,681		
Other Expenses	9,000	7,141	7,141		
Public Defender					
Salaries and Wages	4,200				
INSURANCE					
Workers Compensation	87,045	87,045	87,045		
Other Insurance	15,000	7,376	7,376		
Liability Insurance	87,045	87,045	87,045		
Group Insurance Plan for Employees	410,000	401,581	401,581		
Police					
Salaries and Wages	1,425,000	1,393,628	1,393,628		
Other Expenses					
Miscellaneous Other Expenses	75,000	77,552	77,552		
Purchase New Police Vehicles	25,000	25,000	25,000		
First Aid Organization Contribution	5,250	5,125	5,125		
Ambulance Other Expenses	6,000	3,559	3,559		
Interboro Radio					
Other Expenses	74,257	74,257	74,257		

BOROUGH OF NORTHVALE
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Appropriations		2007 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Emergency Management Services					
Salaries and Wages	$ 1,100	$ 1,100	$ 1,100		
Other Expenses	2,900	999	999		
Fire					
Other Expenses					
Rental of Fire House	25,590	25,590	25,590		
Miscellaneous Other Expenses	38,000	38,303	38,303		
Fire Hydrant Service	57,500	58,105	58,105		
Fire Prevention Bureau					
Salaries and Wages	31,500	31,500	31,500		
Other Expenses	4,500	3,598	3,598		
Prosecutor					
Salaries and Wages	11,000	10,473	10,473		
PUBLIC WORKS FUNCTIONS					
Road Repairs and Maintenance					
Salaries and Wages	530,000	547,958	547,958		
Other Expenses	50,000	48,154	48,154		
Recycling and Garbage Removal					
Contractual	255,000	254,924	254,924		
Borough of Norwood- Contractual	14,000	14,000	14,000		
Compost Leaf Program- Other Expenses	35,000				
Recycling					
Salaries and Wages	5,000	5,318	5,318		
Other Expenses	20,000	4,277	4,277		
Public Buildings and Grounds					
Other Expenses	65,000	65,611	65,611		
Sewer Repairs and Maintenance					
Other Expenses	12,000	7,120	7,120		
Vehicle Maintenance- Senior Van Repairs					
Salaries and Wages	18,000	21,275	21,275		
Other Expenses	3,000	2,627	2,627		
Health and Welfare					
Board of Health					
Salaries and Wages	18,000	17,696	17,696		
Other Expenses	28,500	28,022	28,022		
Hepatitis B Inoculations	2,500	2,500	2,500		
Administration of Public Assistance					
Salaries and Wages	4,100	4,065	4,065		
Animal Control					
Other Expenses	7,000	6,750	6,750		
Community Center for Mental Health					
Contribution (NJSA 44:5-2)	7,250	7,125	7,125		

BOROUGH OF NORTHVALE
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Appropriations		2007 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
RECREATION AND EDUCATION					
Recreation					
Other Expenses	$ 62,576	$ 67,457	$ 67,457		
Golden Age					
Other Expenses	6,000	6,625	6,625		
James F McGuire Memorial Center					
NJSA 40:48 9a					
Salaries and Wages	10,000	7,664	7,664		
Other Expenses	33,000	31,311	31,311		
Parks and Playgrounds					
Other Expenses	15,000	11,447	11,447		
Summer Recreation Program					
Other Expenses	28,000	20,898	20,898		
Senior Trips					
Other Expenses	6,000	3,850	3,850		
Other Common Unclassified					
Celebration of Public Events					
Other Expenses	12,000	16,044	16,044		
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Officials					
Salaries and Wages	75,000	76,311	76,311		
Other Expenses	10,000	9,764	9,764		
Code Compliance					
Salaries and Wages	12,700	12,700	12,700		
Other Expenses	2,300	2,272	2,272		
UTILITY EXPENSES AND BULK PURCHASES					
Utilities					
Electricity	55,000	67,470	67,470		
Street Lighting	44,000	54,973	54,973		
Telephone	39,000	30,356	30,356		
Water	5,000	2,567	2,567		
Gas (Natural or Propane)	40,000	36,256	36,256		
Gasoline	60,000	71,036	71,036		
Tipping Fees-BCUA	162,000	166,076	166,076	-	-
Total Operations Within "CAPS"	4,692,313	4,700,841	4,692,762	$ 8,079	-
Contingent	3,000	3,000	-	3,000	-
Total Operations Including Contingent - Within "CAPS"	4,695,313	4,703,841	4,692,762	11,079	-
Detail					
Salaries and Wages	2,449,000	2,435,585	2,435,585		
Other Expenses (Including Contingent)	2,246,313	2,268,256	2,257,177	11,079	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Appropriations		2007 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to Social Security (O.A.S.I.)	$ 225,000	$ 205,237	$ 205,237		
Reserve for Terminal Leave Pay	-	10,000	-	$ 10,000	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	225,000	215,237	205,237	10,000	-
Total General Appropriations for Municipal Purposes Within "CAPS"	4,920,313	4,919,078	4,897,999	21,079	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Other Operations - Excluded from "CAPS"					
Aid to Library					
Privately Owned	239,016	239,016	239,016		
Sewer					
Bergen County Utilities Authorities	377,230	377,230	377,230		
Police and Fireman's Retirement System	176,129	176,129	176,129		
Public Employees Retirement System	30,269	30,269	30,269		
Length of Service Award Program	55,000	55,700	55,700		
Stormwater Management					
Other Expenses	5,000	5,535	5,535	-	-
Total Other Operations - Excluded from "CAPS"	882,644	883,879	883,879	-	-
Interlocal Municipal Service Agreements					
Borough of Rockleigh Police and Court Services					
Salaries and Wages	312,000	312,000	312,000		
Borough of Rockleigh DPW Services					
Salaries and Wages	20,000	20,000	20,000	-	-
Total Interlocal Municipal Service Agreements	332,000	332,000	332,000	-	-

BOROUGH OF NORTHVALE
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Appropriations		2007 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAP" (Continued)					
Public and Private Programs Offset by Revenues					
Title III, Older Americans Act of 1985					
Senior Citizens					
Other Expenses	$ 13,523	$ 13,523	$ 13,523		
Police Body Armor					
Other Expenses	1,337	1,337	1,337		
Clean Communities					
Other Expenses	10,130	10,130	10,130		
USDA Commodities- Senior Food Program					
Other Expenses	2,640	2,640	2,640		
Northvale Drug Alliance	24,515	24,515	24,515		
Junior Marksmanship Grant	1,020	1,020	1,020		
Junior Police Academy		4,000	4,000		
Hazardous Discharges Site Remediation Fund		306,528	306,528		
Municipal Alcohol Education		1,579	1,579		
Drunk Driving Enforcement Fund		5,049	5,049		
You Drink You Drive You Lose		4,316	4,316		
NJDEP Clean Communities		5,760	5,760		
Recycling Tonnage Grant		3,639	3,639		
Municipal Recycling Assistance Program		2,339	2,339		
Municipal Stormwater Regulation Program	-	1,705	1,705	-	-
Total Public and Private Programs Offset by Revenues	53,165	388,080	388,080	-	-
Total Operations - Excluded from "CAPS"	1,267,809	1,603,959	1,603,959	-	-
Detail:					
Salaries and Wages	332,000	332,000	332,000		
Other Expenses	935,809	1,271,959	1,271,959	-	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	40,000	40,000	40,000		
Private Donation- Acquisition of Recreation Equip	9,000	9,000	9,000	-	-
Total Capital Improvements-Excluded from "CAPS"	49,000	49,000	49,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	485,000	485,000	485,000		
Interest on Bonds	130,903	130,903	130,902		$ 1
Interest on Notes	73,411	73,411	73,411	-	-
Total Municipal Debt Service - Excluded from "CAPS"	689,314	689,314	689,313	-	1

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Appropriations		2007 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Emergency Authorizations 5 year NJS 40A4-55	$ 30,000	$ 30,000	$ 30,000	-	-
Total Deferred Charges Municipal - Excluded from "CAPS"	30,000	30,000	30,000	-	-
Total General Appropriations to Municipal Purposes Excluded from "CAPS"	2,036,123	2,372,273	2,372,272	-	$ 1
Total General Appropriations - Excluded from "CAPS"	2,036,123	2,372,273	2,372,272	-	1
Subtotal General Appropriations	6,956,436	7,291,351	7,270,271	$ 21,079	1
RESERVE FOR UNCOLLECTED TAXES	379,838	379,838	379,838	-	-
Total General Appropriations	$ 7,336,274	$ 7,671,189	$ 7,650,109	$ 21,079	$ 1
Reference	A-2	A-3	A-1	A,A-1	

	Reference	
Budget as Adopted	A-2	$ 7,336,274
Added by N.J.S. 40A:4-87	A-2	334,915
	A-2	$ 7,671,189

Cash Disbursed	A-4	$ 6,737,628
Encumbrances Payable	A-22	105,563
Appropriated Grant Reserves	A-25	397,080
Deferred Charge - Special Emergency	A-13	30,000
Reserve for Uncollected Taxes	A-2	379,838
		$ 7,650,109

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2007 AND 2006

	Reference	2007	2006
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	$ 7,323	$ 4,902
OTHER TRUST FUND			
Cash	B-1	567,949	651,846
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Grants Receivable	B-7	36,576	43,187
UNEMPLOYMENT INSURANCE FUND			
Cash	B-1	54,040	52,115
Due from Other Trust Fund	B-11	6,913	3,188
		60,953	55,303
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-1	146,446	47,559
Due from Current Fund	A-21	892	137
		147,338	47,696
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B-1	404,233	344,358
Contribution Receivable	B-14	51,850	47,950
		456,083	392,308
Total Assets		$ 1,276,222	$ 1,195,242

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2007 AND 2006

	Reference	2007	2006
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-2	$ 2,400	$ 164
Reserve for Animal Control Trust Expenditures	B-4	4,923	4,738
		7,323	4,902
OTHER TRUST FUND			
Reserve for Escrow Deposits	B-6	437,451	473,703
Miscellaneous Reserves	B-13	124,366	175,281
Payroll Deductions Payable	B-16	(11,323)	(5,662)
Due to Unemployment Insurance Trust Fund	B-11	6,913	3,188
Due to Current Fund	B-5	10,542	5,336
		567,949	651,846
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
Due to Current Fund	B-9	12,197	14,870
Reserve for Expenditures	B-8	24,379	28,317
		36,576	43,187
UNEMPLOYMENT INSURANCE FUND			
Reserve for Unemployment Insurance Claims	B-10	60,953	55,303
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-12	147,338	47,696
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B-15	456,083	392,308
		456,083	392,308
Total Liabilities, Reserves and Fund Balance		$ 1,276,222	$ 1,195,242

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2007 AND 2006

	Reference	2007	2006
ASSETS			
Cash	C-2, C-3	$ 357,778	$ 1,247,156
Deferred Charges to Future Taxation			
Funded	C-4	2,728,000	3,213,000
Unfunded	C-8	3,179,669	2,909,279
Expenditures Without Ordinance Appropriation	C-5	429,145	
Grants Receivable	C-9	744,404	158,637
Due from Federal and State Grant Fund	A	22,875	22,875
Prospective Assessments Raised by Taxation	C-6	-	8,750
Total Assets		$ 7,461,871	$ 7,559,697
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-11	$ 2,728,000	$ 3,213,000
Bond Anticipation Notes Payable	C-12	2,085,500	2,085,500
Improvement Authorizations			
Funded	C-10	245,723	817,288
Unfunded	C-10	932,645	1,273,942
Encumbrances Payable	C-14	278,722	
Capital Improvement Fund	C-13	16,533	7,283
Reserve for:			
Prospective Assessments Funded	C-15		8,750
Library Architecture Plans	C-16		2,871
Bid Specifications	C-17		814
Recreation Equipment	C-18		2,000
Payment of Debt	C-19	111,002	96,002
Grants Receivable	C-20	599,577	
Unappropriated Capital Grants	C-21	150,423	
Fund Balance	C-1	313,746	52,247
Total Liabilities, Reserves and Fund Balance		$ 7,461,871	$ 7,559,697

There were $1,307,879 and $823,779 in bonds and notes authorized but not issued at December 31, 2007 and 2006, respectively. (Exhibit C-22)

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - STATUTORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Reference	2007	2006
Balance, January 1	C	$ 52,247	$ 392,247
Increased by:			
Cancellation of Funded Improvement Authorizations	C-10	554,802	
Cancellation of Miscellaneous Reserves	C-16, 17, 18	5,685	
Premium on Sale of Notes	C-2	11,012	-
		623,746	392,247
Decreased by:			
Realized as Current Fund Budgeted Revenue	A-2	310,000	90,000
Appropriated to Finance Improvement Authorizations		-	250,000
		310,000	340,000
Balance, December 31	C	$ 313,746	$ 52,247

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
PUBLIC ASSISTANCE
AS OF DECEMBER 31, 2007 AND 2006

	Reference	2007	2006
ASSETS			
Cash and Cash Equivalents	D-1	$ 7,114	$ 14,165
Total Assets		$ 7,114	$ 14,165
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	$ 7,114	$ 14,165
		$ 7,114	$ 14,165

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF NORTHVALE
COMPARATIVE BALANCE SHEETS - STATUTORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2007 AND 2006

	2007 (Unaudited)	2006
ASSETS		
Land	$ 5,934,700	$ 5,934,700
Buildings	2,861,700	2,861,700
Machinery and Equipment	3,841,650	3,841,650
Total Assets	$ 12,638,050	$ 12,638,050
LIABILITIES		
Investment in General Fixed Assets	$ 12,638,050	$ 12,638,050

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Northvale have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a statutory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

A. Reporting Entity

The Borough of Northvale (the "Borough") was incorporated in 1916 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library or volunteer fire department, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Community Development Block Grant Fund - This fund is used to account for grant proceeds and related expenditures for Block grant entitlements.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to eligible employees.

Open Space Preservation Fund - This fund is used to account for the resources, which have accumulated from a dedicated tax, to be used for the preservation of open space, recreation and farmland property.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets Account Group (Continued)

The Borough of Northvale follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("statutory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds (except Open Space Preservation Fund)
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2007 and 2006 the Borough Council increased the original budget by $334,915 and $179,788. The increase for 2007 was attributable to additional aid allotted to the Borough. The increase for 2006 was attributable to additional aid allotted to the borough of $29,788, as well as an emergency authorization of $150,000 for the Borough-wide revaluation program. In addition, the governing body approved several budget transfers during 2007 and 2006.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - 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 inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Borough of Northvale has developed a fixed assets accounting and reporting system.

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

Fixed Assets are stated as cost.

No depreciation has been provided for in the financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets (Continued)

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the December 31, 2006 balances to conform to the December 31, 2007 presentation.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough 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 reporting requirements under GAAP.

NOTE 2 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Bank balances are insured up to $100,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $100,000 for each failed brokerage firm. At December 31, 2007 and 2006, the book value of the Borough's deposits were $2,401,455 and $2,946,320 and bank and brokerage firm balances of the Borough's deposits amounted to $3,003,750 and $3,269,424, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

	Bank Balance	
Depository Account	2007	2006
Insured	$ 2,948,282	$ 3,216,466
Uninsured and Collateralized	55,468	52,958
	$ 3,003,750	$ 3,269,424

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2007 and 2006, the Borough's bank balance of $55,468 and $52,958 was exposed to custodial credit risk as follows:

	2007	2006
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	$ 55,468	$ 52,958

Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2007 and 2006, the Borough had the following investments:

	Fair Value	Book Value
2007		
Investment:		
Length of Service Award Program Fund	$ 404,233	$ 404,233
2006		
Investment:		
Length of Service Award Program Fund	$ 344,358	$ 344,358

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk.

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing it's exposure to fair value losses arising from increasing interest rates.

The fair value of the above-listed investments were based on quoted market prices.

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2007 and 2006 consisted of the following:

	2007	200_
Current		
Property Taxes	$220,636	$327,778
Tax Title Liens	29,008	26,749
	$249,644	$354,527

In 2007 and 2006, the Borough collected $329,518 and $233,805 from delinquent taxes, which represented 93% and 95% of the prior year delinquent taxes receivable balance.

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	2007	2006
Issued		
General		
Bonds and Notes	$ 4,813,500	$ 5,298,500
Less Funds Temporarily Held to Pay Bonds and Notes	324,712	96,002
Net Debt Issued	4,488,788	5,202,498
Authorized But Not Issued		
General		
Bonds and Notes	1,307,879	823,779
Net Bonds and Notes Issued and Authorized But Not Issued	$ 5,796,667	$ 6,026,277

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .63% and .71% at December 31, 2007 and 2006, respectively.

	Gross Debt	Deductions	Net Debt
2007			
General Debt	$ 6,121,379	$ 324,712	$ 5,796,667
School Debt	7,551,346	7,551,346	-
Total	$ 13,672,725	$ 7,876,058	$ 5,796,667

NOTE 4 MUNICIPAL DEBT (Continued)

	Gross Debt	Deductions	Net Debt
2006			
General Debt	$ 6,122,279	$ 96,002	$ 6,026,277
School Debt	7,707,519	7,707,519	-
Total	$ 13,829,798	$ 7,803,521	$ 6,026,277

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	2007	2006
3-1/2% of Equalized Valuation Basis (Municipal)	$ 32,349,299	$ 30,147,183
Net Debt	5,796,667	6,026,277
Remaining Borrowing Power	$ 26,552,632	$ 24,120,906

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	2007	2006
$2,720,000, 1999 Bonds, due in annual installments of $325,000 to $385,000 through February 1, 2011, interest at 4.5%	$ 1,435,000	$ 1,735,000
$1,913,000, 2002 Bonds, due in annual installments of $190,000 to $483,000 through April 15, 2012, interest at 4.3%	1,293,000	1,478,000
	$ 2,728,000	$ 3,213,000

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2007 is as follows:

Calendar Year	General Principal	General Interest	Total
2008	$ 515,000	$ 108,778	$ 623,778
2009	545,000	85,312	630,312
2010	575,000	60,507	635,507
2011	610,000	23,885	633,885
2012	483,000	20,770	503,770
Total	$ 2,728,000	$ 299,252	$ 3,027,252

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2007 and 2006 were as follows:

	Balance, December 31, 2006	Additions	Reductions	Balance, December 31, 2007	Due Within One Year
2007					
General Capital Fund Bonds Payable	$ 3,213,000	$ -	$ 485,000	$ 2,728,000	$ 515,000

	Balance, December 31, 2005	Additions	Reductions	Balance, December 31, 2006	Due Within One Year
2006					
General Capital Fund Bonds Payable	$ 3,678,000	$ -	$ 465,000	$ 3,213,000	$ 485,000

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Borough's short-term capital debt activity for the years 2007 and 2006 was as follows:

2007	Balance, December 31, 2006	Additions	Reductions	Balance, December 31, 2007
Bond Anticipation Notes				
General Capital Fund	$ 2,085,500	$ 2,085,500	$ 2,085,500	$ 2,085,500

2006	Balance, December 31, 2005	Additions	Reductions	Balance, December 31, 2006
Bond Anticipation Notes				
General Capital Fund	$ -	$ 2,085,500	$ -	$ 2,085,500

NOTE 5 FIXED ASSETS

The following is a summary of changes in the general fixed assets account group for the years 2007 and 2006.

2007	Balance December 31, 2006	Additions	Retirements	Balance, December 31, 2007
Land	$ 5,934,700			$ 5,934,700
Buildings and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	3,841,650	-	-	3,841,650
	$ 12,638,050	$ -	$ -	$ 12,638,050

2006	Balance December 31, 2005	Additions	Retirements	Balance, December 31, 2006
Land	$ 5,934,700			$ 5,934,700
Buildings and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	3,541,445	$ 300,205	-	3,841,650
	$ 12,337,845	$ 300,205	$ -	$ 12,638,050

NOTE 6 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	2007		2006	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund:				
Operating	$ 25,139	$ 130,708	$ 20,370	$ 145,475
Grant	129,816	22,875	145,338	22,875
Trust Fund:				
Animal Control		2,400		164
Other Trust		13,730		8,524
Unemployment	3,188		3,188	
Open Space	892		137	
Community Development		12,197		14,870
General Capital Fund	22,875	-	22,875	-
Total	$ 181,910	$ 181,910	$ 191,908	$ 191,908

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Borough expects all interfund balances to be liquidated within one year.

NOTE 7 FUND BALANCES APPROPRIATED

Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding years were as follows:

	Fund Balance December 31, 2007	Utilized in Subsequent Year's Budget (1)	Fund Balance December 31, 2006	Utilized in Subsequent Year's Budget
Current Fund	$982,993	$625,000	$650,386	$490,000

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2008 introduced municipal budget. The 2008 municipal budget has not been legally adopted as of the date of audit.

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance, December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
2007			
Current Fund			
Special Emergency Authorizations (40A:4-55)	$120,000	$30,000	$90,000
Overexpenditure of Appropriation Reserves	7,763	7,763	
General Capital Fund			
Expenditure without Ordinance Appropriation	429,145		429,145
2006			
Current Fund			
Special Emergency Authorizations (40A:4-55)	150,000	30,000	120,000
Overexpenditure of Appropriation Reserves	7,763		7,763

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation and sick leave benefits over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate $760,127 and $801,126 at December 31, 2007 and 2006, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2007 and 2006, the Borough has reserved $39,527 and $86,992, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems, funds, and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Basis of Accounting

The financial statements of the various pension Funds are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the Funds. Benefits or refunds are recognized when due and payable in accordance with the terms of the funds.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent. The law provides that local employers' PFRS normal and accrued liability contributions shall be as follows: for payments due in the State fiscal year ending June 30, 2004, 20 percent; for payments due in the State fiscal year ending June 30, 2005, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 60 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 80 percent.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS or PFRS, effective July 12, 2002.

Contribution Requirement

The contribution policy is set by laws of the State of New Jersey 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. The pension funds provide for employee contributions based on 5.0% for PERS and 8.50% for PFRS of the employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums for participating local governments.

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

During the years ended December 31, 2007, 2006 and 2005, the Borough was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

Year Ended December 31	PFRS	PERS
2007	$ 176,129	$ 30,269
2006	121,293	16,356
2005	60,791	5,962

NOTE 11 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Northvale is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and the Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are 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 worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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 Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous year:

Year Ended December 31	Borough Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2007		$ 3,725		$ 60,953
2006	$ 19,000	3,188		55,303

NOTE 12 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

NOTE 12 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2007 and 2006. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2007 and 2006, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 13 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2007 and 2006, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The Borough of Northvale Length of Service Award Program (the Plan) was created by a Borough ordinance adopted in 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Northvale approved the adoption of the Plan at the general election held on November 2, 1998.

The first year of eligibility for entrance into the Plan was calendar year 1999. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and Emergency Service Squad, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of $100 and a maximum contribution of $1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Northvale has contributed $600 for 2007 and 2006, respectively, for each eligible volunteer fire department and emergency squad member into the Plan. The Borough also contributed an additional amount up to $550 for each member who qualifies for prior service credit.

NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (Continued)

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

Capital Project	Construction Commitment	Estimated Date of Completion
2007		
Livingston Street Improvements	$278,722	2008
2006		

There were none.

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". This statement will become effective for governmental entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date of this statement for the Borough is the year beginning January 1, 2009. This statement will require Governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the Borough's financial position or results of operations, if any, of this GASB Statement can not be readily determined at this time.

CURRENT FUND

BOROUGH OF NORTHVALE
STATEMENT OF CURRENT CASH - TREASURER
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

Balance, December 31, 2006		$ 928,277
Increased by Receipts:		
Petty Cash	$ 100	
Prepaid Taxes	103,894	
Taxes Receivable	17,299,754	
Revenue Accounts Receivable	2,026,055	
General Capital Fund Balance	310,000	
Marriage License Fees	800	
State of New Jersey - Veterans and Senior Citizens	69,989	
Grants Receivable	357,437	
Unappropriated Grant Reserves	28,174	
Due from General Capital Fund	28,178	
Due from Community Development Block Grant Fund	2,673	
Due from Animal Control Trust Fund	164	
Miscellaneous Reserves	40,063	
Due from County of Bergen	3,724	
Non-budget revenue	118,338	
		20,389,343
		21,317,620
Decreased by Disbursements:		
2006 Appropriation Reserves	7,415	
Budget appropriations	6,737,628	
Encumbrances Payable	6,785	
Petty Cash	100	
County Taxes Payable	1,728,531	
Local District School Taxes Payable	7,076,274	
Regional High School Tax Payable	3,935,975	
Municipal Open Space Taxes Payable	96,530	
Marriage license fees	639	
Miscellaneous Reserves	42,169	
Appropriated Reserves	397,775	
Refunds	27,294	
		20,057,115
Balance, December 31, 2007		$ 1,260,505

EXHIBIT A-5

BOROUGH OF NORTHVALE
STATEMENT OF CHANGE FUND

Balance, December 31, 2006	$ 200
Balance, December 31, 2007	$ 200
Analysis of Balance:	
Tax Collector	$ 50
Municipal Court	150
	$ 200

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

Balance, December 31, 2006	$ 100
Increased by:	
Open Petty Cash	100
	200
Decreased by:	
Petty Cash Returned	100
Balance, December 31, 2007	$ 100

BOROUGH OF NORTHVALE
STATEMENT OF DUE FROM STATE OF NEW JERSEY-
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Balance, December 31, 2006		$ 813
Increased by:		
Senior Citizen Deductions per Tax Duplicate	$ 15,250	
Veteran Deductions per Tax Duplicate	55,750	
Deductions Allowed by Tax Collector	250	
		71,250
		72,063
Decreased by:		
Deductions Disallowed by Tax Collector	1,000	
Cash Receipts	69,989	
		70,989
Balance, December 31, 2007		$ 1,074

BOROUGH OF NORTHVALE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2006	Tax Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2006	Collected In 2007	Senior Citizens' and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Balance, December 31, 2007
2006	$ 327,778		$ 1,740			$ 329,518			
2007	-	$ 17,157,898	158,712	$ 1,000	$ 53,229	16,970,236	$ 71,250	$ 2,259	$ 220,636
	$ 327,778	$ 17,157,898	$ 160,452	$ 1,000	$ 53,229	$ 17,299,754	$ 71,250	$ 2,259	$ 220,636

Analysis of 2007 Property Tax Levy

Tax Yield:		
General purpose tax		$ 17,157,898
Added taxes (54:4-63.12 et seq)		158,712
		$ 17,316,610
Tax Levy:		
Regional High School Tax		$ 3,935,975
Local District School Tax		7,171,269
County Tax	$ 1,617,367	
County Open Space Tax	95,293	
Due County for Added and Omitted Taxes	15,871	
		1,728,531
Municipal Open Space Tax	96,393	
Added Open Space Tax	892	
		97,285
Local Tax for Municipal Purposes	4,197,326	
Additional tax levied	186,224	
		4,383,550
		$ 17,316,610

EXHIBIT A-9

BOROUGH OF NORTHVALE
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2006	$ 26,749
Increased by:	
Transfers from Taxes Receivable	2,259
Balance, December 31, 2007	$ 29,008

EXHIBIT A-10

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2006	$ 1,422,200
Balance, December 31, 2007	$ 1,422,200

BOROUGH OF NORTHVALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2006	Accrued in 2007	Received	Balance, December 31, 2007
Licenses				
Alcoholic Beverages		$ 15,116	$ 15,116	
Other		12,879	12,879	
Fees and Permits				
Construction Code Fees		256,060	256,060	
Other		26,816	26,816	
Fines and Costs- Municipal Court	$ 5,058	106,050	105,354	$ 5,754
Interest and Costs on Taxes		65,339	65,339	
Interest on Investments & Deposits		46,971	46,971	
Consolidated Municipal Purpose Tax Relief		313,967	313,967	
Legislative Initiative Municipal Block Grant		19,966	19,966	
Energy Receipts Tax		439,104	439,104	
Supplemental Energy Receipts Tax		41,495	41,495	
Homeland Security Aid		25,000		25,000
Extraordinary Aid		100,000	100,000	
Municipal Property Tax Assistance		15,951	15,951	
Borough of Rockleigh- Police/Court Services		332,000	332,000	
Life Hazard Use Fees		26,135	26,135	
Recreation Fees		44,363	44,363	
Donation- Senior Center		5,720	5,720	
Rental of Borough Property		70,000	70,000	
Summer Recreation Fees		24,769	24,769	
Senior Van Driver- Sr Financial Assoc		24,024	24,024	
Compost Program- Hillsdale	-	40,026	40,026	-
	$ 5,058	$ 2,051,751	$ 2,026,055	$ 30,754

EXHIBIT A-12

BOROUGH OF NORTHVALE
STATEMENT OF DEFERRED CHARGES

	Balance, December 31, 2006	Balance, December 31, 2007
Overexpenditure of Appropriation Reserves	$ 7,763	7,763

EXHIBIT A-13

STATEMENT OF DEFERRED CHARGES
N.J.S 40A:4-55 SPECIAL EMERGENCY

	Net Amount Authorized	1/5th of Net Amount Authorized	Balance December 31, 2006	Decreased by: 2007 Budget Appropriation	Balance December 31, 2007
Revaluation Program	$ 150,000	$ 30,000	$ 150,000	$ 30,000	$ 120,000

EXHIBIT A-14

BOROUGH OF NORTHVALE
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2006 (Prepaid)	$ (94,995)
Increased by:	
2007 Levy	7,171,269
	7,076,274
Decreased by:	
Payments	$ 7,076,274

EXHIBIT A-15

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:	
2007 Levy	$ 3,935,975
Decreased by:	
Payments	$ 3,935,975

EXHIBIT A-16

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2007 Levy	$ 1,617,367	
2007 Open Space Preservation Levy	95,293	
2007 Added Taxes	15,871	
		$ 1,728,531
Decreased by:		
Payments		$ 1,728,531

EXHIBIT A-17

BOROUGH OF NORTHVALE
STATEMENT OF PREPAID TAXES

Balance, December 31, 2006	$	53,229
Increased by:		
Collection of 2008 Taxes		103,894
		157,123
Decreased by:		
Applied to 2007 Taxes Receivable		53,229
Balance, December 31, 2007	$	103,894

EXHIBIT A-18

STATEMENT OF DUE TO STATE OF NEW JERSEY -
FEES PAYABLE FOR MARRIAGE LICENSES/DOMESTIC PARTNERSHIPS

Balance, December 31, 2006	$	29
Increased by:		
Cash Receipts		800
		829
Decreased by:		
Cash Disbursements		639
Balance, December 31, 2007	$	190

BOROUGH OF NORTHVALE
STATEMENT OF 2006 APPROPRIATION RESERVES

	Balance December 31, 2006	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT FUNCTIONS					
Administrative and Executive:					
Salaries and Wages	$ 39		$ 39		$ 39
Other Expenses	1,975	$ 135	2,110		2,110
Postage	135		135	$ 135	
Mayor and Council:					
Salaries and Wages	467		467		467
Elections:					
Other Expenses	831		831		831
Financial Administration:					
Salaries and Wages	156		156		156
Other Expenses	566		566		566
Audit Services	155		155		155
Collection of Taxes:					
Salaries and Wages	1		1		1
Other Expenses	1,738		1,738		1,738
Tax Assessment Administration:					
Salaries and Wages	187		187		187
Other Expenses	909		909		909
Legal Services and Costs:					
Salaries and Wages	1		1		1
Other Expenses	2,403		2,403	2,376	27
Planning-Other Expenses	4,527		4,527	2,115	2,412
Engineering services and costs:					
Other Expenses	1,388		1,388		1,388
LAND USE ADMINISTRATION					
Municipal Land Use Law (N.J.S.A. 40:55-1):					
Planning Board:					
Salaries and Wages	1		1		1
Other Expenses	1,194		1,194		1,194
Municipal Court					
Salaries and Wages	244		244		244
Other Expenses	908		908		908
Public Defender					
Salaries and Wages	1		1		1
PUBLIC SAFETY FUNCTIONS					
Police:					
Salaries and Wages	4,681		4,681		4,681
Other Expenses:					
Miscellaneous other expenses	550	168	718		718
Purchase new police vehicles	189		189	189	
Ambulance Other Expenses	139		139		139
Emergency Management Services					
Salaries and Wages	1		1		1
Other Expenses	436		436		436
Fire					
Other Expenses:					
Miscellaneous other expenses	1,034		1,034		1,034
Fire Prevention Bureau					
Other Expenses	2,576		2,576		2,576
Prosecutor:					
Salaries and Wages	1,400		1,400		1,400

BOROUGH OF NORTHVALE
STATEMENT OF 2006 APPROPRIATION RESERVES

	Balance December 31, 2006	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS FUNCTIONS					
Roads Repair and Maintenance:					
Salaries and Wages	$ 336		$ 336		$ 336
Other Expenses	1,018	$ 51	1,069		1,069
Sanitation					
Recycling and Garbage Removal					
Contractual	12,777		12,777		12,777
Tipping Fees- BCUA	13,893		13,893		13,893
Borough of Norwood- Contractual					
Recycling:					
Salaries and Wages	1		1		1
Other Expenses	2,808		2,808		2,808
Public Buildings and Grounds					
Other Expenses	879		879		879
Underground Storage Tanks:					
Other Expenses	375		375		375
Sewer Repairs and Maintenance:					
Other Expenses	3,717		3,717		3,717
Compost Leaf Program					
Other Expenses	4,380		4,380		4,380
Senior Van Repairs					
Salaries and Wages	150		150		150
Other Expenses	611		611		611
HEALTH AND WELFARE					
Board of Health:					
Salaries and Wages	2,833		2,833		2,833
Other Expenses	278	100	378		378
Animal Control					
Other Expenses	2,600		2,600		2,600
Board of Health:					
Hepatitis B Inoculation	100		100	100	
RECREATION AND EDUCATION					
Recreation:					
Other Expenses	5,531		5,531		5,531
Golden Age:					
Other Expenses	30		30		30
James F McGuire Memorial Center (NJSA 40:48 9a):					
Salaries and Wages	3,161		3,161		3,161
Other Expenses	419	516	935		935
Parks and Playgrounds:					
Other Expenses	3,426		3,426		3,426
Summer Recreation					
Other Expenses	5,764	33	5,797		5,797
Senior Trips					
Other Expenses	3,750		3,750		3,750
OTHER COMMON UNCLASSIFIED:					
Celebration of Public Events					
Other Expenses	19		19		19

BOROUGH OF NORTHVALE
STATEMENT OF 2006 APPROPRIATION RESERVES

	Balance December 31, 2006	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Balance Lapsed
OTHER COMMON UNCLASSIFIED: (Continued)					
Uniform Construction Code					
Salaries and Wages	$ 308		$ 308		$ 308
Other Expenses	1,547		1,547		1,547
Code Compliance					
Other Expenses	505		505		505
UNCLASSIFIED					
Utilities					
Electricity	3,918		3,918		3,918
Street Lighting	7,712		7,712		7,712
Telephone	7,722		7,722		7,722
Water	286		286		286
Gas	6,309		6,309		6,309
Gasoline	3,447		3,447		3,447
Contingent	169		169		169
STATUTORY EXPENDITURES:					
Contribution to Social Security (O.A.S.I.)	139		139		139
Operations excluded from "CAPS"					
Aid to Library (NJSA 40:54-35)					
Privately Owned	185		185		185
Insurance					
Liability Insurance	13,820		13,820		13,820
Group insurance plans for employees	6,409		6,409		6,409
Other insurance premiums	690		690		690
Contribution to:					
LOSAP	100		100		100
Storm Water Management					
Other Expenses	185		185		185
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance on Alcoholism & Drug Abuse					
Municipal Match	2,500		2,500	$ 2,500	
UNALLOCATED	-	$ 13,633	13,633	-	13,633
Total General Appropriations	$ 153,639	$ 14,636	$ 168,275	$ 7,415	$ 160,860
		Cash Disbursements		$ 7,415	

EXHIBIT A-20

BOROUGH OF NORTHVALE
STATEMENT OF AMOUNT DUE FROM COUNTY OF BERGEN

Balance, December 31, 2006	$ 3,724
Decreased by:	
Cash Receipts	$ 3,724

EXHIBIT A-21

STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE

Balance, December 31, 2006		$ 137
Increased by:		
2007 Tax Levy	$ 96,393	
Added Assessments	892	
		97,285
		97,422
Decreased by:		
Payments		96,530
Balance, December 31, 2007		$ 892

EXHIBIT A-22

BOROUGH OF NORTHVALE
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2006		
Operating Fund	$ 18,063	
Grant Fund	3,358	
		$ 21,421
Increased by:		
Charged to 2007 Budget Appropriations		105,563
		126,984
Decreased by:		
Cash Disbursements		
Current Fund	3,427	
Grant Fund	3,358	
Cancelled to Appropriation Reserves	14,636	
		21,421
Balance, December 31, 2007		$ 105,563

EXHIBIT A-23

BOROUGH OF NORTHVALE
STATEMENT OF MISCELLANEOUS RESERVES
CURRENT FUND

	Balance December 31, 2006	Cash Receipts	Cash Disbursements	Cancelled	Balance, December 31, 2007
Reserve for:					
Tax Sale Premiums	$ 9,000	$ 2,400	$ 9,000		$ 2,400
Redemption of Tax Sale Certificate		33,169	33,169		
Codification	1,070			$ 1,070	
Recreation Donations	4,000			4,000	
McGuire Senior Center	15,568				15,568
Municipal Alliance Program	17			17	
Senior Citizens Van Donations	22,753	4,494			27,247
Miscellaneous	2,542			2,542	
Historical Commission	360			360	
LOSAP Refund	522			522	
Cablevision	3,000			3,000	
Birchwood Hills	7,500	-	-	7,500	-
	$ 66,332	$ 40,063	$ 42,169	$ 19,011	$ 45,215

EXHIBIT A-24

STATEMENT OF GRANTS RECEIVABLE
FEDERAL AND STATE GRANT FUND

	Balance December 31, 2006	2007 Budget Revenue	Due From Current Fund	Cancelled	Balance, December 31, 2007
Clean Communities		$ 5,760	$ 5,760		
Recycling Tonnage		3,639	3,639		
Title III, Older Americans Act	$ 2,136	13,522	13,522		$ 2,136
Alcohol Education Rehabilitation		1,579	1,579		
USDA Food					
Stormwater Grant		1,705	1,705		
Library					
Municipal Recycling Assistance		2,339	2,339		
Division of Highway Safety- Click it or Ticket	5,000	4,316	8,316	$ 1,000	
Recreation Batting Cages		9,000	9,000		
Municipal Alliance	9,402				9,402
Body Armor					
Drunk Driving Enforcement Fund		5,049	5,049		
Hazardous Discharge Site Remediation		306,528	306,528		
Junior Police Academy	-	4,000	-	-	4,000
	$ 16,538	$ 357,437	$ 357,437	$ 1,000	$ 15,538

BOROUGH OF NORTHVALE
STATEMENT OF APPROPRIATED GRANT RESERVES
FEDERAL AND STATE GRANT FUND

	Balance, December 31, 2006	Transferred from 2007 Budget	Expended	Cancelled	Balance, December 31, 2007
Alcohol Education and Rehabilitation	$ 7,391	$ 1,579	$ 4,898		$ 4,072
Body Armor	3,717	1,337	1,700		3,354
Drunk Driving Enforcement Fund	8,141	5,049	2,169		11,021
Highway Safety Grant (Click It or Ticket)	5,000	4,316	8,316	$ 1,000	
SLA HOEP	1,372				1,372
Junior Police Academy		4,000			4,000
Clean Communities	5,179	5,760	3,187		7,752
Recycling Tonnage	15,194	3,639	11,910		6,923
Municipal Recycling Assistance	6,320	2,339	6,040		2,619
Leaf Compost Grant	3,945		3,539		406
Hazardous Discharge Site Remediation - Danzig	1,214	10,130	1,214		10,130
Hazardous Discharge Site Remediation - Deluxe		306,528	303,326		3,202
Stormwater Grant		1,705			1,705
Recreation - Batting Cages		9,000	6,324		2,676
Recreation - Junior Marksmanship		1,020	671		349
Municipal Alliance	26,866		5,441		21,425
Northvale Drug Alliance / Golf Program	3,867	24,515	22,353		6,029
Title III	82	13,523	13,605		
USDA Food Program	2,471	2,640	2,641		2,470
Senior Citizens Computer Grant	2,073				2,073
Senior Citizens Care Giver	575				575
Donation - Mary McDougal	346		316		30
Donation - Mary McDougal	2,240		125		2,115
Senior Van Donation	7	-	-	-	7
	$ 96,000	$ 397,080	$ 397,775	$ 1,000	$ 94,305

Budget	62,165
Appropriations by 40A:4-87	334,915
	$ 397,080

EXHIBIT A-26

BOROUGH OF NORTHVALE
STATEMENT OF UNAPPROPRIATED GRANT RESERVES
FEDERAL AND STATE GRANT FUND

Grant	Balance December 31, 2006	Due From Current Fund	2007 Budget Revenue	Balance December 31, 2007
USDA	$ 2,640	$ 2,640	$ 2,640	$ 2,640
Body Armor Grant	1,337	1,479	1,337	1,479
Junior Marksman Club	1,020		1,020	
Donations - DARE	24,515	23,585	24,515	23,585
Title III	1	470	1	470
Hazardous Discharge Site Remediation	10,130	-	10,130	-
	$ 39,643	28,174	39,643	28,174

EXHIBIT A-27

STATEMENT OF DUE FROM CURRENT FUND
FEDERAL AND STATE GRANT FUND

Balance, December 31, 2006		$ 145,338
Increased by:		
Unappropriated Grant Receipts	$ 28,174	
Grants Receivable Collected	357,437	
		385,611
		530,949
Decreased by:		
Appropriated Grants Expended	397,775	
Encumbrances Payable Liquidated	3,358	
		401,133
Balance, December 31, 2007		$ 129,816

TRUST FUNDS

BOROUGH OF NORTHVALE
SCHEDULE OF CASH- TREASURER
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Animal Control Fund		Other Trust Fund		Community Development Block Grant Fund		Unemployment Insurance Fund		Municipal Open Space Trust Fund		Length of Service Award Program Fund (Unaudited)	
Balance, December 31, 2006		$ 4,902		$ 651,846				$ 52,115		$ 47,559		$ 344,358
Increased by Receipts:												
License Fees	$ 2,949											
Due to State of New Jersey	690											
Escrow Deposits			$ 198,598									
Interest Due to Developer			6,493									
Grants Receivable					$ 6,611							
Tax Collections									$ 96,393			
Due from Current Fund									137			
Payroll Deposits			3,558,393									
Miscellaneous Reserves			23,789									
LOSAP Contribution											$ 47,950	
Appreciation of LOSAP Fair Market Value											13,725	
Interest on Investments	258		5,206		-		$ 1,925		2,357		-	
		3,897		3,792,479		$ 6,611		1,925		98,887		61,675
		8,799		4,444,325		6,611		54,040		146,446		406,033
Decreased by Disbursements:												
Due to State of New Jersey	690											
Expenditures Under R.S. 4:19-15.1	622											
Escrow Refunds			241,343									
Due to Current Fund	164				2,673							
Community Development Expenditures					3,938							
Payroll Disubrsements			3,560,329									
LOSAP Account Charges											1,800	
Miscellaneous Reserves	-		74,704		-		-		-		-	
		1,476		3,876,376		6,611		-		-		1,800
Balance, December 31, 2007		$ 7,323		$ 567,949		$ -		$ 54,040		$ 146,446		$ 404,233

EXHIBIT B-2

BOROUGH OF NORTHVALE
STATEMENT OF DUE TO CURRENT FUND
ANIMAL TRUST FUND

Balance, December 31, 2006		$ 164
Increased by:		
Statutory Excess due to Current	$ 2,142	
Interest Earned on Deposits	258	
		2,400
		2,564
Decreased by:		
Payments to Current Fund		164
Balance, December 31, 2007		$ 2,400

EXHIBIT B-3

STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL TRUST FUND

Increased by:	
State Fees Collected	$ 690
Decreased by:	
Paid to State of New Jersey	$ 690

BOROUGH OF NORTHVALE
STATEMENT OF RESERVE FOR EXPENDITURES
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2006		$ 4,738
Increased by:		
Dog License Fees	$ 2,125	
Cat License Fees	494	
Late Fees	330	
		2,949
		7,687
Decreased by:		
Expenditures Under R.S. 4:19-15.1	622	
Statutory Excess Due to Current Fund	2,142	
		2,764
Balance, December 31, 2007		$ 4,923

License fees collected

Year	Amount
2005	$ 2,478
2006	2,445
	$ 4,923

EXHIBIT B-5

BOROUGH OF NORTHVALE
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2006	$ 5,336
Increased by:	
Interest on Investments	5,206
Balance, December 31, 2007	$ 10,542

EXHIBIT B-6

STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND

Balance, December 31, 2006		$ 473,703
Increased by:		
Escrow Deposits	$ 198,598	
Interest Earned Due to Developer	6,493	
		205,091
		678,794
Decreased by:		
Escrow Disbursements/Refunds		241,343
Balance, December 31, 2007		$ 437,451

EXHIBIT B-7

BOROUGH OF NORTHVALE
STATEMENT OF GRANTS RECEIVABLE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, December 31, 2006	$ 43,187
Decreased by:	
Receipts	6,611
Balance, December 31, 2007	$ 36,576

EXHIBIT B-8

STATEMENT OF RESERVE FOR EXPENDITURES
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, December 31, 2006	$ 28,317
Decreased by:	
Expenditures	3,938
Balance, December 31, 2007	$ 24,379

EXHIBIT B-9

STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Balance, December 31, 2006	$ 14,870
Decreased by:	
Payments to Current Fund	2,673
Balance, December 31, 2007	$ 12,197

EXHIBIT B-10

BOROUGH OF NORTHVALE
STATEMENT OF RESERVE FOR EXPENDITURES
UNEMPLOYMENT INSURANCE TRUST FUND

Balance, December 31, 2006		$ 55,303
Increased by:		
Interest Earned on Deposits	$ 1,925	
Employee Contributions	3,725	
		5,650
Balance, December 31, 2007		$ 60,953

EXHIBIT B-11

SCHEDULE OF DUE TO UNEMPLOYMENT INSURANCE TRUST FUND
OTHER TRUST FUND

Balance, December 31, 2006	$ 3,188
Increased by:	
Unemployment Insurance Trust Fund Receipts Deposited in Other Trust Fund	3,725
Balance, December 31, 2007	$ 6,913

EXHIBIT B-12

STATEMENT OF RESERVE FOR OPEN SPACE PRESERVATION EXPENDITURES
OPEN SPACE PRESERVATION TRUST FUND

Balance, December 31, 2006		$ 47,696
Increased by:		
2007 Tax Levy	$ 96,393	
Added Assessments	892	
Interest Earned on Deposits	2,357	
		99,642
Balance, December 31, 2007		$ 147,338

BOROUGH OF NORTHVALE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, 2006	Increased	Decreased	Balance, December 31, 2007
Reserves for:				
Parking Offenses Adjudication Act	$ 1,390	$ 126		$ 1,516
Archives Commission	413			413
McGuire Food Program	36,436	10,997	$ 9,603	37,830
Recreation	5,141	6,328	9,862	1,607
Public Defender	5,045	997	4,101	1,941
Snow Removal	39,864	1,668		41,532
Accumulated Sick Leave	86,992	3,673	51,138	39,527
	$ 175,281	$ 23,789	$ 74,704	$ 124,366

EXHIBIT B-14

BOROUGH OF NORTHVALE
STATEMENT OF CONTRIBUTION RECEIVABLE
LENGTH OF SERVICE AWARD PROGRAM FUND

Balance, December 31, 2006	$ 47,950
Increased by:	
2007 Service Award Contributions	51,850
	99,800
Decreased by:	
Contributions Paid	47,950
Balance, December 31, 2007	$ 51,850

EXHIBIT B-15

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
LENGTH OF SERVICE AWARD PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

Balance, December 31, 2006		$ 392,308
Increased by:		
Investment Income	$ 13,725	
Borough Contributions	51,850	
		65,575
		457,883
Decreased by:		
Account Charges/Tax Withholdings		1,800
Balance, December 31, 2007		$ 456,083

BOROUGH OF NORTHVALE
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

Balance (Deficit), December 31, 2006		$ (5,662)
Increased by:		
Cash Receipts		3,558,393
		3,552,731
Decreased by:		
Cash Disbursements	$ 3,560,329	
Due to Unemployment Insurance Trust Fund	3,725	
		3,564,054
Balance (Deficit), December 31, 2007		$ (11,323)

GENERAL CAPITAL FUND

BOROUGH OF NORTHVALE
STATEMENT OF GENERAL CAPITAL CASH- TREASURER

Balance, December 31, 2006		$ 1,247,156
Increased by Receipts:		
Interest Earned	$ 28,178	
Capital Improvement Fund	40,000	
Bond Anticipation Notes	2,085,500	
Reserve for Payment of Debt	15,000	
Premium on Issuance of Bond Anticipation Note	11,012	
Grants Receivable	191,533	
		2,371,223
		3,618,379
Decreased by Disbursements:		
Payments to Current Fund	28,178	
Expenditures Without Appropriation	150,423	
Bond Anticipation Notes	2,085,500	
Current Fund Budgeted Revenue	310,000	
Improvement authorizations	686,500	
		3,260,601
Balance, December 31, 2007		$ 357,778

BOROUGH OF NORTHVALE
ANALYSIS OF GENERAL CAPITAL CASH

Fund Balance	$ 313,746
Capital Improvement Fund	16,533
Encumbrances Payable	278,722
Expenditures Without Ordinance Appropriation	(429,145)
Reserve for Payment of Debt	111,002
Grants Receivable	(144,827)
Unappropriated Grant	150,423
Due from Federal and State Grant Fund	(22,875)
Excess Note Proceeds - Ord. 775	213,710

Ord. No.	Improvement Authorizations	
497	Improvement various streets	(32,594)
507/523	Acquisition ambulance	(855)
512	Acquisition equipment	(4,000)
561/590	Renovate Borough Hall	(12,180)
777	Demolition of Deluxe Cleaners	337
781	Various Improvements	134,521
794	Various Improvements	801
808	Various Improvements	105,730
810	Engineering Services for Intersection Imp. At Livingston Street and Paris Ave.	22,664
813	Refurbishing of Hogan's Park	198,174
825	Various Improvements	(233,015)
847	Purchase of Property 217 New York Ave	(333,642)
849	Road Drainage Improvements	24,548
		$ 357,778

EXHIBIT C-4

BOROUGH OF NORTHVALE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2006	$ 3,213,000
Decreased by:	
Current Fund Budget Appropriation:	
Serial Bond Principal	485,000
Balance, December 31, 2007	$ 2,728,000

EXHIBIT C-5

STATEMENT OF DEFERRED CHARGES
EXPENDITURE WITHOUT ORDINANCE APPROPRIATION

Increased by:		
Expenditures Without Ordinance Appropriation:		
Cash Disbursements	$ 150,423	
Encumbrances Payable	278,722	
		$ 429,145
Balance, December 31, 2007		$ 429,145

EXHIBIT C-6

BOROUGH OF NORTHVALE
STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

Balance, December 31, 2006	$ 8,750
Decreased by:	
Cancelled	$ 8,750

EXHIBIT C-7

STATEMENT OF DUE TO CURRENT FUND

Increased by:	
Interest Earned	$ 28,178
Decreased by:	
Payments	$ 28,178

BOROUGH OF NORTHVALE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2006	2007 Authorizations	Cancelled	Balance, December 31, 2007	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
497	Improvement of Various Streets	$ 32,594			$ 32,594		$ 32,594	
512	Acquisition of Equipment	4,000			4,000		4,000	
522	Acquisition of Ambulance	855			855		855	
561/590	Renovation to Borough Hall	12,180			12,180		12,180	
761	Improvements to Tappan Road	110,150		$ 110,150				
775	Various Improvements	336,500		213,710	122,790	$ 122,790		
781	Various Improvements	553,000			553,000	553,000		
794	Various Improvements	647,000			647,000	647,000		
808	Various Improvements	549,000			549,000	549,000		
825	Various Improvements	664,000			664,000		233,015	$ 430,985
847	Purchase of Property - 217 NY Ave		$ 356,250		356,250		333,642	22,608
849	Road and Drainage Improvements	-	238,000	-	238,000	-	-	238,000
		$ 2,909,279	$ 594,250	$ 323,860	$ 3,179,669	$ 1,871,790	$ 616,286	$ 691,593

Bond Anticipation Notes	$ 2,085,500
Less: Excess Proceeds	
Ord. 775	213,710
	$ 1,871,790

Improvement Authorizations - Unfunded		$ 932,645
Less: Unexpended Proceeds		
Ord. 781	$ 134,521	
Ord. 794	801	
Ord. 808	105,730	
		241,052
		$ 691,593

BOROUGH OF NORTHVALE
STATEMENT OF GRANTS RECEIVABLE

Balance, December 31, 2006		$ 158,637
Increased by:		
2007 Grant Awards:		
Community Development Block Grant	$ 27,300	
County of Bergen	750,000	
		777,300
		935,937
Decreased by:		
Cash Receipts		191,533
Balance, December 31, 2007		$ 744,404

Analysis of Balance

Department of Transportation:		
Ord. 729 - School Safety Program	$ 1,984	
Ord. 746 - Extension of Birchwood Road	259	
Ord. 775 - Improvements to Veteran's Drive	5,718	
Ord. 781 - Improvements to Veteran's Drive - Phase II	11,413	
		$ 19,374
Bergen County Open Space Trust Fund:		
Ord. 775 - Improvements to Veteran's Field		15,017
Bergen County:		
Ord. 761 - Improvements to Tappan Road	83,136	
Interlocal Service Agreement - Livington St. Improvements	599,577	
		682,713
Community Development Block Grant:		
Ord. 849 - Road/Drainage Improvements		27,300
		$ 744,404

BOROUGH OF NORTHVALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvements	Ordinance Date	Ordinance Amount	Balance, December 31, 2006 Funded	Balance, December 31, 2006 Unfunded	2007 Authorizations	Paid or Charged	Authorizations Cancelled	Balance, December 31, 2007 Funded	Balance, December 31, 2007 Unfunded
729	Installation of school flashing warning lights and construction of curbs, sidewalks to Hill Terrace	7/8/1998	$ 50,000	$ 2,348				$ 2,348		
737	Acquisition of Fire Truck and Equipment	3/10/1999	460,000	40,793				40,793		
741	Various Public Improvements	5/12/1999	579,200	253,081				253,081		
746	Extension of Birchwood Road	11/29/1999	200,000	15,601				15,602		
755	Acquisition of New or Replacement Equip.	10/11/2000	608,300	137,674				137,674		
756	Environmental Remed. of Borough Property	10/11/2000	50,000	2,963				2,963		
761	Improvements to Tappan Road	3/14/2001	362,000	35,079	$ 110,150			145,229		
763	Imps. To Borough Hall/Acq. Of Vehicle, including apparatus/equipment	4/11/2001	105,000	35,954				35,953		
770	Various Improvements	11/6/2001	556,300	31,309				31,309		
775	Various Improvements	4/10/2002	534,000		213,710			213,710		
777	Demolition o Deluxe Cleaners	7/10/2002	15,000	524			$ 187		$ 337	
781	Various Improvements	5/14/2003	651,400		177,035		42,514			$ 134,521
794	Various Improvements	5/12/2004	820,300		2,584		1,783			801
808	Various Improvements	9/14/2005	621,750		106,463		733			105,730
810	Engineering Services for Intersection Imp. At Livingston Street and Paris Ave.	10/12/2005	96,634	7,534			(15,130)		22,664	
813	Refurbishing of Hogan's Park	2006	250,000	224,264			26,090		198,174	
825	Various Improvements	2006	698,000	30,164	664,000		263,179			430,985
847	Purchase of Property 217 New York Ave	2007	375,000			$ 375,000	352,392			22,608
849	Road Drainage Improvements	2007	277,300	-	-	277,300	14,752	-	24,548	238,000
				$ 817,288	1,273,942	652,300	686,500	878,662	245,723	932,645

Debt Authorized	$ 594,250
Capital Improvement Fund	30,750
Grant Receivable	27,300
	$ 652,300

Deferred Charges Unfunded	$ 323,860
Fund Balance	554,802
	$ 878,662

BOROUGH OF NORTHVALE
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2007 Date	Amount	Interest Rate	Balance, December 31, 2006	Decreased	Balance, December 31, 2007
General Improvements	6/1/1999	$ 2,720,000	2/1/2008	$ 325,000				
			2/1/2009	350,000				
			2/1/2010	375,000				
			2/1/2011	385,000	4.50%	$ 1,735,000	$ 300,000	$ 1,435,000
General Improvements	4/15/2002	1,913,000	4/15/2008	190,000				
			4/15/2009	195,000				
			4/15/2010	200,000				
			4/15/2011	225,000				
			4/15/2012	483,000	4.30%	1,478,000	185,000	1,293,000
						$ 3,213,000	$ 485,000	$ 2,728,000
					Budget Appropriation		$ 485,000	

BOROUGH OF NORTHVALE
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2006	Increased	Decreased	Balance, December 31, 2007
775	Various Improvements	2/22/2006	2/22/2006	2/21/2007	3.52 %	$ 336,500		$ 336,500	
			2/22/2007	2/20/2008	4.35 %		$ 336,500		$ 336,500
781	Various Improvements	2/22/2006	2/22/2007	2/20/2008	3.52 %	553,000		553,000	
			2/22/2007	2/20/2008	4.35 %		553,000		553,000
794	Various Improvements	2/22/2006	2/22/2007	2/20/2008	3.52 %	647,000		647,000	
			2/22/2007	2/20/2008	4.35 %		647,000		647,000
808	Various Improvements	2/22/2006	2/22/2007	2/20/2008	3.52 %	549,000		549,000	
			2/22/2007	2/20/2008	4.35 %	-	549,000	-	549,000
						$ 2,085,500	$ 2,085,500	$ 2,085,500	$ 2,085,500
					Renewals		$ 2,085,500	$ 2,085,500	

EXHIBIT C-13

BOROUGH OF NORTHVALE
STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2006	$ 7,283
Increased by:	
Budget Appropriation	40,000
	47,283
Decreased by:	
Down Payment on Improvements	30,750
Balance, December 31, 2007	$ 16,533

EXHIBIT C-14

STATEMENT OF ENCUMBRANCES PAYABLE

Increased by:	
Expenditure Without Appropriation	$ 278,722
Balance, December 31, 2007	$ 278,722

EXHIBIT C-15

STATEMENT OF RESERVE FOR PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

Balance, December 31, 2006	$ 8,750
Decreased by:	
Cancelled	$ 8,750

EXHIBIT C-16

BOROUGH OF NORTHVALE
STATEMENT OF RESERVE FOR LIBRARY ARCHITECTURE PLANS

Balance, December 31, 2006	$ 2,871
Decreased by:	
Cancelled to Fund Balance	$ 2,871

EXHIBIT C-17

STATEMENT OF RESERVE FOR BID SPECIFICATIONS

Balance, December 31, 2006	$ 814
Decreased by:	
Cancelled to Fund Balance	$ 814

EXHIBIT C-18

STATEMENT OF RESERVE FOR RECREATION EQUIPMENT

Balance, December 31, 2006	$ 2,000
Decreased by:	
Cancelled to Fund Balance	$ 2,000

EXHIBIT C-19

BOROUGH OF NORTHVALE
STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2006	$ 96,002
Increased by:	
Cash Receipts	15,000
Balance, December 31, 2007	$ 111,002

EXHIBIT C-20

STATEMENT OF RESERVE FOR GRANTS RECEIVABLE

Increased by:	
2007 Grant Award	
County of Bergen - Interlocal Agreement	$ 750,000
Decreased by:	
Cash Receipts Pledged to Unappropriated Grant Reserve	150,423
Balance, December 31, 2007	$ 599,577

EXHIBIT C-21

STATEMENT OF RESERVE
FOR UNAPPROPRIATED CAPITAL GRANTS

Increased by:	
Cash Receipts	
County of Bergen Interlocal Agreement	$ 150,423
Balance, December 31, 2007	$ 150,423

BOROUGH OF NORTHVALE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance, December 31, 2006	2007 Authorizations	Cancelled	Balance, December 31, 2007
497	Improvement of Various Streets	$ 32,594			$ 32,594
512	Acquisition of Equipment	4,000			4,000
523	Acquisition of Ambulance	855			855
561/590	Renovation to Borough Hall	12,180			12,180
761	Improvements to Tappan Road	110,150		$ 110,150	
825	Various Improvements	664,000			664,000
847	Purchase of Property - 217 NY Ave		$ 356,250		356,250
849	Road and Drainage Improvements	-	238,000	-	238,000
		$ 823,779	$ 594,250	$ 110,150	$ 1,307,879

PUBLIC ASSISTANCE FUND

BOROUGH OF NORTHVALE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Balance, December 31, 2006	$ 14,165	$ 2,906	$ 11,259
Increased by:			
State Aid	12,700		12,700
Interest Earned	287	87	200
	12,987	87	12,900
	27,152	2,993	24,159
Decreased by:			
Public Assistance 2007	20,038	-	20,038
Balance, December 31, 2007	$ 7,114	$ 2,993	$ 4,121

BOROUGH OF NORTHVALE
STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Balance, December 31, 2006	$ 14,165	$ 2,906	$ 11,259
Increased by:			
Revenues	12,987	87	12,900
	27,152	2,993	24,159
Decreased by:			
Public Assistance 2007	20,038	-	20,038
Balance, December 31, 2007	$ 7,114	$ 2,993	$ 4,121

EXHIBIT D-3

BOROUGH OF NORTHVALE
STATEMENT OF PUBLIC ASSISTANCE REVENUES

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Revenues:			
State Aid	$ 12,700		12,700
Interest Earned	287	$ 87	200
Total Revenues	$ 12,987	$ 87	$ 12,900

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Expenditures:			
Current Year Assistance	$ 20,038	-	$ 20,038
Total Expenditures (P.A.T.F.)	$ 20,038	-	$ 20,038

BOROUGH OF NORTHVALE

PART II

GOVERNMENT AUDITING STANDARDS

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

Honorable Mayor and Members
of the Borough Council
Borough of Northvale
Northvale, New Jersey

We have audited the financial statements – statutory basis of the Borough of Northvale as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the statutory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – statutory basis was qualified because of the presentation of the unaudited General Fixed Assets Account Group and LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Northvale'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Borough's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we considered items 2007-1 and 2007-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Northvale'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2007-1 and 2007-2.

We also noted certain matters that we reported to management of the Borough of Northvale in Part III of this report of audit entitled "Letter of Comments and Recommendations".

The Borough of Northvale's response to the findings identified in our audit are 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 the governing body, management and New Jersey Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 30, 2008

BOROUGH OF NORTHVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Grant Year	Federal CFDA Number	Grant Award Amount	Balance, January 1, 2007	Revenue Realized	Expenditures	Cancelled/ Adjustments	Balance, December 31, 2007
Department of Housing and Urban Development								
Community Development Block Program	2006	14.218	$ 58,305	$ 36,999				$ 36,999
Department of Agriculture								
Dining with Dignity	2007							
	2006	10.565	2,640	2,640		$ 2,640		
	2004	10.565	6,236	2,471				2,471
Department of Environmental Protection								
Municipal Stormwater Regulation	2007	66.605	1,705		$ 1,705			1,705
Department of Health and Human Services								
Title III Older Americans Act								
	2007	13.635	1,705		13,523	13,523		
	2006	13.635	14,785	1		1		
	2004		14,385	83	-	83	-	-
				$ 42,194	$ 15,228	$ 16,247	$ -	$ 41,175

Note: This schedule was not subject to Single Audit requirements of OMB A-133.

BOROUGH OF NORTHVALE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

State Grant Program	Grant Number	Grant Year	Grant Award	Balance, December 31, 2006	Revenue Realized	Expended	Adjustment	December 31, 2007 Appropriated Reserve
Administration of the Courts								
Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2007	$ 1,579		$ 1,579			$ 1,579
		2006	1,651	$ 1,651				1,651
		2005	1,760	1,760		$ 918		842
		2004	936	936		936		
		2003	647	647		647		
		2002	806	806		806		
		2001	912	913		913		
		2000	1,203	678		678		
Drunk Driving Enforcement Fund	6400-100-08-6400	2007	5,049		5,049			5,049
		2006	5,832	3,932				3,932
		2004	4,209	4,209		2,169		2,040
Department of Transportation								
Transportation Trust Fund								
Walnut Street Section 3 - Ord. 794	03-480-078-6320-AG5-6010	2006	96,002	50,654		1,783		48,871
Environmental Protection Agency								
Clean Communities Program	4900-765-178910-60	2007	5,760		5,760			5,760
		2006	4,179	1,169				1,169
		2005	4,000	4,000		3,177		823
		2004	4,010	10		10		
Hazardous Discharge Site Remediation								
		2007	306,528		306,528	303,326		3,202
	P17496	2006	11,143	10,130				10,130
	P16538	2005	219,744	1,214		1,214		
Recycling Tonnage Grant	4030-752-050550-50	2007	3,639		3,639			3,639
		2006	2,448	2,448				2,448
		2005	2,377	2,377		1,541		836
		2004	8,674	8,674		8,674		
		2002	4,288	1,695		1,695		
Department of Law and Public Safety								
Click It or Ticket	1160-100-066-1160-113	2007	4,316		4,316	4,316		
		2006	8,971	250			$ 250	
		2004	5,000	4,750		4,000	750	
SLAHEOP	1200-100-066-1200-845	2004	2,406	1,372				1,372
Municipal Alliance		2006	10,000	7,966				7,966
		2005	10,000	10,000				10,000
		2004	10,735	1,664				1,664
		2002	25,958	7,236		5,441		1,795
Body Armor	1020-718-066-1020-001-YCJS	2006	1,337	1,337				1,337
		2005	1,421	1,421				1,421
		2004	2,616	1,766		1,170		596
		2003	1,247	196		196		
		2001	1,310	334		334		
Department of Human Services								
General Assistance	7500-150-158010-60	2007	12,700	-	12,700	12,700	-	-
Total State Financial Assistance				$ 136,195	$ 339,571	$ 356,644	$ 1,000	$ 118,122

Note: This schedule was not subject to Single Audit requirements of NJ OMB 04-04.

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

BOROUGH OF NORTHVALE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2007

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Northvale. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the statutory basis of accounting as prescribed or permitted for municipalities 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 (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	Federal	State	Total
Current Fund	$ 15,228	$ 326,871	$ 342,099
Public Assistance Fund	-	12,700	12,700
Total Financial Awards	$ 15,228	$ 339,571	$ 354,799

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

BOROUGH OF NORTHVALE

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2007

BOROUGH OF NORTHVALE
SUPPORTING DATA

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

	Year 2007		Year 2006	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 490,000	2.32%	$ 615,000	3.17%
Miscellaneous - From Other Than Local Property Tax Levies	2,885,115	13.69%	2,367,522	12.21%
Collection of Current and Delinquent Taxes	17,423,233	82.65%	16,173,299	83.38%
Other Credits	283,405	1.34%	240,309	1.24%
Total Income	21,081,753	100.00%	19,396,130	100.00%
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	7,291,350	35.99%	6,890,825	35.94%
County Taxes	1,728,531	8.53%	1,627,501	8.49%
Municipal Open Space Tax	97,285	0.48%	47,696	0.25%
Local School Taxes	7,171,269	35.40%	6,537,872	34.10%
Regional School Taxes	3,935,975	19.43%	3,864,196	20.16%
Other Expenditures	34,736	0.17%	204,170	1.06%
Total Expenditures	20,259,146	100.00%	19,172,260	100.00%
Excess in Revenue	822,607		223,870	
Adjustment to Income Before Fund Balance Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	-		157,763	
Statutory Excess to Fund Balance	822,607		381,633	
Fund Balance, January 1	650,386		883,753	
	1,472,993		1,265,386	
Less Utilization as Anticipated Revenue	490,000		615,000	
Fund Balance, December 31	$ 982,993		$ 650,386	

BOROUGH OF NORTHVALE
SUPPORTING DATA

Comparative Schedule of Tax Rate Information

	2007*	2006	2005
Tax Rate	$1.78	$3.42	$3.28
Apportionment of Tax Rate			
Municipal	.440	.890	.853
Municipal Open Space	.010	.010	.010
County	.168	.323	.321
County Open Space	.010	.010	.010
Local School	.744	1.375	1.299
Regional High School	.408	.812	.787

Assessed Valuation	
2007*	$963,926,829
2006	$474,980,140
2005	$475,408,600

*Note: The Borough underwent a revaluation of properties which became effective in 2007.

Comparison of Tax Levies and Collection

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.

Year	Tax Levy	Cash Collections	Percentage of Collection
2007	$ 17,316,610	$ 17,093,715	98.71%
2006	16,315,580	15,938,494	97.69%
2005	15,680,593	14,615,676	93.21%

BOROUGH OF NORTHVALE
SUPPORTING DATA

Delinquent Taxes and Tax Title Liens

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

December 31 Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2007	$ 29,008	$ 220,636	$ 249,644	1.27%
2006	26,749	327,778	354,527	2.01%
2005	24,600	221,059	245,659	2.01%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2007 by foreclosure or deed, as a result of liquidation of tax title liens. The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2007	$1,422,200
2006	1,422,200
2005	1,422,200

Comparative Schedule of Fund Balances

	Year	Balance, December 31,	Utilized in Budget of Succeeding Year	
Current Fund	2007	$982,993	$625,000	(1)
	2006	650,386	490,000	
	2005	883,753	615,000	
	2004	884,653	615,000	
	2003	953,998	650,000	

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2008 introduced municipal budget. The 2008 municipal budget has not been legally adopted as of the date of the audit.

OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title
John Hogan	Mayor
Scott Furletti	Councilman
Patrick Marana	Councilman
Jo Ann Traub	Councilwoman
Lloyd Winans	Councilman
Peter Sotiropolous	Councilman
Roy Sokoloski	Councilman
Shuaib Firozvi	Chief Financial Officer/Treasurer
Wanda Worner	Borough Clerk
Suzanne Burroughs	Tax Collector
John Guercio	Tax Assessor
Nicola Lepore	Construction Code Official
Louis Raimondi	Borough Engineer
Paul Kaufman	Borough Attorney
Roger Hauser	Magistrate

All employees are insured under coverages from the Bergen County Municipal Joint Insurance Fund.

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2007-1

Our audit of the Livingston St. Improvement Project revealed that:

- The County grant being utilized to fund the project was not appropriated by a Borough ordinance.
- Expenditures were made for this project without a legal appropriation.
- Subsequent to year end, the original contract has been increased by a change order which exceeded 20% of the original award. Furthermore, this change order was not approved by Governing Body resolution.

Cause

Unknown.

Criteria:

Local Bond Law. Requirements of audit issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Condition:

A contract was awarded, and payments were made, on a certain capital improvement project for which no appropriation was provided for.

Context:

The County of Bergen awarded a grant to the Borough for an amount not to exceed $750,000 for the funding of improvements to Livingston St. This grant was not appropriated by Borough Ordinance. A contract was awarded in the amount of $429,145 for improvements to Livingston Street, however, a capital ordinance was not adopted to fund this contract.

Effect:

Expenditures were incurred by the Borough without a legal appropriation to support such commitments.

Recommendation:

A General Capital Ordinance be adopted by the Borough Council to authorize the appropriation for improvements to Livingston Street. Furthermore, all change orders be submitted to and approved by governing body resolution.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Finding 2007-2

The financial records of the General Fixed Assets Account Group were not updated for 2007.

Cause

Unknown.

Criteria:

Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets.

Condition:

Additions and deletions to the fixed asset inventory were not currently maintained in the accounting records of the General Fixed Assets Account Group.

Context:

Financial activities relating to fixed assets were not currently maintained.

Effect:

Fixed assets may be acquired or disposed of and not be recorded by the Borough. The Independent Auditor's Report on the financial statements is qualified with respect to the General Fixed Assets Account Group.

Recommendation:

It is recommended that a fixed asset inventory be made and updated on a current basis.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

GENERAL COMMENTS

Current Year Findings

Our audit revealed that the reconciled balance of the Borough's payroll bank account was in an overdraft position at year end. It is recommended that the payroll bank account overdraft be funded.

Our audit of the Borough's general assistance program revealed that the required monthly report filings were not available for audit. It is recommended that the monthly report filings of the Borough's general assistance program be maintained and made available for audit.

Our audit revealed that neither a formal bank reconciliation nor a cash receipt and disbursement is maintained for the Community Development or Recreation Trust Fund bank accounts. It is recommended that a cash receipt and disbursement ledger and formal bank reconciliation be prepared on a monthly basis for the Community Development and Recreation Trust Funds.

Prior Year Findings – Unresolved

Our audit revealed that employee contributions for state unemployment insurance were not recorded in the unemployment insurance trust fund. It is recommended that the Borough's share of unemployment payroll withholdings be maintained and recorded in the unemployment insurance trust fund.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or 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 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 $21,000, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising during 2007.

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.

Our audit revealed that the Borough expended funds in excess of the bid threshold for fuel oil without previously advertising for public bids. It is recommended that the Borough solicit public bids for the purchase of fuel oil.

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 6, 2007 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

> "BE IT RESOLVED, by the Mayor and Council of the Borough of Northvale, New Jersey, County of Bergen, that the rate of interest on all taxes delinquent taxes is set at eight (8) percent for the first ($1,500) fifteen hundred dollars, and
>
> "BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same is payable, and
>
> "BE IT RESOLVED, that in any case where the tax is not paid within those extended days the full penalty from this date due attached.

It appears from our 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 July 27, 2007.

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
2007	5
2006	5
2005	5

BOROUGH OF NORTHVALE
SUPPORTING DATA

RECOMMENDATIONS

It is recommended that:

1. A General Capital Ordinance be adopted by the Borough Council to authorize the appropriation for improvements to Livingston Street. Furthermore, all change orders be submitted to and approved by governing body resolution.

* 2. A fixed asset inventory be made and updated on an annual basis.

3. The payroll bank account overdraft be funded.

4. The monthly report filings of the Borough's general assistance program be maintained and made available for audit.

5. A cash receipt and disbursement ledger and formal bank reconciliation be prepared on a monthly basis for the Community Development and Recreation Trust Funds.

* 6. The Borough's share of unemployment payroll withholdings be maintained and recorded in the Unemployment Insurance Trust Fund.

7. The Borough solicit public bids for the purchase of fuel oil.

* * * * * *

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year recommendations. Corrective action was taken on all recommendations except those denoted with an asterisk (*).

The recommendations 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 any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411