BOROUGH OF NORTHVALE

Financial Statements With Supplementary Information
December 31, 2008
(With Independent Auditors' Report Thereon)

BOROUGH OF NORTHVALE

* * * * * * * *

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2008

BOROUGH OF NORTHVALE

TABLE OF CONTENTS

Part I

Exhibit		Page
	Independent Auditors' Report	1
	FINANCIAL STATEMENTS	
	Current Fund	
A	Comparative Balance Sheet - Regulatory Basis	3
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	5
A-2	Comparative Statement of Revenues - Regulatory Basis	6
A-3	Comparative Statement of Expenditures - Regulatory Basis	9
	Trust Funds	
B	Comparative Balance Sheet - Regulatory Basis	17
	General Capital Fund	
C	Comparative Balance Sheet - Regulatory Basis	19
C-1	Statement of Fund Balance - Regulatory Basis	20
	Public Assistance Fund	
E	Comparative Balance Sheet - Regulatory Basis	21
	Payroll and Agency Fund	
F	Balance Sheet - Regulatory Basis	22
	General Fixed Assets Account Group	
G	Statement of General Fixed Assets - Regulatory Basis	23
	Notes to Financial Statements	24
	Supplementary Data	42

BOROUGH OF NORTHVALE

TABLE OF CONTENTS, continued

Part I, (continued)

Exhibit		Page
	Current Fund	
A-4	Schedule of Cash - Treasurer	49
A-5	Schedule of Change Fund	50
A-6	Schedule of Petty Cash Fund	50
A-7	Schedule of Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	51
A-8	Schedule of Taxes Receivable and Analysis of 2008 Property Tax Levy	52
A-9	Schedule of Tax Title Liens	53
A-10	Schedule of Property Acquired for Taxes as Assessed Valuation	53
A-11	Schedule of Revenue Accounts Receivable	54
A-12	Schedule of Deferred Charges	55
A-13	Schedule of Deferred Charges - N.J.S. 40A:4-55 Special Emergency	55
A-14	Schedule of Local District School Taxes Payable	56
A-15	Schedule of Prepaid Regional High School Taxes	56
A-16	Schedule of County Taxes	57
A-17	Schedule of Prepaid Taxes	58
A-18	Schedule of Due to State of New Jersey for Marriage Licenses/ Domestic Partnerships	58
A-19	Schedule of Due to State of New Jersey - DCA Fees	59
A-20	Schedule of Due to State of New Jersey - Burial Permits	59
A-21	Schedule of Appropriation Reserves	60
A-22	Schedule of Interfunds Receivable/(Payable)	61
A-23	Schedule of Due to State and Federal Grant Fund	62
A-24	Schedule of Reserve for Various Reserves	63
A-25	Schedule of Grants Receivable	64
A-26	Schedule of Appropriated Reserves for State and Federal Grants	65
A-27	Schedule of Unappropriated Reserves for State and Federal Grants	66

BOROUGH OF NORTHVALE

TABLE OF CONTENTS, continued

Part I, (continued)

Exhibit		Page
	Trust Funds	
B-1	Schedule of Cash - Treasurer	67
B-2	Schedule of Due to State of New Jersey	68
B-3	Schedule of Reserve for Expenditures	69
B-4	Schedule of Due to/(from) Current Fund	70
B-5	Schedule of Escrow Deposits	71
B-6	Schedule of Grants Receivable	72
B-7	Schedule of Reserve for Community Development Projects	73
B-8	Schedule of Reserve for Unemployment Compensation	74
B-9	Schedule of Interfund (Receivables)/Payables - Current Fund	75
B-10	Schedule of Miscellaneous Reserves	76
B-11	Schedule of Reserve for Expenditures Open Space Trust Fund	77
B-12	Statement of Service Award Contributions Receivable for Emergency Service Volunteer Length of Service Award Program	77
B-13	Statement of Net Assets Available for Benefits Emergency Service Volunteer Length of Service Award Program	78
	General Capital Fund	
C-2	Schedule of General Capital Cash-Treasurer	79
C-3	Analysis of General Capital Cash	80
C-4	Schedule of Deferred Charges to Future Taxation – Funded	81
C-5	Schedule of Deferred Charges - Expenditure Without Appropriation	81
C-6	Schedule of Deferred Charges to Future Taxation – Unfunded	82
C-7	Schedule of Due from Escrow Trust Fund	83
C-8	Schedule of Grants Receivable	84
C-9	Schedule of Improvement Authorizations	85
C-10	Schedule of General Serial Bonds	86
C-11	Schedule of Capital Improvement Fund	87
C-12	Schedule of Reserve for Payment of Debt	88
C-13	Schedule of Encumbrances Payable	88
C-14	Schedule of Reserve for Grants Receivable	89
C-15	Schedule of Reserve for Unappropriated Capital Contributions	89
C-16	Schedule of Bond Anticipation Notes	90
C-17	Schedule of Bonds and Notes Authorized but not Issued	91

BOROUGH OF NORTHVALE

TABLE OF CONTENTS, continued

Part I, (continued)

Exhibit		Page
	Public Assistance Fund	
E-1	Schedule of Cash - Treasurer	92
E-2	Schedule of Public Assistance Cash and Reconciliation Per N.J.S.A. 40A:5-5	93
E-3	Schedule of Public Assistance Cash and Reconciliation	94
E-4	Schedule of Reserve for Public Assistance Expenditures	95
E-5	Schedule of Revenues-Cash Basis	96
E-6	Schedule of Expenditures - Cash Basis	96

Part II

Report on Internal Control over Financial Reporting Based and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	97
Schedule of Findings and Questioned Costs - Status of Prior Year Findings	99
General Comments	101
Comments	103
Recommendations	104
Status of Prior Years Audit Findings/Recommendations	105
Acknowledgment	105

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Northvale in the County of Bergen, as of and for the year ended December 31, 2008, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2008. The regulatory-basis financial statements for the year ended December 31, 2007 were audited by another auditor whose report dated June 30, 2008 expressed an unqualified opinion in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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.

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

The Length of Service Awards Program of the Borough of Northvale has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

FWCC

In our opinion, because of the Borough of Northvale's policy to prepare 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, New Jersey as of December 31, 2008 or the results of its operations for the year then ended.

The Borough did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* State of New Jersey Local Finance Notice 2007-15 also dictates that municipalities implement this GASB.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program and the effect described in the preceding paragraph, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Northvale, New Jersey at December 31, 2008, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 28, 2009 on our consideration of the Borough of Northvale's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements of the Borough of Northvale, State of New Jersey taken as a whole. The accompanying schedules and exhibits listed in the table of contents are presented for purposes of additional analysis and are not required part of the financial statements of the Borough of Northvale, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, 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.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 28, 2009

FWCC

Exhibit A

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2008 and 2007

Assets	Ref.	2008	2007
Regular Fund			
Cash	A-4	$ 584,455	1,260,505
Cash - change funds	A-5	200	200
Cash - petty cash	A-6	100	100
		584,755	1,260,805
Due from state:			
Senior citizens' and veterans' deductions	A-7	1,074	1,074
Receivables and other assets with full reserves:			
Delinquent property tax receivable	A-8	253,172	220,636
Tax title liens receivable	A-9	31,288	29,008
Foreclosed property - property acquired for taxes - assessed valuation	A-10	2,156,700	1,422,200
Revenue accounts receivable	A-11	4,914	30,754
Prepaid Regional High School Tax	A-15	5,083	
Amount due from:			
Animal License Trust Fund	A-22		2,400
Community Development Trust Fund	A-22	10,273	12,197
Other Trust Fund	A-22	6,879	10,542
		2,468,309	1,727,737
Deferred charges:			
Overexpenditure of Appropriation Reserves	A-12		7,763
Special emergency authorizations (40A:4-55)	A-13	90,000	120,000
		90,000	127,763
		3,144,138	3,117,379
Federal and State Grant Fund:			
Grants Receivable	A-25	21,047	15,538
Due from Current Fund	A-23	119,387	129,816
		140,434	145,354
		$ 3,284,572	3,262,733

Exhibit A

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2008 and 2007

	Ref.	2008	2007
Liabilities, Reserves & Fund Balance			
Regular Fund			
Liabilities:			
Appropriation reserves	A-3/A-21	22,259	21,079
Reserve for encumbrances	A-3		105,563
Prepaid taxes	A-17	85,413	103,894
Marriage License Fees Payable	A-18		190
Reserve for:			
Tax Sale Premiums	A-24	2,400	2,400
McGuire Senior Center	A-24	15,568	15,568
Senior Van Donations	A-24	32,859	27,247
Cultural Arts Committee	A-24	3,379	
Beautification Committee	A-24	4,050	
Interfund Payable:			
Open Space Trust Fund	A-22		892
Federal and State Grant Fund	A-23	119,387	129,816
		285,315	406,649
Reserve for receivables		2,468,309	1,727,737
Fund balance	A-1	390,514	982,993
		3,144,138	3,117,379
Federal and State Grant Fund			
Appropriated reserves	A-26	93,019	94,305
Due to General Capital Fund	C	22,875	22,875
Unappropriated reserves	A-27	24,540	28,174
		140,434	145,354
		$ 3,284,572	3,262,733

See accompanying notes to financial statements.

Exhibit A-1

BOROUGH OF NORTHVALE

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Year Ended December 31, 2008 and 2007

		2008	2007
Revenue and other income realized:			
Fund balance utilized	$	670,000	490,000
Miscellaneous revenue anticipated		2,230,757	2,766,777
Receipts from delinquent taxes		220,736	329,518
Receipts from current taxes		17,661,607	17,093,715
Non-budget revenues		182,837	118,338
Other credits to income:			
Unexpended balance of appropriation reserves		12,259	160,860
Liabilities cancelled		15	
Appropriated grants cancelled		6,565	119,872
Interfund loans returned		24,769	2,673
Total income		21,009,545	21,081,753
Expenditures - budget appropriations:			
Appropriations			
Salaries and wages		2,886,540	2,767,585
Other expenses		3,491,968	3,540,215
Deferred charges and statutory expenditures		262,763	245,237
Capital improvements		40,000	49,000
Municipal debt service		714,244	689,313
County taxes		1,894,678	1,712,660
Amount due County for added and omitted taxes		4,315	15,871
Local district school tax		7,482,200	7,171,269
Regional high school tax		4,024,094	3,935,975
Local open space tax		100,206	97,285
Cancellation of Grants Receivable		1,727	
Other cancellations		560	
Interfunds advanced		10,258	7,442
Refunds		18,471	27,294
Total expenditures		20,932,024	20,259,146
Excess in Revenues		77,521	822,607
Statutory Excess to Surplus		77,521	822,607
Fund balance, January 1		982,993	650,386
		1,060,514	1,472,993
Decreased by utilization as anticipated revenue		670,000	490,000
Fund balance, December 31	$	390,514	982,993

See accompanying notes to financial statements.

Exhibit A-2

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2008

	Anticipated	Realized	Excess or (deficit)
Fund balance anticipated	$ 670,000	670,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverage	15,100	15,560	460
Other	12,800	11,620	(1,180)
Fees and permits:			
Construction code official	175,000	103,111	(71,889)
Other	26,800	26,238	(562)
Fines - Municipal Court	105,300	119,707	14,407
Interest and costs on taxes	37,000	54,016	17,016
Consolidated Municipal Property Tax Relief Act	212,620	212,620	
Extraordinary Aid	100,000	100,000	
Energy Receipts Tax	469,578	469,578	
Supplemental Energy Receipts Tax	41,495	41,495	
Homeland Security	25,000	25,000	
Interest on investments and deposits	75,000	22,807	(52,193)
Borough of Rockleigh - Police/Court Services	345,280	344,480	(800)
Public and Private Programs offset by appropriations:			
Municipal Alliance	20,500	20,500	
USDA Commodities	5,280	5,280	
Title III	13,992	13,992	
Over the Limit Under Arrest	4,541	4,541	
Click it or Ticket	3,994	3,994	
Clean Communities	6,029	6,029	
Alcohol Education Rehabilitation	1,017	1,017	
Body Armor	2,945	2,945	
DDEF	4,708	4,708	
Northvale Municipal Alliance	23,585	23,585	
Recycling Tonnage Grant	5,559	5,559	
Life Hazard Use Fees (Fire)	26,000	29,769	3,769
Recreation Fees	25,000	27,266	2,266
Donation - Senior Center	5,000	6,435	1,435
Reserve for Payment of Debt	111,002	111,002	
Rental of Borough Property	70,000	70,000	
Summer Recreation Fees	24,000	31,111	7,111
Senior Van Driver - Senior Financial Assoc	24,000	25,844	1,844
Compost Program - Hillsdale	40,000	40,948	948
General Capital Fund Balance	250,000	250,000	
	2,308,125	2,230,757	(77,368)

Exhibit A-2

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2008

	Antici-pated	Realized	Excess or (deficit)
Receipts from delinquent taxes	220,000	220,736	736
Subtotal - general revenues	3,198,125	3,121,493	(76,632)
Municipal budget - local tax for municipal purposes	4,497,733	4,461,197	(36,536)
Budget totals	$ 7,695,858	7,582,690	(113,168)
Non-budget revenues		182,837	
		$ 7,765,527	
Analysis of realized revenues:			
Current tax collections		17,661,607	
Allocated to:			
Local district school		7,482,200	
Regional high school		4,019,011	
County (including added county taxes)		1,898,993	
Municipal Open Space		100,206	
		13,500,410	
Balance for support of municipal budget appropriation		4,161,197	
Add appropriation reserve for uncollected taxes		300,000	
Amount for support of municipal budget appropriation		$ 4,461,197	
Receipts from delinquent taxes - delinquent tax collections		$ 220,736	

Exhibit A-2

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2008

	Anticipated	Realized	Excess or (deficit)
Analysis of non-budget revenues:			
Miscellaneous revenue not anticipated:			
Photocopies		$ 13,843	
Zoning Books and Maps		85	
Elections Polls		240	
Tax Printouts		173	
Property Owners Lists		110	
Miscellaneous		53,334	
Construction Fines		150	
Metal Recycling		5,954	
Duplicate Tax Bills		135	
Insuarnce Refunds		2,212	
Senior Van Rides		1,664	
State Emergency Reimbursement		5,129	
Other Sewer Charges		11,536	
Police Outside Detail		55,107	
Anministrative Fee-Senior Citizens and Veterans		1,334	
Cable TV		24,159	
Senior Center		7,672	
		$ 182,837	

See accompanying notes to financial statements.

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
General Government:					
Administrative and executive:					
Salaries and wages	$ 95,000	95,000	94,993	7	
Other expenses	75,000	73,500	71,216	2,284	
Grants Person-Other Expense	30,000	30,000	30,000		
Financial administration:					
Salaries and wages	50,923	50,923	50,922	1	
Other expenses	10,000	18,000	17,954	46	
Annual Audit	40,000	35,550	35,550		
Collection of Taxes:					
Salaries and wages	49,713	49,713	49,712	1	
Other expenses	10,000	10,000	9,995	5	
Assessment of taxes:					
Salaries and wages	10,558	10,558	10,557	1	
Other expenses	3,100	2,100	1,896	204	
Legal services and costs:					
Salaries and wages	14,737	14,737	14,737		
Other expenses	50,000	110,000	109,594	406	
Planning-other expenses	3,000	30,000	29,220	780	
Engineering services and costs:					
Other expenses	40,000	71,000	70,918	82	
Municipal Land Use Law NJSA (40:55D-1)					
Planning Board:					
Salaries and wages	3,886	3,886	3,885	1	
Other expenses	11,000	11,000	10,019	981	
Minicipal Court					
Salaries and wages	105,000	94,400	94,360	40	
Other expenses	9,000	7,500	7,417	83	
Public Defender					
Salaries and wages	4,245	4,245	3,755	490	

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Public Safety:					
Police:					
Salaries and wages	1,445,000	1,434,000	1,433,838	162	
Other expenses:					
Miscellaneous other expenses	75,000	75,000	74,951	49	
Purchase new police vehicles	25,000	25,000	25,000		
First Aid Organization Contribution	6,000	6,000	5,808	192	
Ambulance Other Expenses	5,250	5,250	5,250		
Emergency Management Services:					
Salaries and wages	1,100	1,100	1,100		
Other expenses	2,900	400	237	163	
Insurance:					
Workers Compensation	92,087	92,187	92,181	6	
Other Insurance	15,000	7,000	6,796	204	
Liability Insurance	87,275	93,000	92,600	400	
Group Insurance for Employees	420,000	387,600	387,229	371	
Fire:					
Other expenses:					
Rental of Fire House	25,590	25,590	25,590		
Miscellaneous other expenses	38,000	41,500	41,212	288	
Fire Hydrant Service	60,000	66,100	66,067	33	
Interboro Radio-Other Expenses	76,930	73,770	73,770		
Fire Prevention Bureau:					
Salaries and wages	32,150	32,930	32,927	3	
Other expenses	4,500	3,500	3,161	339	
Prosecutor:					
Salaries and wages	10,840	10,840	10,783	57	
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and wages	552,640	572,700	572,691	9	
Other expenses	50,000	48,000	47,681	319	

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Sanitation					
Garbage and Trash Removal					
Contractual	265,000	248,500	248,441	59	
Tipping Fees - BCUA	175,000	157,500	157,302	198	
Borough of Norwood - Contractual	14,000	14,000	14,000		
Recycling:					
Salaries and wages	5,466	3,966	3,730	236	
Other expenses	20,000	20,000	19,804	196	
Public Buildings and Grounds					
Other expenses	65,000	55,000	52,791	2,209	
Sewer Repairs and Maintenance:					
Other expenses	12,000	5,000	4,523	477	
Compost Leaf Program:					
Other expenses	35,000	5,000	4,471	529	
Senior Van Repairs:					
Salaries and wages	21,000	21,600	21,551	49	
Other expenses	3,000	3,400	3,344	56	
Health and Welfare:					
Board of Health:					
Salaries and wages	21,824	21,824	21,169	655	
Other expenses	28,500	30,000	29,975	25	
Administration of Public Assistance:					
Salaries and wages	4,208	4,208	4,208		
Animal Control					
Other Expenses	7,000	7,000	6,767	233	
Community Center for Mental Health:					
Contribution (NJSA 44:5-5)	7,250	7,250	7,125	125	
Board of Health:					
Hepatitus B Innoculation	2,500	2,500	2,500		

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Recreation and education:					
Recreation:					
Other expenses	62,576	62,576	62,424	152	
Golden Age:					
Other expenses	6,000	8,000	7,805	195	
James F. McGuire Memorial Center (NJSA 40:48 9a):					
Salaries and wages	10,000	8,000	7,718	282	
Other expenses	33,000	32,500	32,204	296	
Parks and Playgrounds:					
Other expenses	15,000	11,000	10,831	169	
Summer Recreation					
Other expenses	28,000	26,855	26,631	224	
Senior Trips					
Other expenses	6,000				
Other Common Unclassified:					
Celebration of Public Events					
Other expenses	12,000	15,000	14,618	382	
Uniform Construction Code Official:					
Salaries and wages	76,313	76,313	76,014	299	
Other expenses	10,000	7,550	7,364	186	
Code Compliance:					
Salaries and wages	13,135	13,135	13,134	1	
Other expenses	2,300	2,300	1,960	340	
UNCLASSIFIED:					
Utilities:					
Electricity	60,000	82,400	82,366	34	
Street Lighting	60,000	61,600	56,519	5,081	
Telephone	35,000	31,000	30,422	578	
Water	5,000	5,500	5,326	174	
Gas	40,000	35,000	34,594	406	
Gasoline	80,000	84,000	83,657	343	
Total operations within "CAPS"	4,881,496	4,893,056	4,870,860	22,196	

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Contingent	3,000	3,000	2,939	61	
Total Operations Including Contingent-within "CAPS"	4,884,496	4,896,056	4,873,799	22,257	
Detail:					
Salaries and Wages	2,527,738	2,524,078	2,521,784	2,294	
Other Expenses	2,356,758	2,371,978	2,352,015	19,963	
	4,884,496	4,896,056	4,873,799	22,257	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
DEFERRED CHARGES					
Overexpenditure of Appropriation Reserves	7,763	7,763	7,763		
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (O.A.S.I.)	225,000	210,040	210,040		
Total Deferred and Statutory Expenditures - Municipal within "CAPS"	232,763	217,803	217,803		
Total General Appropriations for Municipal Purposes within "CAPS"	5,117,259	5,113,859	5,091,602	22,257	
Operations excluded from "CAPS":					
Aid to Library (NJSA 40:54-35)					
Privately Owned	274,869	274,869	274,869		
Sewer:					
Bergen County Utilities Authority	379,715	379,715	379,714	1	
Contribution to:					
Police and Firemen's Retirement System of NJ	287,201	287,201	287,201		
LOSAP	52,000	55,400	55,400		
Public Employees' Retirement System	57,797	57,797	57,797		
Storm Water Management					
Other Expenses	5,000	5,000	4,999	1	
Total Other Operations - Excluded from "CAPS"	1,056,582	1,059,982	1,059,980	2	

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Interlocal Municipal Service Agreements					
Borough of Rockleigh DPW Services					
Salaries and Wages	20,000	20,000	20,000		
Borough of Rockleigh Police and Court Services					
Salaries and Wages	325,280	325,280	325,280		
Total Interlocal Municipal Service Agreements	345,280	345,280	345,280		
Public and Private Programs Offset by Revenues					
Municipal Alliance on Alcoholism & Drug Abuse					
Other Expenses	20,500	20,500	20,500		
Title III, Older Americans Act of 1985					
Senior Citizens					
Salaries and Wages	13,522	13,522	13,522		
Other expenses	470	470	470		
Over the Limit Under Arrest					
Police:					
Other expenses	4,541	4,541	4,541		
Boby Armor					
Other Expenses	2,945	2,945	2,945		
Clean Communities					
Other expenses	6,029	6,029	6,029		
Drunk Driving Enforcement Fund					
Other Expenses	4,708	4,708	4,708		
Alcohol Education Rehabilitation					
Other Expenses	1,017	1,017	1,017		
Click it or Ticket					
Other Expenses	3,994	3,994	3,994		
U.S.D.A. Commodities - Senior Food Program					
Donations	5,280	5,280	5,280		

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Northvale Drug Alliance					
Other Expenses	23,585	23,585	23,585		
Recycling Tonnage Grant	5,559	5,559	5,559		
Total Public and Private Offset by Revenues	92,150	92,150	92,150		
Total Operations Excluded from "CAPS"	1,494,012	1,497,412	1,497,410	2	
Detail:					
Salaries and Wages	358,802	358,802	358,802		
Other Expenses	1,135,210	1,138,610	1,138,608	2	
	1,494,012	1,497,412	1,497,410	2	
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	40,000	40,000	40,000		
Total Capital Improvements - Excluded from "CAPS"	40,000	40,000	40,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	515,000	515,000	515,000		
Interest on Bonds	108,788	108,788	108,777		11
Interest on Notes	90,800	90,800	90,467		333
Total Municipal Debt Service-Excluded from "CAPS"	714,588	714,588	714,244		344
Deferred Charges:					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	30,000	30,000	30,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	30,000	30,000	30,000		

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2008

General Appropriations	Appropriation Budget	Appropriation Total for 2008 as Modified by All Transfers	Expended 2008 Paid or Charged	Expended 2008 Reserved	Unexpended Balance Cancelled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,278,600	2,282,000	2,281,654	2	344
Total General Appropriations - Excluded from "CAPS"	2,278,600	2,282,000	2,281,654	2	344
Subtotal General Appropriations	7,395,859	7,395,859	7,373,256	22,259	344
Reserve for Uncollected Taxes	300,000	300,000	300,000		
Total General Appropriations	$ 7,695,859	7,695,859	7,673,256	22,259	344

Adopted Budget	7,631,883
Added by N.J.S.A. 40A4-87	63,976
	$ 7,695,859

Reserve for Uncollected Taxes	300,000
Transferred to Federal and State Grant Fund	92,150
Overexpenditure of Appropriation Reseerves	7,763
Special Emergency	30,000
Cash Disbursed	7,243,343
	$ 7,673,256

Exhibit B

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2008 and 2007

	Ref.	2008	2007
Assets			
Animal Trust Fund:			
Cash	B-1	$ 4,569	7,323
Other Trust Funds:			
Cash	B-1	345,935	567,949
Community Development Block Grant Fund:			
Cash	B-1	15	
Grants receivable	B-6	37,919	36,576
		37,934	36,576
Unemployment Trust Fund:			
Cash	B-1	54,611	54,040
Due from Payroll Account	F	6,913	6,913
		61,524	60,953
Open Space Trust Fund:			
Cash	B-1	249,384	146,446
Due from Current Fund	A		892
		249,384	147,338
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	347,441	404,233
Service Award Contributions Receivable	B-12	47,800	51,850
		395,241	456,083
		$ 1,094,587	1,276,222

Exhibit B

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2008 and 2007

	Ref.	2008	2007
Liabilities, Reserves and Fund Balance			
Animal Trust Fund:			
Due to Current Fund	B-2		2,400
Reserve for Expenditures	B-3	4,569	4,923
		4,569	7,323
Other Trust Funds:			
Due to General Capital Fund	B-4	36,393	
Due to Current Fund	B-9	6,879	10,542
Escrow Deposits	B-5	217,485	437,451
Miscellaneous Reserves	B-10	85,178	124,366
		345,935	572,359
Community Development Block Grant Fund:			
Due to Current Fund	B-9	10,273	12,197
Reserve for Community Development	B-7	27,661	24,379
		37,934	36,576
Unemployment Trust Fund:			
Reserve for Unemployment Insurance Compensation	B-8	61,524	60,953
Open Space Trust Fund:			
Reserve for Expenditures	B-11	249,384	147,338
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-13	395,241	456,083
		$ 1,094,587	1,280,632

See accompanying notes to financial statements.

Exhibit C

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2008

	Ref.		2008	2007
Assets				
Cash	C-2/C-3	$	805,287	357,778
Deferred charges to future taxation:				
Funded	C-4		2,213,000	2,728,000
Unfunded	C-6		3,366,679	3,179,669
Expenditures Without Ordinance Appropriation	C-5			429,145
Due from Escrow Trust Fund	C-7		36,393	
Grants receivable	C-8		573,397	744,404
Due from Federal and State Grant Fund			22,875	22,875
		$	7,017,631	7,461,871
Liabilities, Reserves and Fund Balance				
General serial bonds payable	C-10		2,213,000	2,728,000
Bond anticipation notes payable	C-16		3,310,800	2,085,500
Encumbrances Payable	C-13			278,722
Improvement authorizations:				
Funded	C-9		242,752	245,723
Unfunded	C-9		936,028	932,645
Capital Improvement Fund	C-11		40,233	16,533
Reserve for:				
Grants Receivable	C-14			599,577
Unappropriated Capital Contributions	C-15			150,423
Payment of Debt	C-12			111,002
Fund balance	C-1		274,818	313,746
		$	7,017,631	7,461,871

There were bond anticipation notes authorized but not issued on December 31, 2008 of $55,879 as shown on Schedule C-17.

See accompanying notes to financial statements.

Exhibit C-1

BOROUGH OF NORTHVALE

Statement of Fund Balance-Regulatory Basis

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 313,745
Increased by:		
Premium on Sale of Notes	$ 21,918	
Funded Improvement Authorizations Amended	189,155	
		211,073
		524,818
Decreased by:		
Budget Revenue Realized		250,000
Balance, December 31, 2008		$ 274,818

See accompanying notes financial statements.

Exhibit E

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2008 and 2007

	Ref		2008	2007
Assets				
Cash - PATF I	E-1	$	106	7,114
Cash - PATF II	E-1		9,553	
		$	9,659	7,114
Liabilities				
Reserve for Expenditure - PATF I	E-4	$	1,106	7,114
Reserve for Expenditure - PATF II	E-4		8,553	
		$	9,659	7,114

See accompanying notes to financial statements.

Exhibit F

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2008

		2008	2007
Assets			
Payroll Withholdings Payable	$	11,295	11,323
	$	11,295	11,323
Liabilities			
Cash Deficit	$	4,382	4,410
Due to Unemployment Trust		6,913	6,913
	$	11,295	11,323

See accompanying notes to financial statements.

Exhibit G

BOROUGH OF NORTHVALE

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2008

		2008	2007
General Fixed Assets:			
Land	$	5,934,700	5,934,700
Buildings		2,861,700	2,861,700
Machinery and equipment		3,841,650	3,841,650
	$	12,638,050	12,638,050

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Northvale have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Northvale (the "Northvale") operates under a 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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 individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Municipal Open Space Trust - This fund is used to account for taxes raised to finance the acquisition and preservation of property.

Emergency Services Volunteer Length of Service Award Plan (LOSAP) Trust Fund - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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

Payroll and Agency Fund – This fund is used to account for net payroll checks and payroll deductions.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Northvale. 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 for municipalities by the Division 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. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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.

Grant 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 in the accounting period when they become susceptible to accrual.

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.

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

General Capital Fund
Trust Fund
Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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 2008, the Mayor and Council increased the budget by $63,976 which was funded by the insertion of additional revenues and appropriations. In addition, several budget transfers were approved by the governing body.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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 canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1(a).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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 drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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.

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations 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 defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be 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 GAAP.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December31, 2008, $-0- of the Borough's bank balance of $2,575,104 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2008 and 2007 amounted to $347,441 and $404,233, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2008 and 2007:

	2008	2007
DWS EQ 500 Index	$130,347	$192,294
Fixed Income	170,846	152,710
All Others	46,248	59,229
Total	$347,441	$404,233

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2008 consisted of the following:

	Balance Dec. 31, 2007	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable - General Obligation Debt	$2,728,000	$	$515,000	$2,213,000	$545,000
Other Liabilities - Compensated Absences Payable	760,127	120,031	36,787	843,371	
	$3,488,127	$120,031	$551,787	$3,056,371	$545,000

The Local Bond Law governs the issuance of bonds and notes 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 five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	2008	2007	2006
Issued - general bonds and notes	$5,523,800	$4,813,500	$5,298,500
Net debt issued	5,523,800	4,813,500	5,298,500
Authorized but not issued - general bonds and notes	55,879	1,307,879	823,779
	5,579,679	6,121,379	6,122,279
Less Deductions		324,712	96,002
Net bonds and notes issued and authorized but not issued	$5,579,679	$5,796,667	$6,026,277

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .56%.

	Gross Debt	Deductions	Net Debt
School debt	$7,180,211	$7,180,211	$0
General debt	5,579,679		5,579,679
	$12,759,890	$7,180,211	$5,579,679

Net debt of $5,579,679 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of $990,383,325 equals .56%.

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

3-1/2% of equalized valuation basis (municipal)	$34,663,416
Net debt	5,579,679
	$29,083,737

The Borough's long-term debt consisted of the following at December 31, 2006:

General serial bonds:	
4.5% general serial bonds issued June 1, 1999, due through February 1, 2011	$1,110,000
4.3% general serial bonds issued April 15, 2002, due through April 15, 2012	1,103,000
	$2,213,000

Aggregate debt service requirements for outstanding bonded debt for the next five years is:

Year	Principal	Interest	Total
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	$2,213,000	$190,474	$2,403,474

NOTE 3. MUNICIPAL DEBT, (continued)

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

At December 31, 2008, the Borough had authorized but not issued debt of $55,879.

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

At December 31, 2008, the Borough had $3,310,800 of outstanding bond anticipation notes; $1,225,300 due February 20, 2009 at 2.25% and $2,085,500 also due February 20, 2009 at 2.5%. The Borough permanently financed these notes with the issuance of general improvement bonds in the amount of $3,310,000 on February 15, 2009.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2008.

	Beginning Balance	Additions	Reductions	Ending Balance
Notes Payable:				
JPMorgan Chase	$2,085,500	$	$2,085,500	$0
Sovereign Securities Corp. LLC		2,085,500		2,085,500
Valley National Bank		1,225,300		1,225,300
	$2,085,500	$3,310,800	$2,085,500	$3,310,800

NOTE 5. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care 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 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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.

Chapter 108 (P.L. 2003), effective July 1, 2003, provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the System as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well is paying pension obligations through a five-year phase-in.

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 and PFRS, effective July 12, 2002.

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

Contribution Requirements

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 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

Year	PERS	PFRS
December 31, 2008	$57,797	$287,201
December 31, 2007	30,269	176,129
December 31, 2006	121,293	16,356

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Borough of Northvale contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

NOTE 6. OTHER POST EMPLOYMENT BENEFITS, (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at http://www.state.nj.us/treasury/pensions/ gasb-43 -sept2008 .pdf

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within the Borough shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

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

The Borough of Northvale does not contribute to the cost of post employment benefits for it's retired employees. Premiums attributable to coverage are billed directly to and paid for by the individual retired employee.

NOTE 7. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2008 which has been appropriated as revenue in the 2009 budget is $299,000.

NOTE 8. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2008.

	Balance Dec. 31, 2007	Additions	Deletions	Balance Dec. 31, 2008
Land	$5,934,700			$5,934,700
Building and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	3,841,650	$		3,841,650
	$12,638,050	$0	$0	$12,638,050

NOTE 9. ACCRUED SICK AND VACATION BENEFITS

The Borough permits all employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation approximates $843,371 as of December 31, 2008. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not allow this amount to be reported either as an expenditure or liability.

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2008 consist of the following:

$36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse expenses paid.
10,273	Due to the Current Fund from the Community Development Grant Fund to reimburse grant expenditures paid plus interest earned on investments.
6,879	Due to the Current Fund from the Other Trust Fund for interest earned on investments and to reimburse expenses paid in error.
119,387	Due to the Federal and State Grant Fund from the Current Fund for grants received, less expenses paid.
6,913	Due to the Unemployment Trust Fund from the Payroll Fund for employee share of SUI contributions.
22,875	Due to the General Capital Fund from the Federal and State Grant Fund as reimbursement for expenditures.
$202,720	

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On December 15, 2000, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln National Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be $600 per year of active emergency service and the maximum contribution for each active volunteer member shall be $1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2008 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2008 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Northvale is a member of the Bergen County Joint Insurance Fund (BCJIF) and 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 BCJIF and MEL coverage amounts are on file with the Borough.

NOTE 12. RISK MANAGEMENT, (continued)

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 insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were 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.

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

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	Balance Dec 31, 2008	Balance Dec 31, 2007
Prepaid Taxes	$85,413	$103,894
Cash Liability for Taxes Collected in Advance	$85,413	$103,894

NOTE 14. LITIGATION

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would either be funded by insurance or raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

SUPPLEMENTARY DATA

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2008

Officials in Office and Surety Bonds

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

Name	Title	Amount of bond	Type of Bond
John S. Hogan	Mayor		
Lloyd Winans	Council President		
Scott Furletti	Councilman		
Patrick Marana	Councilman		
Roy Sokoloski	Councilman		
JoAnn Traub	Councilwoman - to 6/2008		
Peter Perretti	Councilman - from 7/2008 to 11/4/08		
Raffi Jamgotchian	Councilman - from 11/5/08		
Andrew Gullestad	Councilman		
Shuaib Firozvi	Chief Financial Officer/Treasurer		
Wanda Worner	Borough Clerk		
Suzanne Burroughs	Tax Collector	$ 1,000,000	(A)
Nicola Lepore	Construction Code Official		
Frank Diriso	Plumbing Subcode Official		
Joseph Zavardino	Fire Subcode Official		
Roger Hauser	Municipal Court Judge	1,000,000	(A)
Maria Doerr	Municipal Court Clerk and Violations Clerk	1,000,000	(A)
Joan Dolan	Deputy Court Clerk	1,000,000	(A)
John Guercio	Assessor		
Bruce Tietjen	Chief of Police		
Louis Raimondi	Borough Engineer		
Joseph Zavardino	Fire Prevention Bureau		
Thomas Randall	Borough Attorney		

(A) - Statutory positions are covered under the South Bergen Municipal Jointure policy ($50,000) and the Municipal Excess Liability Joint Insurance Fund Excess Crime Policy - Public Employees Bond ($950,000)

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2008

Comparative Schedule of Tax Rate Information

	2008	2007*	2006
Tax rate	1.801	1.780	3.420
Apportionment of tax rate:			
Municipal	0.450	0.440	0.890
Municipal Open Space	0.010	0.010	0.010
County	0.180	0.168	0.323
County Open Space	0.011	0.010	0.010
Local school	0.748	0.744	1.375
Regional school	0.402	0.408	0.812

Assessed valuation:		
2008	$ 996,507,509	
2007	963,926,829	*
2006	474,980,140	

* - The borough underwent a revaluation of properties that became effective in 2007.

Comparison of Tax Levies and Collections Currently

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

		Currently	
Year	Tax levy	Cash collections	Percentage of collections
2008	$ 18,047,137	17,661,607	97.86%
2007	17,316,610	17,093,715	98.71%
2006	16,315,580	15,938,494	97.69%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2008

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.

Year		Amount of tax title liens	Amount of delin-quent taxes	Total delinquent	Per-centage of tax levy
2008	$	31,288	253,172	284,460	1.58%
2007		29,008	220,636	249,644	1.44%
2006		26,749	327,778	354,527	2.17%

Property Acquired by Tax Title Lien Liquidation

The value of properties acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year		Amount
2008	$	2,156,700
2007		1,422,200
2006		1,422,200

Comparative Schedule of Fund Balances

	Year		Balance, Dec. 31	Utilized in budget of succeeding year	
Current Fund	2008	$	390,514	299,000	(1)
	2007		982,993	670,000	
	2006		650,386	490,000	
	2005		883,753	615,000	
	2004		884,653	615,000	

(1) - The above fund balance amount appropriated represents the surplus anticipated in the 2009 introduced municipal budget. The 2009 municipal budget has not been legally adopted as of the date of the audit.

BOROUGH OF NORTHVALE

Schedule of Expenditures of Federal Awards

Year ended December 31, 2008

Federal Funding Department	Federal Program	C.F.D.A. Number	Grant award amount	Grant period	Balance 12/31/07	Grant Receipts	Expendi-tures	Adjustments/ Cancelled	Balance 12/31/08	MEMO cumulative Expenditures
(1) Housing and Urban Development	Community Development Block Grant Program									
	Operation of McGuire Senior Center	14.218	$ 56,239	7/1/08-6/30/09		18,320	28,578		(10,258) A	28,578
	Operation of McGuire Senior Center	14.218	57,305	7/1/07-6/30/08	36,999	40,557	28,360	(49,196)		57,305
	Barrier Free Ramps - Ord. 849	14.218	27,300	7/1/07-6/30/08		23,200	23,200			23,200
					36,999	82,077	80,138	(49,196)	(10,258)	109,083
(1) Department of Agriculture	USDA - Dining with Dignity	10.565	2,640	1/1/08-12/31/08		1,320	2,640		(1,320)	
		10.565	2,640	1/1/07-12/31/07			2,640	2,640		2,640
		10.565	6,236	2004	2,471			(2,471)		3,765
					2,471	1,320	5,280	169	(1,320)	6,405
(2) Department of Enviromental Protection	Municipal Stormwater Regulation	66.605	1,705	2007	1,705		1,705			1,705
					1,705		1,705			1,705
(1) Health and Human Services	Title III Older Americans Act	13.635	13,522	1/1/08-12/31/08		12,394	13,451	(71)	(1,128)	13,451
		13.635	13,523	1/1/07-12/31/07		1,128	470	(658)		13,523
						13,522	13,921	(729)	(1,128)	26,974
					$ 41,175	96,919	101,044	(49,756)	(12,706)	144,167

(1) Passed through the County of Bergen.
(2) Passed through the State of New Jersey

This schedule was not subject to an audit in accordance with OMB Circular A-133.

A - Grants Receivable of $37,919, appropriated reserve of $27,661

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2008

State Funding Department	State Program	State Grant No.	Grant period	Grant award amount	Balance 12/31/07	Cash received	Adjustment	Grant Expenditures	Cancelled	Balance 12/31/08	MEMO Cumulative Expenditures
Administration of the Courts	Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2008	1,017		1,017				1,017	
			2007	1,579	1,579					1,579	
			2006	1,651	1,651					1,651	
			2005	1,760	842					842	918
					4,072	1,017				5,089	918
	Drunk Driving Enforcement Fund	6400-100-08-6400	2008	4,708		4,708				4,708	
			2007	5,049	5,049					5,049	
			2006	5,832	3,932			355		3,577	2,254
			2004	4,209	2,040			2,040			4,209
					11,021	4,708		2,395		13,334	6,463
Department of Transportation Transportation Trust Fund	Refurbishing of Hogan's Park (Bikeway/Walking Path) - Ord. 857	08-480-078-6320-AJ3-6010	2008	100,000				86,438		(86,438)	86,438
	Repairs/Imps. To White Avenue Culvert - Ord. 856	08-480-078-6320-AJ4-6010	2008	50,000							
	Walnut Street Section 3 - Ord. 794	03-480-078-6320-AG5-6010	2006	96,002	48,871		(48,871)				96,002
	Veteran's Drive, Phase II - Ord. 781	8100-133-5837	1999	70,000			(11,413)			(11,413)	70,000
	Veteran's Drive, Phase I - Ord. 775	8100-133-5837	1999	150,000			(5,718)			(5,718)	150,000
	Extension of Birchwood Road - Ord. 746	8100-133-5837	1999	150,000			(259)			(259)	150,000
	Hill Terrace School Warning Lights, Curbs, Sidewalks - Ord. 729	8100-133-5837	1998	40,000			(1,984)			(1,984)	40,000
					48,871		(68,245)	86,438		(105,812)	592,440
Environmental Protection Agency	Clean Communities	4900-765-042-4900-004	2008	6,029		6,029				6,029	
			2007	5,760	5,760			1,303		4,457	1,303
			2006	4,179	1,169			1,169			4,179
			2005	4,000	823			823			4,000
Environmental Protection Agency	Hazardous Discharge Site Remediation		2007	306,528	3,202			3,202			306,528
		P17496	2006	11,143	10,130					10,130	1,013
					21,084	6,029		6,497		20,616	317,023

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2008

State Funding Department	State Program	State Grant No.	Grant period	Grant award amount	Balance 12/31/07	Cash received	Adjustment	Grant Expenditures	Cancelled	Balance 12/31/08	MEMO Cumulative Expenditures
	Recycling Tonnage Grant	4900-752-042-4900-001	2008	5,558		5,559				5,559	
			2007	3,639	3,639			28		3,611	28
			2006	2,448	2,448			2,448			2,448
			2005	2,377	836			836			2,377
					6,923	5,559		3,312		9,170	4,853
Department of Highway Traffic Safety	Click it or Ticket	1160-100-066-1160-113	2008	3,994		3,994		3,994			3,994
	Over the Limit under arrest	1160-10-0966-1160-057	2008	4,541		4,541		4,541			4,541
			2007	3,845		3,845				3,845	
						12,380		8,535		3,845	8,535
	SLA HEOP	1200-100-066-1200-845	2004	2,406	1,372				(1,372)		1,034
(2) County of Bergen	Municipal Drug Alliance	N/A	2008	20,500		6,100		17,744	(4,199)	(15,843) A	17,744
			2006	10,000	7,966	5,203			(1,744)	11,425	18,723
			2005	10,000	10,000					10,000	2,034
			2004	10,735	1,664				(1,664)		
			2002	25,958	1,795				(1,795)		9,071
					21,425	11,303		17,744	(9,402)	5,582	47,572
State Department of Justice	Police Body Armor Grant	1020-718-066-1020-001-YCJS	2008	1,466		1,466				1,466	
			2007	1,479			1,479			1,479	
			2006	1,337	1,337					1,337	
			2005	1,421	1,421					1,421	
			2004	2,616	596					596	2,020
					3,354	1,466	1,479			6,299	2,020
Department of Human Services	Public Assistance	7500-150-158010-60	2008	20,112		20,112		20,112			20,122
Total State Financial Assistance					$ 118,122	62,574	(66,766)	145,033	(10,774)	(41,877)	1,000,980

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2008

State Funding Department	State Program	State Grant No.	Grant period	Grant award amount	Balance 12/31/07	Cash received	Adjustment	Grant Expenditures	Cancelled	Balance 12/31/08	MEMO Cumulative Expenditures
Other Financial Assistance											
County of Bergen	Livingston Street Improvements	Ord. 861	2008	750,000		386,961		386,961			537,384
	Improvements to Tappan Road	Ord. 761	2001	514,550			(83,136)			(83,136)	479,471
						386,961	(83,136)	386,961		(83,136)	1,016,855
County of Bergen											
Open Space Trust Fund	Acquisition of property (602/4)	Ord. 847	2008	350,000		350,000		350,000			
	Refurbishing of Hogan's Park	Ord. 857, 006-910-785-20-31	2008	89,154				89,154		(89,154)	89,154
	Imps. To Veteran's Field	Ord. 775	2002	30,250			(15,017)			(15,017)	30,250
						350,000	(15,017)	439,154		(104,171)	119,404
Local	DARE Donations - Golf Program		2008	20,695		20,695				20,695	
	DARE Donations - Golf Program		2007				29,614	22,443		7,171	
	Junior Police Academy		Various	4,000		3,281		3,995	714		3,995
	Recreation Batting Cages		Various				2,675			2,675	
	Recreation Jr. Markmanship Grant		Various				348	348			
	Senior Citizen Computers		Various				2,074			2,074	
	Senior Van		Various				7		(7)		
	Senior Citizen Caregivers		Various				575			575	
	Mary McDougal		Various				2,145	310		1,835	
						23,976	37,438	27,096	707	35,025	3,995
Total Other Financial Assistance					$	23,976	(60,715)	27,096	707	(63,128)	513,716
Total State and Other Financial Assistance					$ 118,122	86,550	(127,481)	172,129	(10,067)	(105,005)	1,514,696

This schedule was not subject to an audit in accordance with NJ OMB 04-04

(2) Passed through the State of New Jersey
A - Grants Receivable of $18,599, appropriated reserve of $2,756

Exhibit A-4

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2008

		Regular fund
Balance, December 31, 2007		$ 1,260,505
Increased by receipts:		
Petty Cash	$ 100	
DCA fees	5,458	
Prepaid taxes	85,413	
Taxes receivable	17,711,199	
Revenue accounts receivable	2,138,607	
Marriage License/Domestic Partnership Fees	275	
Burial Permit Fees	1,220	
State of New Jersey - Veterans and Senior Citizens	66,688	
Various Reserves	13,041	
Grants Receivable	56,740	
Unappropriated reserves	24,540	
Interfunds	73,948	
Non-budget revenue	182,837	
		20,360,066
		21,620,571
Decreased by disbursements:		
Appropriation reserves	$ 114,383	
Budget appropriations	7,243,343	
Petty Cash	100	
County taxes	1,898,993	
Local district school taxes	7,482,200	
Regional high school taxes	4,024,094	
Marriage License/Domestic Partnership Fees	450	
Burial Permit Fees	1,220	
Interfunds	160,533	
DCA fees	5,458	
Appropriated reserves	86,871	
Refunds	18,471	
		21,036,116
Balance, December 31, 2008		$ 584,455

Exhibit A-5

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 200
Balance, December 31, 2008	$ 200
Analysis of balance:	
Tax collector	50
Municipal court	150
	$ 200

Exhibit A-6

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 100
Increased by:	
Petty Cash Advanced	100
	200
Decreased by:	
Petty Cash Returned	100
Balance, December 31, 2008	$ 100

BOROUGH OF NORTHVALE

Schedule of Due from State of New Jersey - Senior Citizens' and Veterans' Deductions

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 1,074
Increased by:		
Senior Citizen Deductions per tax duplicate	$ 14,500	
Veteran Deductions per tax duplicate	53,250	
Deductions allowed by tax collector	1,250	
		69,000
		70,074
Decreased by:		
Deductions disallowed by Tax Collector	1,750	
Deductions disallowed by Tax Collector-2007	562	
Cash Receipts	66,688	
		69,000
Balance, December 31, 2008		$ 1,074

Exhibit A-8

BOROUGH OF NORTHVALE

Schedule of Taxes Receivable and Analysis of 2008 Property Tax Levy

Current Fund

Year ended December 31, 2008

Year	Balance, Dec. 31, 2007	Total 2008 Levy	Collections 2007	Collections 2008	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2008
2007	$ 220,636	100		220,736				
2008		18,047,137	103,894	17,490,463	67,250	2,280	130,078	253,172
	$ 220,636	18,047,237	103,894	17,711,199	67,250	2,280	130,078	253,172

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	$ 18,006,400
Added taxes (54:4-63.12 et seq.)	40,737
	$ 18,047,137
Tax levy:	
Regional high school tax	4,019,011
Local district school tax	7,482,200
County tax	1,894,678
Amount due county/added taxes	4,315
Local open space tax	100,206
Local tax/municipal purposes	4,497,733
Additional tax levied	48,994
	$ 18,047,137

Exhibit A-9

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007	$	29,008
Increased by:		
Transfers from taxes receivable		2,280
Balance, December 31, 2008	$	31,288

Exhibit A-10

Schedule of Property Acquired for Taxes at Assessed Valuation

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007	$	1,422,200
Increased by:		
Increase to current assessed valuation		734,500
Balance, December 31, 2008	$	2,156,700

Exhibit A-11

BOROUGH OF NORTHVALE

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2008

	Balance, Dec. 31, 2007	Accrued	Received	Balance, Dec. 31, 2008
Licenses:				
Alcoholic beverages	$	15,560	15,560	
Other		11,620	11,620	
Fees and permits:				
Construction Code Official		103,111	103,111	
Other		26,238	26,238	
Fines and costs - municipal court	5,754	118,867	119,707	4,914
Interest and costs on taxes		54,016	54,016	
Interest on investments and deposits		22,807	22,807	
Consolidated Municiapl Tax Relief		212,620	212,620	
Extraordinary Aid		100,000	100,000	
Energy Receipts Tax		469,578	469,578	
Supplemental Energy Receipts Tax		41,495	41,495	
Homeland Security	25,000		25,000	
Borough of Rockleigh-Police/Court Services		344,480	344,480	
Life Hazard Use Fees		29,769	29,769	
Recreation Fees		27,266	27,266	
Donation - Senior Center		6,435	6,435	
Reserve for Payment of Debt		111,002	111,002	
Rental of Borough Property		70,000	70,000	
Summer Recreation Fees		31,111	31,111	
Senior Van Driver - Senior Financial Association		25,844	25,844	
Compost Program - Hillsdale		40,948	40,948	
General Capital Fund Balance		250,000	250,000	
	$ 30,754	2,112,767	2,138,607	4,914

Exhibit A-12

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2008

	Balance, Dec. 31, 2007	Decreased
Overexpenditure of Appropriation Reserves	7,763	7,763
	7,763	7,763

Exhibit A-13

Schedule of Deferred Charges
N.J.S. 40A:4-55 Special Emergency

Current Fund

Year ended December 31, 2008

	Net Amount Authorized	1/5th of Net Amount Authorized	Decreased	Balance, Dec. 31, 2008
Revaluation Program	$ 150,000	30,000	30,000	90,000
	$ 150,000	30,000	30,000	90,000

Exhibit A-14

BOROUGH OF NORTHVALE

Schedule of Local District School Taxes

Current Fund

Year ended December 31, 2008

Increased by:	
2008 Levy	$ 7,482,200
Decreased by:	
Payments	$ 7,482,200

Exhibit A-15

Schedule of Prepaid Regional High School Taxes

Current Fund

Year ended December 31, 2008

Increased by:	
2008 Levy	$ 4,019,011
Decreased by:	
Payments	4,024,094
Balance, December 31, 2008	$ (5,083)

Exhibit A-16

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2008

Increased by:		
2008 Levy	$ 1,792,101	
2008 Open Space Preservation	102,577	
2008 Added Taxes	4,315	
		1,898,993
Decreased by:		
Payments		$ 1,898,993

Exhibit A-17

BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007	$	103,894
Increased by:		
2009 Taxes Received in 2008		85,413
		189,307
Decreased by:		
Applied to 2008		103,894
Balance, December 31, 2008	$	85,413

Exhibit A-18

Schedule of Due to State of New Jersey for Marriage Licenses/Domestic Partnerships

Current Fund

Year ended December 31, 2008

Balance, December 31, 2007			$	190
Increased by:				
Cash Receipts				275
				465
Decreased by:				
Liability cancelled	$	15		
Cash Disbursements		450		
				465

Exhibit A-19

BOROUGH OF NORTHVALE

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2008

Increased by:	
Receipts	$ 5,458
Decreased by:	
Disbursements	$ 5,458

Exhibit A-20

Schedule of Due to State of New Jersey - Burial Permits

Current Fund

Year ended December 31, 2008

Increased by:	
Receipts	$ 1,220
Decreased by:	
Disbursements	$ 1,220

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2008

	Balance, Dec. 31, 2007	Balance after transfers and encumbrances	Paid or Charged	Balance Lapsed
Other expenses:				
Within "CAPS":				
General Government:				
Administrative and Executive		805	734	71
Financial Administration		108	108	
Legal	8,079	101,838	100,259	1,579
Engineering		1,073	1,073	
Municipal Land Use:				
Planning Board		300	300	
Municipal Court		30	30	
Police		224	224	
Road Repairs and Maintenance		522	199	323
Public Buildings and Grounds		1,180	1,180	
Sewer Repairs and Maintenance		49	49	
Recreation			(273)	273
Board of Health		13		13
James F. McGuire Memorial Center		53	53	
Uniform Construction Code		634	634	
Street Lighting		5,039	5,039	
Electricity		1,774	1,774	
Contingent	3,000	3,000	3,000	
Reserve for Terminal Leave	10,000	10,000		10,000
Total Expenditures	$ 21,079	126,642	114,383	12,259

Appropriation Reserves	21,079
Encumbrances	105,563
	$ 126,642

Exhibit A-22

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Current Fund

Year ended December 31, 2008

	Balance, Dec. 31, 2007	Increased	Decreased	Balance, Dec. 31, 2008
Due from/(to):				
Animal Trust Fund	2,400	2,500	4,900	
Other Trust Fund	10,542	6,509	10,172	6,879
Open Space Trust	(892)	101,098	100,206	
Community Development Trust Fund	12,197	56,952	58,876	10,273
	$ 24,247	167,059	174,154	17,152
Interest on Investments		2,634		
Statutory Excess		2,500		
Municipal open space levy collected			100,206	
Disbursements		161,925		
Receipts			73,948	
		$ 167,059	174,154	

Exhibit A-23

BOROUGH OF NORTHVALE

Schedule of Due to State and Federal Grant Fund

Current Fund

Year Ended December 31, 2008

Balance - December 31, 2007		$ 129,816
Increased by:		
Grant Receivables cancelled	$ 1,727	
Grants Receivable collected	56,740	
Unappropriated Grants Received	24,540	
		83,007
		212,823
Decreased by:		
Appropriated grant balances cancelled	$ 6,565	
Cash Disbursements	86,871	
		93,436
Balance - December 31, 2008		$ 119,387

Exhibit A-24

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2008

	Balance, Dec. 31, 2007	Cash Receipts	Balance, Dec. 31, 2008
Reserve for:			
Tax Sale Premiums	$ 2,400		2,400
McGuire Senior Center	15,568		15,568
Senior Citizens Van Donations	27,247	5,612	32,859
Cultural Arts Committee		3,379	3,379
Beautification Committee		4,050	4,050
	$ 45,215	13,041	58,256

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Fund

Year ended December 31, 2008

		Balance, Dec. 31, 2007	2008 Budget Revenue	Decreased by: Received	Canceled	Balance, Dec. 31, 2008
Purpose:						
Clean Communities	$		6,029	6,029		
Recycling Tonnage			5,559	5,559		
Title III, Older Americans Act		2,136	13,992	13,992	1,008	1,128
Alcohol Education Rehabilitation			1,017	1,017		
USDA Food			5,280	3,960		1,320
Division of Highway Safety - Click it or Ticket			3,994	3,994		
Municipal Recycling Assistance						
Municipal Alliance		9,402	20,500	11,303		18,599
Northvale Municipal Alliance			23,585	23,585		
Body Armor			2,945	2,945		
Drunk Driving Enforcement Fund			4,708	4,708		
Over the Limit Under Arrest			4,541	4,541		
Junior Police Academy		4,000		3,281	719	
	$	15,538	92,150	84,914	1,727	21,047

Cash Receipts	56,740
Unappropriated Reserves	28,174
	$ 84,914

BOROUGH OF NORTHVALE

Schedule of Appropriated Reserves for

State and Federal Grants

Year ended December 31, 2008

	Balance, Dec. 31, 2007	Transferred from 2008 Budget	Expended	Canceled	Balance, Dec. 31, 2008
Alcohol Education Rehabilitation Fund	4,072				4,072
Title III		13,992	13,921	71	
USDA Food Program	2,470			2,470	
USDA Food Program		5,280	2,640	2,640	
Leaf Compost Grant	406		406		
Police Body Armor Grant	3,354				3,354
Donations -					
Mary McDougal	30				30
Mary McDougal	2,115		310		1,805
Senior Van Driver	7			7	
Clean Communities	7,752		3,295		4,457
Clean Communities		6,029			6,029
Recycling Tonnage	6,923		3,312		3,611
Recycling Tonnage		5,559			5,559
Alcohol Education and Rehabilitation		1,017			1,017
Over the Limit Under Arrest		4,541	4,541		
Hazardous Discharge Site Remediation-Danzig	10,130				10,130
Hazardous Discharge Site Remediation-Deluxe	3,202		3,202		
SLA HOEP	1,372			1,372	
Municipal Recycling Assistance	2,619		2,619		
Municipal Alliance	21,425		17,744		3,681
Municipal Alliance		20,500			20,500
Body Armor		2,945			2,945
Division of Highway Safety - Click it or Ticket		3,994	3,994		
Northvale Municipal Alliance	6,029		6,029		
Northvale Municipal Alliance		23,585	16,414		7,171
Senior Citizens Caregiver	575				575
Stormwater Grant	1,705		1,705		
Recreation-Batting Cages	2,676				2,676
Recreation-Junior Marksmanship	349		349		
Drunk Driving Enforcement Fund	11,021		2,395		8,626
Drunk Driving Enforcement Fund		4,708			4,708
Junior Police Academy	4,000		3,995	5	
Senior Citizens Computer Grant	2,073				2,073
	$ 94,305	92,150	86,871	6,565	93,019

Budget	$ 28,174
Appropriations by 40A:4-87	63,976
	$ 92,150
Cash Disbursed	86,871

Exhibit A-27

BOROUGH OF NORTHVALE

Schedule of Unappropriated Reserves for

State and Federal Grants

Year ended December 31, 2008

Grant	Balance, Dec. 31, 2007	Transferred to 2008 Budget	Cash Received	Balance, Dec. 31, 2008
USDA	$ 2,640	2,640		
Body Armor Grant	1,479	1,479		
Donations - DARE	23,585	23,585	20,695	20,695
Title III	470	470		
Over the Limit			3,845	3,845
	$ 28,174	28,174	24,540	24,540

Exhibit B-1

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2008

	Animal Trust Fund	Other Funds	Community Development Trust	Unemployment Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2007	$ 7,323	572,359		54,040	146,446	404,233
Increase by receipts:						
License Fees	2,691					
Due to State of New Jersey	613					
Escrow Deposits		255,435				
Prior year reconciling item reclassified as Interfund		36,393				
POAA Deposits		84				
Grants Receivable			58,876			
Borough Contributions						48,850
Prior year cash not included in report						8,273
Budget Appropriations		13,820				
Tax Collections					100,206	
Due to/from Current Fund		6,509			892	
Public Defender Fees		500				
Meal Sales		7,502				
Interest on Investments	103	1,002	15	571	1,840	
	3,407	321,245	58,891	571	102,938	57,123
	10,730	893,604	58,891	54,611	249,384	461,356
Decrease by payments:						
Due to State of New Jersey	613					
Animal Trust Expenditures	648					
Escrow Expenditures		475,401				
Accumulated Sick payouts		36,787				
Due to Current Fund	4,900	10,172				
Community Development Expenditures			58,876			
Recreation Expenditures		13,688				
Food Program Operations		11,621				
Withdrawals						10,159
Investment Depreciation						101,881
Account Charges/Tax Withholdings						1,875
	6,161	547,669	58,876			113,915
Balance, December 31, 2008	$ 4,569	345,935	15	54,611	249,384	347,441

Exhibit B-2

BOROUGH OF NORTHVALE

Schedule of Due to State of New Jersey

Animal Trust Fund

Year ended December 31, 2008

Increased by:	
State Fees Collected	$ 613
Decreased by:	
Paid to State of New Jersey	$ 613

Exhibit B-3

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 4,923
Increased by:		
Dog license fees collected	$ 2,040	
Cat license fees collected	354	
Late Fees	295	
Miscellaneous	2	
Interest on Investments	103	
		2,794
		7,717
Decreased by:		
Payments	648	
Statutory excess due to Current Fund	2,500	
		3,148
Balance, December 31, 2008		$ 4,569

License fees collected

Year	Amount
2006	2,445
2007	2,949
	$ 5,394

Exhibit B-4

BOROUGH OF NORTHVALE

Schedule of Due to/(from)
General Capital Fund

Other Trust Funds

Year ended December 31, 2008

Increased by:	
Expenses paid by General Capital	$ 36,393
Balance, December 31, 2008	$ 36,393

Exhibit B-5

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2008

Balance, December 31, 2007		$ 437,451
Increased by:		
Escrow Deposits	$ 252,091	
Interest Earned Due Developer	3,344	
		255,435
		692,886
Decreased by:		
Escrow Disbursements/Refunds		475,401
Balance, December 31, 2008		$ 217,485

Exhibit B-6

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

Community Development Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 36,576
Increased by:		
Adjustment to prior year grant award	$ 3,981	
2008-2009 Grant	56,239	
		60,220
		96,796
Decreased by:		
Receipts		58,877
Balance, December 31, 2008		$ 37,919

Exhibit B-7

BOROUGH OF NORTHVALE

Schedule of Reserve for Community Development Projects

Community Development Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 24,379
Increased by:		
Adjustment to prior year grant award	$ 3,981	
Grants authorized	56,239	
		60,220
		84,599
Decreased by:		
Expenditures		56,938
Balance, December 31, 2008		$ 27,661

Exhibit B-8

BOROUGH OF NORTHVALE

Schedule of Reserve for Unemployment Compensation

Unemployment Trust Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 60,953
Increased by:		
Budget Appropriation	$	
Employee deductions		
Interest	571	
		571
Balance, December 31, 2008		$ 61,524

Exhibit B-9

BOROUGH OF NORTHVALE

Schedule of Interfund (Receivables)/Payables - Current Fund

Trust Funds

Year ended December 31, 2008

	Balance due to/(from) Dec. 31, 2007	Increased	Decreased	Balance due to(from) Dec. 31, 2008
Animal Trust Fund	$ 2,400	2,500	4,900	
Other Trust Fund:				
Escrow Trust Fund	10,542	6,509	10,172	6,879
Community Development Trust Fund	12,197	56,952	58,876	10,273
	$ 25,139	65,961	73,948	17,152

Interest earned on investments	2,634	
Statutory excess	2,500	
Cash Receipts	3,875	
Cash Disbursements		73,948
Expenses paid by Current Fund	56,952	
	$ 65,961	73,948

Exhibit B-10

BOROUGH OF NORTHVALE

Schedule of Miscellaneous Reserves

Other Trust Funds

Year ended December 31, 2008

	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
Reserve for:	$			
Parking Offenses Adjudication Act	1,516	107		1,623
Archives Commission	413			413
McGuire Food Program	37,830	7,905	11,621	34,114
Recreation	1,607	13,842	13,688	1,761
Public Defender	1,941	525		2,466
Snow Removal	41,532	451		41,983
Accumulated Sick Leave	39,527	78	36,787	2,818
	$ 124,366	22,908	62,096	85,178

Interest earned on investments	1,002	
Cash Receipts	21,906	
Cash Disbursements		62,096
	$ 22,908	62,096

Exhibit B-11

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Open Space Trust Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 147,338
Increased by:		
2008 Tax Levy	$ 99,980	
Added Assessments	226	
Interest earned on deposits	1,840	
		102,046
Balance, December 31, 2008		$ 249,384

Exhibit B-12

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2008

Balance, December 31, 2007		$ 51,850
Increased by:		
2008 Service Award Contributions		47,800
		99,650
Decreased by:		
Contributions cancelled	$ 3,000	
Contributions Paid	48,850	
		51,850
Balance, December 31, 2008		$ 47,800

Exhibit B-13

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2008

Balance, December 31, 2007		$ 456,083
Increased by:		
Prior year balance omitted from report	$ 8,273	
Borough Contributions	47,800	
		56,073
		512,156
Decreased by:		
Withdrawals	10,159	
Account Charges/Tax Withholdings	1,875	
Prior year contributions cancelled	3,000	
Investment depreciation	101,881	
		116,915
Balance, December 31, 2008		$ 395,241

Exhibit C-2

BOROUGH OF NORTHVALE

Schedule of General Capital Cash - Treasurer

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 357,778
Increased by receipts:		
Bergen County Open Space Grant	$ 350,000	
Capital Improvement Fund	40,000	
Bond Anticipation Notes	1,225,300	
Premium on Note Sale	21,918	
Grant receipts	410,161	
		2,047,379
		2,405,157
Decreased by disbursements:		
Capital Fund Balance due to Current	250,000	
Due from Escrow Trust Fund	36,393	
Reserve for Payment of Debt	111,002	
Improvement authorizations	1,202,475	
		1,599,870
Balance, December 31, 2008		$ 805,287

Exhibit C-3

BOROUGH OF NORTHVALE

Analysis of General Capital Cash

General Capital Fund

December 31, 2008

Fund balance		$ 274,818
Capital Improvement Fund		40,233
Due from Escrow Trust Fund		(36,393)
Grants receivable		(573,397)
Due from Federal and State Grant Fund		(22,875)
Improvement authorizations:		
Ordinance number	Improvement description	
497	Improvement various streets	(32,594)
507/523	Acquisition ambulance	(855)
512	Acquisition equipment	(4,000)
561/590	Renovate Borough Hall	(12,180)
775	Various Capital Improvements	213,710
777	Demolition of Deluxe Cleaners	337
781	Various Improvements	117,381
794	Various Improvements	801
808	Various Improvements	89,005
810	Engineering Services for Intersection Imp. at Livingston Street and Paris Ave.	22,664
813/857	Refurbishing of Hogan's Park	7,134
825	Various Improvements	236,864
847	Purchase of Property-217 NY Ave.	(6,250)
849	Road and Drainage Improvements	109,878
856	Various Public Improvements	168,389
861	Reconstruction of Livingston Street	212,617
		$ 805,287

Exhibit C-4

BOROUGH OF NORTHVALE

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 2,728,000
Decreased by:	
Paid via Budget Appropriation	515,000
Balance, December 31, 2008	$ 2,213,000

Exhibit C-5

Schedule of Deferred Charges - Expenditure Without Appropriation

Year Ended December 31, 2008

Balance, December 31, 2007	$ 429,145
Decreased by:	
Funded via Grant Award	$ 429,145

Exhibit C-6

BOROUGH OF NORTHVALE

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2008

Ordinance number	Improvement description	Balance, Dec. 31, 2007	2008 Authorization	Reduced in 2008	Balance, Dec. 31, 2008	Analysis of balance: Bond Anticipation Notes	Analysis of balance: Expenditures	Analysis of balance: Unexpended improvement authorization
497	Improvement of various streets	$ 32,594			32,594		32,594	
512	Acquisition of equipment	4,000			4,000		4,000	
523	Acquisition of ambulance	855			855		855	
561/590	Renovation of Borough Hall	12,180			12,180		12,180	
775	Various Improvements	122,790	213,710		336,500	336,500		
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	664,000		
847	Purchase of Property-217 NY Ave.	356,250		350,000	6,250		6,250	
849	Road and Drainage Improvements	238,000			238,000	238,000		
856	Various Public Improvements		323,300		323,300	323,300		
		$ 3,179,669	537,010	350,000	3,366,679	3,310,800	55,879	

Reversal of prior year cancellation	213,710
Current year authorizations	323,300
	$ 537,010

Bergen County Open Space Grant Received	350,000

Improvement Authorizations - Unfunded			936,028
Less: Unexpended proceeds of bond anticipation notes			
	Ord. 775	213,710	
	Ord. 781	117,381	
	Ord. 794	801	
	Ord. 808	89,005	
	Ord. 825	236,864	
	Ord. 849	109,878	
	Ord. 856	168,389	
			$ 936,028

Exhibit C-7

BOROUGH OF NORTHVALE

Schedule of Due from Escrow Trust Fund

General Capital Fund

Year ended December 31, 2008

Increased by:	
Expenditures paid in error	$ 36,393
Balance, December 31, 2008	$ 36,393

Exhibit C-8

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007		$ 744,404
Increased by:		
Grant and Contribution Awards		239,154
		983,558
Decreased by:		
Cash Receipts		410,161
Balance, December 31, 2008		$ 573,397

Analysis of Balance

Department of Transportation		
School Safety Program	$ 1,984	
Extension of Birchwood Road	259	
Improvements to Veteran's Drive	5,718	
Improvements to Veteran's Drive, Phase II	11,413	
Repairs/Imps. to White Avenue Culvert	50,000	
Hogan's Park Bikeway/Walking Path	100,000	
		169,374
Community Development Block Grant:		
Road/Drainage Improvements		4,100
Bergen County Open Space Trust Fund:		
Improvements to Veteran's Field	15,017	
Refurbishing of Hogan's Park	89,154	
		104,171
Bergen County Direct Contributions:		
Improvements to Tappan Road	83,136	
Reconstruction of Livingston Street	212,616	
		295,752
		$ 573,397

BOROUGH OF NORTHVALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2008

Ordinance number	Description	Ordinance Date	Amount	Balance, Dec. 31, 2007 Funded	Balance, Dec. 31, 2007 Unfunded	Authorizations	Paid or charged	Prior year cancellations reversed	Balance, Dec. 31, 2008 Funded	Balance, Dec. 31, 2008 Unfunded
775	Various Capital Improvements	April 10, 2002	$ 534,000					(213,710)		213,710
777	Demolition of Deluxe Cleaners	July 10, 2002	15,000	337					337	
781	Various Improvements	May 14, 2003	651,400		134,521		17,140			117,381
794	Various Improvements	May 12, 2004	820,300		801					801
808	Various Improvements	Sept. 14, 2005	621,750		105,730		16,725			89,005
810	Engineering Services for Intersection Imp. At Livingston Street and Paris Ave.	Oct. 12, 2005	96,634	22,664					22,664	
813/857	Refurbishing of Hogan's Park	2006	250,000	198,174			191,040		7,134	
825	Various Improvements	2006	698,000		430,985		194,121			236,864
847	Purchase of Property 217 New York Ave.	2007	375,000		22,608		22,608			
849	Road Drainage Improvements	2007	277,300	24,548	238,000		152,670			109,878
856	Various Public Improvements	June 11, 2008	389,600			389,600	221,211			168,389
861	Reconstruction of Livingston Street	Dec. 9, 2008	750,000			750,000	537,383		212,617	
				$ 245,723	932,645	1,139,600	1,352,898	(213,710)	242,752	936,028

Grants	800,000
Capital Improvement Fund	16,300
Deferred Charges to Future Taxation-Unfunded	323,300
	$ 1,139,600

Exhibit C-10

BOROUGH OF NORTHVALE

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2008

Purpose	Date of issue	Original issue	Maturity of bonds Outstanding Dec. 31, 2008 Date	Amount	Interest rate		Balance, Dec. 31, 2007	Decreased	Balance, Dec. 31, 2008
General Improvements	June 1, 1999	2,720,000	Feb. 1, 2009	350,000	4.50	$	1,435,000	325,000	1,110,000
			Feb. 1, 2010	375,000					
			Feb. 1, 2011	385,000					
General Improvements	April 15, 2002	1,913,000	Apr. 15, 2009	195,000	4.30		1,293,000	190,000	1,103,000
			Apr. 15, 2010	200,000					
			Apr. 15, 2011	225,000					
			Apr. 15, 2012	483,000					
						$	2,728,000	515,000	2,213,000

Exhibit C-11

BOROUGH OF NORTHVALE

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007	$	16,533
Increased by:		
Budget Appropriation		40,000
		56,533
Decreased by:		
Down payment on improvements		16,300
Balance, December 31, 2008	$	40,233

Exhibit C-12

BOROUGH OF NORTHVALE

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 111,002
Decreased by:	
Budget revenue realized	$ 111,002

Exhibit C-13

Schedule of Encumbrances Payable

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 278,722
Decreased by:	
Reallocated to Improvement Authorizations	$ 278,722

Exhibit C-14

BOROUGH OF NORTHVALE

Schedule of Reserve for Grants Receivable

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 599,577
Decreased by:	
Contribution appropriated	$ 599,577

Exhibit C-15

Schedule of Reserve for Unappropriated Capital Contributions

General Capital Fund

Year ended December 31, 2008

Balance, December 31, 2007	$ 150,423
Decreased by:	
Appropriated in Ordinance 861	$ 150,423

BOROUGH OF NORTHVALE

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2008

Ordinance number	Improvement description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2007	Increased	Decreased	Balance, Dec.31, 2008
775	Various Improvements	February 22, 2006	February 20, 2008	February 20, 2009	2.50	$ 336,500	336,500	336,500	336,500
781	Various Improvements	February 22, 2006	February 20, 2008	February 20, 2009	2.50	553,000	553,000	553,000	553,000
794	Various Improvements	February 22, 2006	February 20, 2008	February 20, 2009	2.50	647,000	647,000	647,000	647,000
808	Various Improvements	February 22, 2006	February 20, 2008	February 20, 2009	2.50	549,000	549,000	549,000	549,000
825	Various Improvements	August 1, 2008	August 1, 2008	February 20, 2009	2.25		664,000		664,000
849	Road and Drainage Improvements	August 1, 2008	August 1, 2008	February 20, 2009	2.25		238,000		238,000
856	Various Improvements	August 1, 2008	August 1, 2008	February 20, 2009	2.25		323,300		323,300
						$ 2,085,500	$ 3,310,800	2,085,500	3,310,800

Cash	1,225,300	
Renewed	2,085,500	2,085,500
	$ 3,310,800	2,085,500

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2008

Ordinance number	Description	Balance, Dec. 31, 2007	Current year authori-zation	Decreased by:	Balance, Dec. 31, 2008
497	Improvement of various streets	$ 32,594			32,594
512	Acquisition of equipment	4,000			4,000
561/590	Renovation of Borough Hall	12,180			12,180
523	Acquisition of ambulance	855			855
825	Various Improvements	664,000		664,000	
847	Purchase of Property-217 NY Ave.	356,250		350,000	6,250
849	Road and Drainage Improvements	238,000		238,000	
856	Various Improvements		323,300	323,300	
		$ 1,307,879	323,300	1,575,300	55,879

Bond Anticipation Notes	1,225,300
Bergen County Open Space Grant received	350,000
	$ 1,575,300

Exhibit E-1

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2008

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Balance - December 31, 2007	$ 7,114	2,993	4,121
Increased by:			
State Aid	24,500		24,500
Interest Earned	57	13	44
Due to PATF I	1,000		1,000
	25,557	13	25,544
	32,671	3,006	29,665
Decreased by:			
Public Assistance 2008	22,012	1,900	20,112
Due from PATF II	1,000	1,000	
	23,012	2,900	20,112
Balance - December 31, 2008	$ 9,659	106	9,553

Exhibit E-2

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation
Per N.J.S.A. 40A:5-5

Public Assistance Fund

Year Ended December 31, 2008

Balance - December 31, 2008		$ 9,659
Increased by:		
State Aid	$ 1,000	
Interest on Investments	43	
		1,043
		10,702
Decreased by:		
Public Assistance 2008		1,304
Balance - June 30, 2009		$ 9,398

Reconciliation - June 30, 2009	PATF I Account	PATF II Account	Total
Balance on Deposit per Bank Statement:			
Checking	$ 107	9,291	9,398
Less: Outstanding Checks			
	$ 107	9,291	9,398

Exhibit E-3

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2008

Balance - December 31, 2007		$ 7,114
Increased by:		
State Aid	$ 24,500	
Interest Earned	57	
		24,557
		31,671
Decreased by:		
Public Assistance 2008		22,012
Balance - December 31, 2008		$ 9,659

Reconciliation - December 31, 2008		PATF I Account	PATF II Account	Total
Balance on Deposit per Bank Statement:				
Checking	$	106	12,403	12,509
Less: Outstanding Checks			2,850	2,850
Balance- December 31, 2008	$	106	9,553	9,659

Exhibit E-4

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2008

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Balance - December 31, 2007	$ 7,114	2,993	4,121
Increased by:			
State Aid	24,500		24,500
Interest Earned	57	13	44
	24,557	13	24,544
	31,671	3,006	28,665
Dereased by:			
Public Assistance 2008	22,012	1,900	20,112
	22,012	1,900	20,112
Balance - December 31, 2008	$ 9,659	1,106	8,553

Exhibit E-5

BOROUGH OF NORTHVALE

Schedule of Revenues - Cash Basis

Public Assistance Fund

Year Ended December 31, 2008

		Total	P.A.T.F. Account #1	P.A.T.F. Account #2
State Aid	$	24,500		24,500
Interest Earned		57	13	44
Due to PATF I		1,000		1,000
Total Revenues (P.A.T.F.)	$	25,557	13	25,544

Exhibit E-6

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2008

		Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Reported:				
Current Year Assistance (State Matching):				
Maintenance Payments		4,200		4,200
Temporary Rental Assistance		17,812	1,900	15,912
Total Payments Reported		22,012	1,900	20,112
Due from PATF II			1,000	
Total Disbursements (P.A.T.F.)	$	22,012	2,900	20,112

BOROUGH OF NORTHVALE

PART II

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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
County of Bergen, New Jersey

We have audited the financial statements-regulatory basis of the Borough of Northvale in the County of Bergen as of and for the year ended December 31, 2008, and have issued our report thereon dated July 28, 2009. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Northvale prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough 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-regulatory basis, 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 do not express an opinion on the effectiveness of the Borough of Northvale's internal control over financial reporting.

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 affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

FWCC

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 entity'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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Northvale in the accompanying comments and recommendations section of this report.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CROO413

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 28, 2009

FWCC

BOROUGH OF NORTHVALE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATUS OF PRIOR YEAR FINDINGS

Finding 2007-1:

This finding was corrected through the adoption of Ordinance 861. The County grant awarded for this project was appropriated and all expenditures were properly reflected against the adopted ordinance.

BOROUGH OF NORTHVALE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATUS OF PRIOR YEAR FINDINGS

Finding 2007-2:

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

Status:

UNRESOLVED

Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is $17,500. On July 1, 2005, the bid threshold was increased to $21,000.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of $17,500 or $21,000 after July 1, 2005, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed $17,500 or $21,000 after July 1, 2005 within the contract 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 bids were requested by public advertising for the following items:

2007/2008 Road Resurfacing Program	In-Car Video Systems for the Police Dept.
Walkway/Bikeway Path at Hogan's Park	Senior Center Food Service

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 9, 2008 adopted the following resolution authorizing interest to be charged on delinquent taxes:

> WHEREAS, Public Law No. 435, which changes the rate of interest charged for delinquent taxes, has been enacted;
>
> BE IT RESOLVED by the Mayor and Council of the Borough of Northvale that the rate of interest on delinquent taxes and Borough charges shall be at 8% per annum on the first $1,500 of the delinquency, and 18% per annum on any amount in excess of $1,500 for the year 1998, except that the rate will be one thousandth of one percent per annum on the taxes for any current quarter if the taxes are paid during the first ten days following February 1st, May 1st, August 1st, and November 1st; and
>
> BE IT FURTHER RESOLVED that if the office of the Tax Collector is closed on the tenth day of February, May, August, or November, then the rate of one thousandth of one percent per annum above described shall be extended to include the first business day thereafter.

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

BOROUGH OF NORTHVALE

COMMENTS

1.* Formal bank reconciliations and general ledgers are not being maintained for the Community Development and Recreation Trust Funds as required by N.J.S.A. 50A:5-5.
2.* The portion of employees' unemployment withholding for state unemployment insurance that are to be retained by the Borough are not being received and/or deposited into the Unemployment Trust Fund as required under the Benefit Reimbursement Method.
3.* The payroll account has a reconciled deficit balance at year end.
4.* The inventory of General Fixed Assets was not updated for 2008 as required by Technical Accounting Directive 85-2, Accounting for Fixed Assets.
5. Payments for referee services are being made payable to "cash" and are not processed through the Borough's purchasing system.
6. Federal and State Grant balances in both the Current and General Capital Funds were cancelled without authorization of the governing body.
7. Community Development Block Grant funds are being deposited in an interest bearing account in violation of the Grant Agreement.
8. An interfund balance exists between the Escrow Trust Fund and the General Capital Fund due to insufficient account balances that are necessary to pay bills.

Purchasing/Accounts Payable

1. Goods/Services are being ordered prior to being encumbered in violation of Technical Accounting Directive 85-1.
2. Not all authorizing signatures are present on all purchase orders as required by the Division of Local Government Services, requirements of Audit for Expenditures and Disbursements.
3. Legal fees pertaining to 2008 were erroneously charged to the 2007 appropriation reserve budget.
4. There was an instance in which bills paid relative to Hogan's Park improvements were charged to an incorrect Capital Ordinance.
5. Not all purchase orders were available for review.
6. Invoices to support the expenditure were not always available for review.
7. A review of bid documents revealed that the non-collusion affidavit was absent from the 2007 Road Improvement Program contract awarded to D.L.S Contracting.

Payroll

1. Not all employees who are eligible to participate in the pension system have been enrolled.

Departments:

Board of Health

1. A comprehensive record of all cash receipts collected by the Board of Health is not maintained.

Public Assistance

2. Not all Welfare client files and/or documents were available for review.
3. Supporting documentation for all general assistance receipts was not available for review.
4. Completed GA-6 summary forms for general assistance disbursements were not available for review.

BOROUGH OF NORTHVALE

RECOMMENDATIONS

Finance/Treasurer

1. That the following accounts be reconciled and a general ledger be maintained on a monthly basis: Community Development Trust and Recreation Trust Funds.
2. The percentage portion of the employees' unemployment withholdings due to the unemployment trust fund be recouped from the payroll service provider and deposited into the Unemployment Trust Fund.
3. The payroll bank account overdraft be funded.
4. The inventory of general fixed assets be updated and maintained on a current basis.
5. The practice of issuing checks to cash be discontinued and payments for referee services be processed through the borough's purchasing system.
6. Any cancellations made to the borough's financial records be made only upon approval of Mayor and Council.
7. Community Development Block Grant Funds be deposited in a non-interest bearing account in accordance with the Grant Agreement.
8. Procedures be implemented to ensure that no invoices submitted for payment from a developer's escrow account be paid until funds are deposited to cover those expenses.

Purchasing/Accounts Payable

1. That all goods/services be encumbered prior to being ordered.
2. Authorizing signatures should be present on all purchase orders prior to payment.
3. That all invoices submitted for payment be reviewed to ensure that the proper budget yearis charged.
4. All purchases pertaining to Capital Ordinances be reviewed and charged to the correct adopted ordinance.
5. All purchase orders be made available for audit review.
6. All purchase orders must have documentation to support the amount paid.
7. Bid documents be reviewed to ensure all required paperwork is present and available for audit review.

Payroll

1. Borough officials review all employees and their status to ensure all eligible employees are enrolled in the pension system.

Departments:

Board of Health

1. The Board of Health maintain a comprehensive record of all cash receipts collected.

Public Assistance

2. Welfare client files and/or documents be made available for review.
3. Documentation regarding all general assistance receipts be made available for review.
4. GA-6 summary forms for general assistance disbursements be made available for review.

Status of Prior Years Audit Findings/Recommendation

A review was performed on all prior years' recommendations and corrective action was taken on all except those with an "*".

Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 28, 2009