

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information
December 31, 2010
(With Independent Auditors' Report Thereon)**

BOROUGH OF NORTHVALE

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BOROUGH OF NORTHVALE

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2010

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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 years ended December 31, 2010 and 2009, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2010. 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 audits.

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 provide 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.



Honorable Mayor and
Members of the Borough Council
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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.

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, 2010 and 2009 or the results of its operations for the years then ended.

The financial statements referred to above include a Statement of General Fixed Assets as required by the Division of Local Government Services. However, as more fully described in Note 1 and Note 8 to the financial statements, this schedule has not been updated in a number of years.

However, in our opinion, the financial statements referred to above, with the exception of the Statement of General Fixed Assets and the effect described in the preceding paragraph and with the exception of the Length of Services Awards Program, 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, 2010, 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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2011 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.

Honorable Mayor and
Members of the Borough Council
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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.
Certified Public Accountants

September 26, 2011

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Regular Fund			
Cash	A-4	\$ 299,294	368,350
Cash - change funds	A-5	200	200
Cash - petty cash	A-6	<u> </u>	<u>100</u>
		<u>299,494</u>	<u>368,650</u>
Due from state:			
Senior citizens' and veterans' deductions	A-7	<u>452</u>	<u>1,074</u>
Receivables and other assets with full reserves:			
Delinquent Property Tax Receivable	A-8	573,662	481,034
Tax Title Liens Receivable	A-9	37,446	34,375
Foreclosed property - property acquired for taxes - assessed valuation	A-10	2,156,700	2,156,700
Revenue Accounts Receivable	A-11	4,517	5,055
Prepaid County Taxes	A-17	55	
Amount due from:			
General Capital Fund	A-24	1,356	1,305
Animal License Trust Fund	A-24	2,486	
Community Development Trust Fund	A-24	15,282	8,453
Other Trust Fund	A-24	<u>4,431</u>	<u>4,488</u>
		<u>2,795,935</u>	<u>2,691,410</u>
Deferred charges:			
Deficit in Operations	A-12		21,789
Emergency Authorizations	A-12	195,500	
Special Emergency Authorizations (40A:4-55)	A-13	<u>80,000</u>	<u>60,000</u>
		<u>275,500</u>	<u>81,789</u>
		<u>3,371,381</u>	<u>3,142,923</u>
Federal and State Grant Fund:			
Grants Receivable	A-27	12,622	21,348
Due from Current Fund	A-25	<u>128,049</u>	<u>155,953</u>
		<u>140,671</u>	<u>177,301</u>
		<u>\$ 3,512,052</u>	<u>3,320,224</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Regular Fund			
Liabilities:			
Appropriation reserves	A-3/A-23	81,116	13,095
Reserve for encumbrances	A-3	8,449	9,651
Special Emergency Note Payable	A-14	50,000	
Regional School Taxes Payable	A-16		5,083
Prepaid Taxes	A-18	65,467	81,340
Tax overpayments payable	A-19		6,953
Due to the State of New Jersey			
Marriage License/Domestic Partnership Fees	A-20	150	50
DCA Fees Payable	A-21	1,497	
Burial Permit Fees Payable	A-22		10
Reserve for:			
Tax Sale Premiums	A-26	15,200	17,400
McGuire Senior Center	A-26	32,747	29,672
Senior Van Donations	A-26	2,681	33,263
Cultural Arts Committee	A-26	3,379	3,379
Beautification Committee	A-26	4,050	4,050
Reassessment of Real Property	A-26	50,000	
Interfund Payable:			
Public Defender Trust Fund	A-24		100
Federal and State Grant Fund	A-25	128,049	155,953
		<u>442,785</u>	<u>359,999</u>
Reserve for receivables		2,795,935	2,691,410
Fund balance	A-1	<u>132,661</u>	<u>91,514</u>
		<u>3,371,381</u>	<u>3,142,923</u>
Federal and State Grant Fund			
Appropriated reserves	A-28	100,884	119,345
Due to General Capital Fund	C	22,875	22,875
Unappropriated reserves	A-29	16,912	35,081
		<u>140,671</u>	<u>177,301</u>
		<u>\$ 3,512,052</u>	<u>3,320,224</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

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

Current Fund

Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue and other income realized:		
Fund balance utilized	\$	299,000
Miscellaneous revenue anticipated	2,461,358	2,485,224
Receipts from delinquent taxes	480,135	259,334
Receipts from current taxes	19,221,597	18,513,285
Non-budget revenues	41,520	130,287
Other credits to income:		
Unexpended balance of appropriation reserves	13,096	22,259
Liabilities cancelled	10	
Prepaid school tax returned		5,083
Interfund loans returned	9,758	10,258
Total income	<u>22,227,474</u>	<u>21,724,730</u>
Expenditures - budget appropriations:		
Appropriations		
Salaries and wages	2,903,348	2,898,405
Other expenses	3,737,063	3,576,429
Deferred charges and statutory expenditures	261,789	239,000
Municipal debt service	754,257	744,688
County taxes	2,008,319	2,033,251
Amount due County for added and omitted taxes	3,283	4,764
Local district school tax	8,065,605	7,786,280
Regional high school tax	4,561,461	4,236,807
Local open space tax	100,663	100,213
Other cancellations	1,324	249
Interfunds advanced	15,282	8,199
Tax Refunds	19,433	118,234
Total expenditures	<u>22,431,827</u>	<u>21,746,519</u>
Excess/(Deficit) in Revenues	<u>(204,353)</u>	<u>(21,789)</u>
Expenditures included above which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>245,500</u>	
Statutory Excess to Surplus	41,147	
Deficit in Operations to be Raised in Budget		
of Succeeding Year		<u>(21,789)</u>
Fund balance, January 1	<u>91,514</u>	<u>390,514</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
	132,661	390,514
Decreased by utilization as anticipated revenue		<u>299,000</u>
Fund balance, December 31	<u>\$ 132,661</u>	<u>91,514</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2010

	<u>Antici-</u> <u>pated</u>	<u>Realized</u>	Excess or <u>(deficit)</u>
Fund balance anticipated	\$ _____	_____	_____
Miscellaneous revenues:			
Licenses:			
Alcoholic beverage	15,200	15,266	66
Other	11,900	11,725	(175)
Fees and permits:			
Construction code official	98,000	85,702	(12,298)
Other	26,300	24,706	(1,594)
Fines - Municipal Court	96,800	90,515	(6,285)
Interest and costs on taxes	57,000	79,541	22,541
Consolidated Municipal Property Tax Relief Act	77,265	77,005	(260)
Energy Receipts Tax	484,040	484,040	
Interest on investments and deposits	11,300	3,840	(7,460)
Borough of Rockleigh - Police/Court Services	365,000	385,442	20,442
Public and Private Programs offset by appropriations:			
Municipal Alliance	10,000	10,000	
USDA Commodities	2,640	2,640	
Title III	13,522	13,522	
Over the Limit Under Arrest	3,845	3,845	
Click it or Ticket	3,883	3,883	
Body Armor	2,391	2,391	
Clean Communities	8,045	8,045	
Recycling Tonnage Grant	14,066	14,066	
Alcohol Education Rehabilitation	1,508	1,508	
Drunk Driving Enforcement Fund	3,853	3,853	
Northvale Municipal Alliance	17,170	17,170	
Life Hazard Use Fees (Fire)	28,100	27,446	(654)

BOROUGH OF NORTHEVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Antici- pated	Realized	Excess or (deficit)
Recreation Fees	30,200	14,657	(15,543)
Rent - Library	86,845	86,845	
Donation - Senior Center	6,000	6,471	471
Franchise Fee - Cablevision/Verizon	47,435	47,935	500
Rental of Borough Property	70,000	35,000	(35,000)
Summer Recreation Fees	35,000	34,859	(141)
Senior Van Driver - Senior Financial Assoc	24,000	24,024	24
Compost Program - Hillsdale	45,400	45,415	15
Tect Danzig Lease Revenue	300,000	500,000	200,000
General Capital Fund Balance	300,000	300,001	1
	<u>2,296,708</u>	<u>2,461,358</u>	<u>164,650</u>
Receipts from delinquent taxes	448,000	480,135	32,135
Subtotal - general revenues	<u>2,744,708</u>	<u>2,941,493</u>	<u>196,785</u>
Municipal budget - local tax for municipal purposes	<u>5,057,199</u>	<u>4,873,021</u>	<u>(184,178)</u>
Budget totals	<u>\$ 7,801,907</u>	<u>7,814,514</u>	<u>12,607</u>
Non-budget revenues		<u>41,520</u>	
		<u>\$ 7,856,034</u>	
Analysis of realized revenues:			
Current tax collections		<u>19,221,597</u>	
Allocated to:			
Local district school		8,065,605	
Regional high school		4,561,461	
County (including added county taxes)		2,011,547	
Municipal Open Space		<u>100,663</u>	
		<u>14,739,276</u>	
Balance for support of municipal budget appropriation		4,482,321	
Add appropriation reserve for uncollected taxes		<u>390,700</u>	
Amount for support of municipal budget appropriation		<u>\$ 4,873,021</u>	

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2010

	<u>Antici- pated</u>	<u>Realized</u>	Excess or <u>(deficit)</u>
Receipts from delinquent taxes - delinquent tax collections		\$ <u>480,135</u>	
Analysis of non-budget revenues:			
Miscellaneous revenue not anticipated:			
Photocopies and Tapes		\$ 11,727	
Zoning Books and Maps		83	
Elections Polls		60	
Tax Printouts		264	
Property Owners Lists		150	
Miscellaneous		12,798	
Sewer Connection Fees		5,007	
Metal Recycling		3,649	
Duplicate Tax Bills		790	
Recreation		500	
Insurance Refunds		999	
Senior Van Rides		978	
Medical and Dental Reimbursement		2,210	
Administrative Fee-Senior Citizens and Veterans		1,230	
Senior Center		<u>1,075</u>	
		\$ <u>41,520</u>	

See accompanying notes to financial statements.

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
General Government:					
Administrative and executive:					
Salaries and wages	\$ 96,383	98,291	98,290	1	
Other expenses	80,000	83,100	80,111	2,989	
Financial administration:					
Salaries and wages	50,923	51,942	51,942		
Other expenses	22,000	20,000	19,702	298	
Annual Audit	35,500	38,250	38,250		
Collection of Taxes:					
Salaries and wages	49,713	50,706	50,706		
Other expenses	10,000	13,500	13,300	200	
Assessment of taxes:					
Salaries and wages	10,558	10,669	10,669		
Other expenses	3,000	2,500	2,372	128	
Legal services and costs:					
Salaries and wages	14,737				
Other expenses	70,000	163,737	146,866	16,871	
Engineering services and costs:					
Other expenses	20,000	45,000	44,199	801	
Municipal Land Use Law NJSA (40:55D-1)					
Planning Board:					
Salaries and wages	3,886	3,963	3,963		
Other expenses	10,000	7,000	6,027	973	
Affordable Housing- COAH					
Other expenses	10,000	23,000	10,000	13,000	
Municipal Court					
Salaries and wages	69,740	70,380	70,366	14	
Other expenses	6,000	6,200	6,190	10	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
General Appropriations					
Public Defender					
Salaries and wages	4,245	4,329	4,329		
Public Safety:					
Police:					
Salaries and wages	1,531,000	1,587,000	1,586,827	173	
Other expenses:	68,000	68,000	66,908	1,092	
Ambulance Other Expenses	3,000	3,000	3,000		
Emergency Management Services:					
Salaries and wages	1,100	1,134	1,134		
Other expenses	1,000	500	280	220	
Insurance:					
Workers Compensation	104,000	104,500	104,181	319	
Other Insurance	7,500	41,000	40,997	3	
Liability Insurance	104,000	104,500	104,404	96	
Group Insurance for Employees	415,645	408,845	408,766	79	
Fire:					
Other expenses:	38,000	41,500	41,262	238	
Rental of Fire House	25,590	25,590	25,590		
Fire Hydrant Service	77,000	71,521	71,459	62	
Interboro Radio-Other Expenses	81,000	84,972	84,972		
Fire Prevention Bureau:					
Salaries and wages	34,500	33,701	33,701		
Other expenses	3,500	2,000	1,718	282	
Prosecutor:					
Salaries and wages	10,840	11,057	11,057		
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and wages	510,000	484,700	484,688	12	
Other expenses	40,000	40,000	37,957	2,043	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Sanitation:					
Garbage and Trash Removal					
Contractual	430,000	424,000	423,889	111	
Ambulance Vehicle repair	2,000				
Recycling:					
Salaries and wages	5,466	5,575	5,575		
Other expenses	12,000	18,000	13,794	4,206	
Public Buildings and Grounds					
Other expenses	30,000	43,000	42,545	455	
Sewer Repairs and Maintenance:					
Other expenses	6,000	3,500	3,110	390	
Senior Van Repairs:					
Salaries and wages	21,000	20,000	19,607	393	
Other expenses	3,000	3,000	2,917	83	
Health and Welfare:					
Board of Health:					
Salaries and wages	21,824	22,251	22,251		
Other expenses	34,000	34,000	33,982	18	
Animal Control					
Other Expenses	7,000	7,000	5,650	1,350	
Recreation and education:					
Recreation:					
Other expenses	28,000	28,000	24,467	3,533	
Golden Age:					
Other expenses	3,000				
James F. McGuire Memorial Center (NJSA 40:48 9a):					
Salaries and wages	10,000				
Other expenses	33,000	38,000	35,110	2,890	

Borough of Northvale.

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Parks and Playgrounds:					
Other expenses	10,000	11,000	10,934	66	
Summer Recreation					
Other expenses	32,500	33,210	32,926	284	
Senior Trips					
Other expenses	6,000	5,500	5,325	175	
Other Common Unclassified:					
Celebration of Public Events					
Other expenses	2,000	2,000	1,876	124	
Uniform Construction Code Official:					
Salaries and wages	67,896	69,252	69,252		
Other expenses	3,700	2,700	2,563	137	
Code Compliance:					
Salaries and wages	13,135	13,398	13,397	1	
Other expenses	1,000	1,000	747	253	
UNCLASSIFIED:					
Utilities:					
Electricity	70,000	74,100	69,240	4,860	
Street Lighting	60,000	60,000	52,631	7,369	
Telephone	35,000	33,000	28,573	4,427	
Water	5,000	4,500	3,881	619	
Gas	35,000	35,000	34,864	136	
Gasoline	60,000	60,000	56,613	3,387	
Reassessment of Real Property					
Total operations within "CAPS"	4,669,881	4,907,073	4,831,902	75,171	

Borough of Northvale
Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
Contingent	500	500		500	
Total Operations Including Contingent-within "CAPS"	4,670,381	4,907,573	4,831,902	75,671	
Detail:					
Salaries and Wages	2,526,946	2,538,348	2,537,754	594	
Other Expenses	2,143,435	2,369,225	2,294,148	75,077	
	4,670,381	4,907,573	4,831,902	75,671	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (O.A.S.I.)	210,000	210,000	209,986	14	
Total Deferred and Statutory	210,000	210,000	209,986	14	
Expenditures - Municipal within "CAPS"					
Cash Deficit of Preceding Year	14,868	21,789	21,789		
Total General Appropriations for	4,895,249	5,139,362	5,063,677	75,685	
Municipal Purposes within "CAPS"					
Operations excluded from "CAPS":					
Aid to Library (NJSA 40:54-35)					
Privately Owned					
Sewer:	336,845	336,845	336,845		
Bergen County Utilities Authority	451,000	451,000	450,815	185	
Other Expenses	14,000	14,000	14,000		
Contribution to:					
Police and Firemen's Retirement System of NJ	354,212	354,212	354,212		
LOSAP	50,000	50,000	46,150	3,850	
Public Employees' Retirement System	74,471	75,858	75,858		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Storm Water Management	5,000	5,000	3,604	1,396	
Other Expenses					
<u>Total Other Operations - Excluded from "CAPS"</u>	<u>1,285,528</u>	<u>1,286,915</u>	<u>1,281,484</u>	<u>5,431</u>	
<u>Interlocal Municipal Service Agreements</u>					
Borough of Rockleigh DPW Services	15,000	15,000	15,000		
Salaries and Wages					
Borough of Rockleigh Police and Court Services	350,000	350,000	350,000		
Salaries and Wages					
<u>Total Interlocal Municipal Service Agreements</u>	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>		
<u>Public and Private Programs Offset by Revenues</u>					
Municipal Alliance on Alcoholism & Drug Abuse	10,000	10,000	10,000		
Other Expenses					
Title III, Older Americans Act of 1985	13,522	13,522	13,522		
Other expenses					
Highway Traffic Safety Grant -	3,883	3,883	3,883		
Click it or Ticket	3,845	3,845	3,845		
Over the Limit Under Arrest					
Clean Communities	8,045	8,045	8,045		
Other expenses					
Alcohol Education Rehabilitation	1,508	1,508	1,508		
Other Expenses	3,853	3,853	3,853		
Drunk Driving Enforcement					
U.S.D.A. Commodities - Senior Food Program	2,640	2,640	2,640		
Other Expenses					

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended Balance Cancelled
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Body Armor Grant	2,391	2,391	2,391		
Recycling Tonnage Grant	14,066	14,066	14,066		
Northvale Drug Alliance					
Other Expenses	17,170	17,170	17,170		
Total Public and Private Offset by Revenues	80,923	80,923	80,923		
Total Operations Excluded from "CAPS"	1,731,451	1,732,838	1,727,407	5,431	
Detail:					
Salaries and Wages	365,000	365,000	365,000		
Other Expenses	1,366,451	1,367,838	1,362,407	5,431	
Total Municipal Debt Service-Excluded from "CAPS"	1,731,451	1,732,838	1,727,407	5,431	
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	600,000	600,000	600,000		
Interest on Bonds	154,507	154,507	154,257		250
Total Municipal Debt Service-Excluded from "CAPS"	754,507	754,507	754,257		250
Deferred Charges:					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)					
Emergency Revaluation	30,000	30,000	30,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	30,000	30,000	30,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,515,958	2,517,345	2,511,664	5,431	250
Total General Appropriations - Excluded from "CAPS"	2,515,958	2,517,345	2,511,664	5,431	250

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2010

	Appropriation		Expended 2010		Unexpended
	Budget	Total for 2010 as Modified by All Transfers	Paid or Charged	Reserved	Balance Cancelled
<u>General Appropriations</u>					
Subtotal General Appropriations	7,411,207	7,656,707	7,575,341	81,116	250
Reserve for Uncollected Taxes	390,700	390,700	390,700		
Total General Appropriations	\$ 7,801,907	8,047,407	7,966,041	81,116	250
Adopted Budget		7,720,984			
Added by N.J.S.A. 40A4-87		80,923			
Special Emergency Authorization		50,000			
Emergency Appropriations		195,500			
		\$ 8,047,407			
Reserve for Uncollected Taxes			390,700		
Transferred to Federal and State Grant Fund			80,923		
Special Emergency			30,000		
Reserve for Reassessment of Real Property			50,000		
Deferred Charges - Cash Deficit Preceding Year			21,789		
Reserve for Encumbrances			8,449		
Cash Disbursed			7,384,180		
			\$ 7,966,041		

See accompanying notes to financial statements

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ <u>8,000</u>	<u>5,686</u>
Other Trust Funds:			
Cash	B-1	280,329	261,533
Due from Current Fund	B-9		100
		<u>280,329</u>	<u>261,633</u>
Community Development Block Grant Fund:			
Cash	B-1		
Grants receivable	B-6	41,625	36,779
		<u>41,625</u>	<u>36,779</u>
Unemployment Trust Fund:			
Cash	B-1	55,187	54,978
Due from Payroll Account	F	6,913	6,913
		<u>62,100</u>	<u>61,891</u>
Open Space Trust Fund:			
Cash	B-1	<u>340,424</u>	<u>287,608</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	479,740	427,592
Service Award Contributions Receivable	B-12	37,800	50,300
		<u>517,540</u>	<u>477,892</u>
		\$ <u>1,250,018</u>	<u>1,131,489</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Trust Fund:			
Due to State of New Jersey	B-2	2	
Reserve for Expenditures	B-3	5,512	5,686
Due to Current Fund	B-9	2,486	
		<u>8,000</u>	<u>5,686</u>
Other Trust Funds:			
Due to General Capital Fund	B-4	36,393	36,393
Due to Current Fund	B-9	4,431	4,488
Escrow Deposits	B-5	185,557	199,702
Miscellaneous Reserves	B-10	53,948	21,050
		<u>280,329</u>	<u>261,633</u>
Community Development Block Grant Fund:			
Due to Current Fund	B-9	15,282	8,453
Reserve for Community Development	B-7	26,343	28,326
		<u>41,625</u>	<u>36,779</u>
Unemployment Trust Fund:			
Reserve for Unemployment Insurance Compensation	B-8	62,100	61,891
Open Space Trust Fund:			
Reserve for Expenditures	B-11	340,424	287,608
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-13	517,540	477,892
		<u>\$ 1,250,018</u>	<u>1,131,489</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2010

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 384,062	486,975
Deferred charges to future taxation:			
Funded	C-4	4,378,000	4,978,000
Unfunded	C-6	383,679	75,679
Due from Escrow Trust Fund	C-7	36,393	36,393
Grants receivable	C-8	623,036	658,754
Due from Federal and State Grant Fund	C-3	22,875	22,875
		<u>\$ 5,828,045</u>	<u>6,258,676</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-10	4,378,000	4,978,000
Due to Current Fund	C-5	1,356	1,305
Improvement authorizations:			
Funded	C-9	1,085,264	907,284
Unfunded	C-9	327,800	19,800
Capital Improvement Fund	C-12	22,572	39,233
Fund balance	C-1	13,053	313,054
		<u>\$ 5,828,045</u>	<u>6,258,676</u>

There were bond anticipation notes authorized but not issued on December 31, 2010 and 2009 of \$383,679 and \$75,679 respectively.

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Fund Balance-Regulatory Basis

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$	313,054
Decreased by:		
Budget Revenue Realized		<u>300,001</u>
Balance, December 31, 2010	\$	<u><u>13,053</u></u>

See accompanying notes financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2010 and 2009

	<u>Ref</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 108	107
Cash - PATF II	E-1	<u>8,059</u>	<u>8,020</u>
		<u>\$ 8,167</u>	<u>8,127</u>
 <u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-4	\$ 108	1,107
Reserve for Expenditure - PATF II	E-4	<u>8,059</u>	<u>7,020</u>
		<u>\$ 8,167</u>	<u>8,127</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Deficit in Reserve for Payroll	\$ 2,131	771
Payroll Withholdings Receivable	<u>6,142</u>	<u>6,142</u>
	<u>\$ 8,273</u>	<u>6,913</u>
<u>Liabilities</u>		
Cash Deficit	\$ 1,360	
Due to Unemployment Trust	<u>6,913</u>	<u>6,913</u>
	<u>\$ 8,273</u>	<u>6,913</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of General Fixed Assets-Regulatory Basis

General Fixed Assets Account Group

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land	\$ 5,934,700	5,934,700
Buildings	2,861,700	2,861,700
Machinery and equipment	<u>3,841,650</u>	<u>3,841,650</u>
	<u>\$ 12,638,050</u>	<u>12,638,050</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

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. Effective April 7, 2009, the Borough transferred administration of the General Assistance Program to the Bergen County Board of Social Services.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

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 2010, the Mayor and Council increased the budget by \$80,923 which was funded by the insertion of additional revenues and appropriations in accordance with N.J.S.A. 40A:4-87, and approved five emergency appropriations totaling \$195,500 for legal/engineering fees, police salaries and wages, other insurance expense and COAH expenses, and approved a special emergency appropriation of \$50,000 for the reassessment of real property. In addition, several budget transfers were approved by the governing body.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

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).

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

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 December 31, 2010, \$-0- of the Borough's bank balance of \$1,637,183 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.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)**

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, 2010 and 2009 amounted to \$479,740 and \$427,592, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
DWS EQ 500 Index	\$206,008	\$174,613
Fixed Income	188,000	177,201
All Others	<u>85,732</u>	<u>75,778</u>
Total	<u>\$479,740</u>	<u>\$427,592</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2010 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$4,978,000	\$	\$600,000	\$4,378,000	\$635,000
Deferred PERS/PFRS Pension Contribution	187,146			187,146	
Other Liabilities - Compensated Absences Payable	<u>930,024</u>	<u>104,394</u>	<u>161,585</u>	<u>872,833</u>	_____
	<u>\$6,095,170</u>	<u>\$104,394</u>	<u>\$761,585</u>	<u>\$5,437,979</u>	<u>\$635,000</u>

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)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Issued - general bonds and notes	<u>\$4,378,000</u>	<u>\$4,978,000</u>	<u>\$5,523,800</u>
Net debt issued	4,378,000	4,978,000	5,523,800
Authorized but not issued - general bonds and notes	<u>383,679</u>	<u>75,679</u>	<u>55,879</u>
	4,761,679	5,053,679	5,579,679
Less Deductions	_____	_____	_____
Net bonds and notes issued and authorized but not issued	<u>\$4,761,679</u>	<u>\$5,053,679</u>	<u>\$5,579,679</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)**

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 .47%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$6,624,055	\$6,624,055	\$0
General debt	4,761,679		4,761,679
	<u>\$11,385,734</u>	<u>\$6,624,055</u>	<u>\$4,761,679</u>

Net debt of \$4,761,679 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$1,023,760,409 equals .47%.

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

3-1/2% of equalized valuation basis (municipal)	\$35,831,614
Net debt	4,761,679
	<u>\$31,069,935</u>

The Borough's long-term debt consisted of the following at December 31, 2010:

General serial bonds:

\$2,720,000 general serial bonds issued June 1, 1999, due through February 1, 2011 at an interest rate of 4.5%	\$385,000
--	-----------

\$1,913,000 general serial bonds issued April 15, 2002, due through April 15, 2012 at an interest rate of 4.3%	708,000
--	---------

\$3,310,000 general serial bonds issued February 15, 2009, due through February 15, 2020 with variable interest rates of 2.00% to 3.50%	3,285,000
---	-----------

\$4,378,000

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$635,000	\$127,519	\$762,519
2012	533,000	102,885	635,885
2013	340,000	88,600	428,600
2014	355,000	81,650	436,650
2015	370,000	73,475	443,475
2016-2020	<u>2,145,000</u>	<u>183,088</u>	<u>2,328,088</u>
Total	<u>\$4,378,000</u>	<u>\$657,217</u>	<u>\$5,035,217</u>

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, 2010, the Borough had authorized but not issued debt of \$383,679.

NOTE 4. 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 Firemen's 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 Firemen's 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 required to be 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 1/55th of the average

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 4. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

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. 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.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 4. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

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

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.

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 compensation for each year of service up to 30 years final compensation equals the compensation for the final year of service prior to retirement. 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.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

**BOROUGH OF NORTHVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009
 (continued)**

NOTE 4. PENSION PLANS, (continued)

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Northvale opted for this deferral in the amount of \$187,146.

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:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2010	\$75,858	\$354,212
December 31, 2009	40,755	167,212
December 31, 2008	57,797	287,201

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 4. PENSION PLANS, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

NOTE 5. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 4, 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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 5. OTHER POST EMPLOYMENT BENEFITS, (continued)

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.

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 its retired employees. Premiums attributable to coverage are billed directly to and paid for by the individual retired employee.

NOTE 6. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2010 which has been appropriated as revenue in the 2011 budget is \$-0-

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 7. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2010.

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Land	\$5,934,700			\$5,934,700
Building and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	<u>3,841,650</u>	<u>\$</u>	<u>\$</u>	<u>3,841,650</u>
	<u>\$12,638,050</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,638,050</u>

A fixed assets inventory update was not available for December 31, 2010.

NOTE 8. 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 \$872,833 as of December 31, 2010. 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 9. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2010 consist of the following:

\$36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses paid.
2,486	Due to the Current Fund from the Animal License Trust Fund for statutory excess.
15,282	Due to the Current Fund from the Community Development Grant Fund to reimburse grant expenditures paid.
4,431	Due to the Current Fund from the Other Trust Fund for interest earned on investments and to reimburse 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.
1,356	Due to the Current Fund from the General Capital Fund for interest earned on investments.
<u>128,049</u>	Due to the Federal and State Grant Fund from the Current Fund for grants received less expenses paid.
<u>\$217,785</u>	

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 10. 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, 2010 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 11. 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 2010 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.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)**

NOTE 11. 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 12. 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 <u>Dec 31, 2010</u>	Balance <u>Dec 31, 2009</u>
Prepaid Taxes	<u>\$65,467</u>	<u>\$81,340</u>
Cash Liability for Taxes Collected in Advance	<u>\$65,467</u>	<u>\$81,340</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009
(continued)

NOTE 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the Borough of Northvale:

	<u>Balance</u> <u>Dec.31, 2010</u>	<u>2011</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Succeeding</u> <u>Year Budget</u>
Current Fund:			
Special Emergency Authorizations:			
Reassessment pf Real Property (40A:4-55)	\$50,000	\$10,000	\$40,000
Revaluation Program (40A:4-55)	30,000	30,000	
Emergency Appropriations:			
Legal Services - Other Expense	77,000	77,000	
Engineering - Other Expense	25,000	25,000	
Other Insurance	30,500	30,500	
COAH - Other Expense	13,000	13,000	
Police - Salaries & Wages - Overtime	<u>50,000</u>	<u>50,000</u>	
	275,500	235,500	40,000
Payroll Fund:			
Deficit in Reserve	<u>2,131</u>	<u>-0-</u>	<u>2,131</u>
Total	<u>\$277,631</u>	<u>\$235,500</u>	<u>\$42,131</u>

NOTE 15. 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 is involved in one piece of litigation, "Peter Peretti vs. Borough Council of Northvale." This matter was instituted in August 2010. The relief sought is effectively to cause the nullification of a bid award for sale and lease of property by the Borough of Northvale. Plaintiff also seeks to have the matter rebid claiming various defects in the bid award process. The action in itself does not seek monetary damages at this juncture. There are monetary repercussions to the Borough in the event the lawsuit was successful. The successful bidder paid \$500,000 for the lease/purchase of the Borough owned premises at Block 303 Lot 5, otherwise known as 254 Livingston Street. Three hundred thousand of those monies paid were used in the 2010 budget by the governing body. Two hundred thousands was kept in surplus and \$300,000 was used in the 2010 budget. If successful, the action by Plaintiff would require the return of \$500,000 by the Borough. This would effect its financial position as a result. It would not appear to be a matter covered by any insurance available to the Borough of which I am aware.

SUPPLEMENTARY DATA

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2010

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax rate	1.970	1.902	1.801
Apportionment of tax rate:			
Municipal	0.503	0.481	0.450
Municipal Open Space	0.010	0.010	0.010
County	0.198	0.194	0.180
County Open Space	0.003	0.011	0.011
District School	0.802	0.781	0.748
Regional school	<u>0.454</u>	<u>0.425</u>	<u>0.402</u>
Assessed valuation:			
2010		\$ 1,005,100,582	
2009		996,507,509	
2008		996,507,509	

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax levy</u>	<u>Cash</u> <u>collec-</u> <u>tions</u>	<u>Percent-</u> <u>age of</u> <u>collec-</u> <u>tions</u>
2010	\$ 19,832,831	19,221,597	96.92%
2009	\$ 18,997,284	18,513,285	97.45%
2008	18,047,137	17,661,607	97.86%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2010

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.

<u>Year</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2010	\$ 37,446	573,662	611,108	3.08%
2009	34,375	481,034	515,409	2.71%
2008	31,288	253,172	284,460	1.58%

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:

<u>Year</u>	<u>Amount</u>
2010	\$ 2,156,700
2009	2,156,700
2008	2,156,700

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance, Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund		
2010	\$ 132,661	0
2009	91,514	0
2008	390,514	299,000
2007	982,993	670,000
2006	650,386	490,000

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2010

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
John S. Hogan	Mayor - to June 2010		
Peter Perretti	Mayor - from July 2010		
Lloyd Winans	Council President		
Peter Sotiropoulos	Councilman		
William Amend	Councilman		
Roy Sokoloski	Councilman		
Edward Piehler	Councilman		
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 Giordanno	Plumbing Subcode Official		
Joseph Zavarino	Fire Subcode Official		
Roger Hauser	Municipal Court Judge	1,000,000	(A)
Maria Doerr	Municipal Court Administrator	1,000,000	(A)
Diane Frohlich	Deputy Court Clerk	1,000,000	(A)
John Guercio	Assessor		
Vincent St. Angelo	Chief of Police		
Louis Raimondi	Borough Engineer		
Joseph Zavarino	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

Schedule of Expenditures of Federal Awards

Year ended December 31, 2009

Federal Funding Department	Federal Program	C.F.D.A. Number	Grant award amount	Grant period	Balance 12/31/09	Grant Receipts	Expenditures	Balance 12/31/10	MEMO cumulative Expenditures
(1) Department of Transportation Federal Highway Administration	Highway Planning and Construction - (ARRA) Imps. To White Avenue - Ord. 879 (6320-480-078-6320-AKN)	20.205	\$ 200,000			88,001	13,562	88,001	100,000
	Refurbishing of Hogan's Park (Bikeway/Walking Path) - Ord. 857		100,000		(86,438)	100,000	13,562		40,379
	Repairs/Imps. To White Avenue Culvert - Ord. 856		50,000		(3,442)	17,204	13,762		140,379
					(89,880)	205,205	27,324	88,001	
(1) Department of Transportation National Highway Traffic Safety Adm.	Occupant Protection Incentive Grants	20.602	3,883	1/1/10-12/31/10		3,883	3,883		3,883
	Click it or Ticket							4,833	
	Alcohol Impaired Driving Countermeasures Incentive Grants, COPS in Shops	20.601	4,833	1/1/10-12/31/10		4,833	3,883	4,833	3,883
(2) Housing and Urban Development	Community Development Block Grant Program								
	Operation of McGuire Senior Center (210-205-739-33-52)	14.218	55,489	7/1/10-6/30/11		13,864	28,892	(15,028) A	28,892
	Operation of McGuire Senior Center (210-205-739-33-52)	14.218	56,239	7/1/09-6/30/10	(8,199)	36,775	28,576		56,236
Ord. 879	Barrier Free Restroom Imps - Hogan's Park (210-120-741-48-07)	14.218	11,250						
Ord. 879	Barrier Free Restroom Imps - Veteran's Park (210-235-741-48-07)	14.218	11,250						
	Senior Center Heating System (210-124-739-33-09)	14.218	10,000	7/1/09-6/30/10		8,725	8,725	B	8,725
(2) Department of Agriculture	Senior Center Emergency Generator - Ord. 871 (210-124-738-33-09)	14.218	45,000	7/1/08-6/30/09		45,000	45,000		45,000
	Barrier Free Ramps - Ord. 849	14.218	27,300	7/1/07-6/30/08	(8,199)	104,364	111,193	(15,028)	23,200
									162,053
(2) Department of Agriculture	USDA - Dining with Dignity	10.565	2,640	1/1/10-12/31/10		2,420	2,640	(220)	2,640
		10.565	2,640	1/1/09-12/31/09	(220)	220	2,640	(220)	2,640
(2) Health and Human Services	Title III Older Americans Act	13.635	13,522	1/1/10-12/31/10	(1,128)	12,394	13,522	(1,128)	13,522
		13.635	13,522	1/1/09-12/31/09	(1,128)	13,522	13,522	(1,128)	13,522
					(99,427)	334,447	158,562	76,458	325,117

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

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

A - Grants Receivable of \$41,625, appropriated reserve of \$26,597
B - Grants Receivable of \$1,275, appropriated reserve of \$1,275

BOROUGH OF NORTHTVALE

Schedule of Expenditures of State Awards
Year ended December 31, 2010

State Funding Department	State Program	State Grant No.	Grant period	Grant award amount	Balance 12/31/2009	Cash received	Grant Expenditures	Adjustment	Balance 12/31/2010	MEMO Cumulative Expenditures	
Administration of the Courts	Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2010	1,508		1,508			1,508		
			2009	928	928				928		
			2008	1,017	1,017				1,017		
			2007	1,579	1,579				1,579		
			2006	1,651	1,651				1,651		
			2005	1,760	391			391	1,369		
				5,566				7,074	1,369		
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-10-078-6400	2010	3,853		3,853	420		3,433	420	
			2009	2,856	2,856				2,856		
			2008	4,708	4,708				4,708		
			2007	5,049	3,227				3,227		
				10,791		3,853	420	14,224	1,822		
								2,242	2,242		
Department of Transportation Transportation Trust Fund	Veteran's Drive, Phase II - Ord. 781 Veteran's Drive, Phase I - Ord. 775 Extension of Birchwood Road - Ord. 746 Hill Terrace School Warning Lights, Curbs, Sidewalks - Ord. 729	8100-133-5837	1999	70,000	(11,413)				(11,413)	70,000	
			1999	150,000	(5,718)				(5,718)	150,000	
			1999	150,000	(259)				(259)	150,000	
			1998	40,000	(1,984)				(1,984)	40,000	
				(19,374)				(19,374)	410,000		
Department of Environmental Protection	Clean Communities	4900-765-042-4900-004	2010	8,045	6,911	8,045	2,740		5,305	2,740	
			2009	7,725	6,911	8,045	2,740		6,911	814	
								12,216	3,554		
Department of Highway and Traffic Safety	Hazardous Discharge Site Remediation (New Jersey Economic Development Authority)	P2314 P26472 P17496	2009	399,300	32,074		32,074				330,926
			2009	25,349	37		37				25,349
			2006	11,143	10,130		6,292			3,838	7,305
					42,241		38,403			3,838	363,580
				14,066			3,461	(1)	10,605	3,461	
			2008	5,558	2,881				2,881	2,678	
					16,948		3,461	(1)	13,486	6,139	
				3,845	3,845					3,845	
					3,845					3,845	
Department of Highway and Traffic Safety	Over the Limit under arrest	1160-10-0966-1160-057	2007	3,845							3,845
			2010	10,000		4,300	7,345		(3,045)	7,345	
			2009	10,000	(5,361)	5,701			340	5,361	
			2006	10,000	10,396				10,396	18,723	
			2005	10,000	10,000			10,000	2,034		
				15,035		10,001	7,345		17,691	33,463	

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2010

State Funding Department Division of Criminal Justice	State Program	State Grant No.	Grant period	Grant award amount	Balance 12/31/2009	Cash received	Grant Expenditures	Adjustment	Balance 12/31/2010	MEMO Cumulative Expenditures
Department of Human Services	Police Body Armor Grant	1020-718-066-1020-001-YCJS	2010	1,525		1,525			1,525	
			2009	866		866			866	
			2008	1,466	63				63	1,403
	Public Assistance	7500-150-158010-60	2010		7,020	39		1,000	8,059	
	<i>Total State Financial Assistance</i>				\$ 89,046	25,837	56,214	999	59,668	822,041
Other Financial Assistance County of Bergen	Livingston Street Improvements	Ord. 861	2008	750,000						537,384
	Improvements to Tappan Road	Ord. 761	2001	514,550	(83,136)				(83,136)	479,471
County of Bergen Open Space Trust Fund	Drainage Imps. at field No. 4 - Hogan's Park		2010	40,920						
	Imps. To Veteran's Park (playground equipment, conversion of roller hockey rink to basketball court - 006-910-785-20-31)	Ord. 871-09	2009	63,352	(40,798)	48,932	22,734		(14,600)	63,352
	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
Local	DARE Donations - Golf Program		2010	12,079		12,079			12,079	
	DARE Donations - Golf Program		2009	17,170	17,170		14,031		3,139	14,031
	DARE Donations - Golf Program		2008	20,695	8,478				8,478	12,217
	Junior Police Academy		2009	369	369		369			4,364
	Recreation Batting Cages		Various		2,675				2,675	
	Senior Citizen Computers		Various		2,074				2,074	
	Senior Citizen Caregivers		Various		575				575	
	Mary McDougal		Various		1,685				1,685	
	<i>Total Other Financial Assistance</i>				33,026	12,079	14,400		30,705	30,612
	<i>Total State and Other Financial Assistance</i>				\$ (65,127)	12,079	14,400		(67,448)	540,333
				\$ 23,919	37,916	70,614	999		(7,780)	1,362,374

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 \$4,299, appropriated reserve of \$4,639.

B - Grants Receivable of \$5,700, appropriated reserve of \$2,655.

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2010

		Regular <u>fund</u>
Balance, December 31, 2009		\$ 368,350
Increased by receipts:		
Petty Cash	\$ 200	
Prepaid taxes	65,467	
Taxes receivable	19,558,190	
Revenue accounts receivable	2,380,435	
Tax overpayments	44,973	
Marriage License/Domestic Partnership Fees	325	
DCA fees	4,009	
Special Emergency Note Proceeds	50,000	
State of New Jersey - Veterans and Senior Citizens	61,500	
Various Reserves	41,825	
Grants Receivable	54,568	
Unappropriated grant reserves	16,912	
Interfunds	51,944	
Non-budget revenue	41,520	
		<u>22,371,868</u>
		22,740,218
Decreased by disbursements:		
Budget appropriations	7,384,180	
Appropriation reserves	9,650	
Petty Cash	100	
County taxes	2,011,602	
Local district school taxes	8,065,605	
Regional high school taxes	4,566,544	
Marriage License/Domestic Partnership Fees	225	
Interfunds	158,231	
DCA fees	2,512	
Tax overpayments	51,926	
Various reserves	71,532	
Appropriated grant reserves	99,384	
Tax Refunds	19,433	
		<u>22,440,924</u>
Balance, December 31, 2010		<u>\$ 299,294</u>

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ <u>200</u>
Balance, December 31, 2010	\$ <u><u>200</u></u>
Analysis of balance:	
Tax collector	50
Municipal court	<u>150</u>
	\$ <u><u>200</u></u>

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ 100
Increased by:	
Petty Cash Advanced	<u>100</u>
	200
Decreased by:	
Petty Cash Returned	<u><u>200</u></u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009		\$	1,074
Increased by:			
Senior Citizen Deductions per tax duplicate	\$	12,500	
Veteran Deductions per tax duplicate		49,000	
Deductions allowed by tax collector		<u>1,375</u>	
			<u>62,875</u>
			63,949
Decreased by:			
Deductions disallowed by Tax Collector		673	
Receivable cancelled		1,074	
Deductions disallowed by Tax Collector-2009		250	
Cash Receipts		<u>61,500</u>	
			<u>63,497</u>
Balance, December 31, 2010		\$	<u><u>452</u></u>

BOROUGH OF NORTHTHALE

Schedule of Taxes Receivable and
Analysis of 2010 Property Tax Levy

Current Fund

Year ended December 31, 2010

Year	Balance, Dec. 31, 2009	Total 2010 Levy	2009 Collections	2010 Collections	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2010
2009	\$ 481,034	1,555	480,135				2,454	
2010		19,831,276	81,340	19,078,055	62,202	3,071	32,946	573,662
	\$ 481,034	19,832,831	81,340	19,558,190	62,202	3,071	35,400	573,662

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 19,800,481
Added taxes (54:4-63.12 et seq.)	32,350
	<u>\$ 19,832,831</u>
Tax levy:	
Regional high school tax	4,561,461
Local district school tax	8,065,605
County tax	2,008,264
Amount due county/added taxes	3,283
Local open space tax	100,663
Local tax/municipal purposes	5,057,199
Additional tax levied	36,356
	<u>\$ 19,832,831</u>

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ 34,375
Increased by:	
Transfers from 2010 taxes receivable	<u>3,071</u>
Balance, December 31, 2010	<u>\$ 37,446</u>

**Schedule of Property Acquired for Taxes
at Assessed Valuation**

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ <u>2,156,700</u>
Balance, December 31, 2010	<u>\$ 2,156,700</u>

BOROUGH OF NORTHVALE

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	<u>Accrued</u>	<u>Received</u>	Balance, Dec. 31, <u>2010</u>
Licenses:				
Alcoholic beverages	\$	15,266	15,266	
Other		11,725	11,725	
Fees and permits:				
Construction Code Official		85,702	85,702	
Other		24,706	24,706	
Fines and costs - municipal court	5,055	89,977	90,515	4,517
Interest and costs on taxes		79,541	79,541	
Interest on investments and deposits		3,840	3,840	
Consolidated Municipal Tax Relief		77,005	77,005	
Energy Receipts Tax		484,040	484,040	
Borough of Rockleigh-Police/Court Services		385,442	385,442	
Life Hazard Use Fees		27,446	27,446	
Recreation Fees		14,657	14,657	
Library - Rent		86,845	86,845	
Donation - Senior Center		6,471	6,471	
Franchise Fee-Cablevision/Verizon		47,935	47,935	
Rental of Borough Property		35,000	35,000	
Summer Recreation Fees		34,859	34,859	
Senior Van Driver - Senior Financial Association		24,024	24,024	
Compost Program - Hillsdale		45,415	45,415	
General Capital Fund Balance		300,001	300,001	
Tect Danzig Lease Revenue		500,000	500,000	
	\$ <u>5,055</u>	<u>2,379,897</u>	<u>2,380,435</u>	<u>4,517</u>
		Cash	<u>2,380,435</u>	

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Increased	Decreased	Balance, Dec. 31, 2010
Current Fund:				
Deficit in Operations	\$ 21,789		21,789	
Emergency Authorizations:				
Legal - Other Expenses		77,000		77,000
Engineering - Other Expenses		25,000		25,000
Other Insurance		30,500		30,500
COAH - Other Expenses		13,000		13,000
Police - Salaries/Wages - Overtime		50,000		50,000
	\$ 21,789	195,500	21,789	195,500

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2010

	<u>Date Authorized</u>	<u>Net Amount Authorized</u>	<u>1/5th of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2010</u>
Revaluation Program	2006	150,000	30,000	60,000		30,000	30,000
Reassessment of Property	10/13/10	50,000	10,000		50,000		50,000
		<u>\$ 200,000</u>	<u>\$ 40,000</u>	<u>\$ 60,000</u>	<u>50,000</u>	<u>30,000</u>	<u>80,000</u>

BOROUGH OF NORTHVALE
Schedule of Special Emergency Note Payable

Current Fund

Year ended December 31, 2010

	<u>Date</u> <u>Issued</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Increased</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2010</u>
10-1SEN	Dec. 22, 2010	Nov. 22, 2011	1.65%	\$ 50,000	50,000

BOROUGH OF NORTHVALE
Schedule of Local District School Taxes

Current Fund

Year ended December 31, 2010

Increased by:		
2010 Levy	\$	<u>8,065,605</u>
Decreased by:		
Payments	\$	<u><u>8,065,605</u></u>

Schedule of Regional High School Taxes - (Prepaid)/Payable

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$	5,083
Increased by:		
2010 Levy		<u>4,561,461</u>
		4,566,544
Decreased by:		
Payments	\$	<u><u>4,566,544</u></u>

BOROUGH OF NORTHVALE

Schedule of Prepaid County Taxes

Current Fund

Year ended December 31, 2010

Increased by:			
2010 Levy	\$	1,982,497	
2010 Open Space Preservation		25,767	
2010 Added Taxes		<u>3,283</u>	
			<u>2,011,547</u>
Decreased by:			
Payments			<u>2,011,602</u>
Balance, December 31, 2010	\$		<u><u>(55)</u></u>

BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ 81,340
Increased by:	
2011 Taxes Received in 2010	<u>65,467</u>
	146,807
Decreased by:	
Applied to 2010	<u>81,340</u>
Balance, December 31, 2010	<u><u>\$ 65,467</u></u>

Schedule of Tax Overpayments Payable

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ 6,953
Increased by:	
Overpayments received	<u>44,973</u>
	51,926
Decreased by:	
Overpayments Refunded	<u><u>\$ 51,926</u></u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ 50
Increased by:	
Cash Receipts	<u>325</u>
	375
Decreased by:	
Cash Disbursements	<u>225</u>
Balance, December 31, 2010	<u><u>\$ 150</u></u>

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2010

Increased by:	
Receipts	\$ 4,009
Decreased by:	
Disbursements	<u>2,512</u>
Balance, December 31, 2010	<u><u>\$ 1,497</u></u>

BOROUGH OF NORTHVALE

Schedule of Due to State of New Jersey - Burial Permits

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ <u>10</u>
Decreased by:	
Liability cancelled	\$ <u><u>10</u></u>

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and wages:				
Within "CAPS":				
General Government:				
Administrative and Executive	\$ 1	1		1
Financial Administration	1	1		1
Collection of Taxes	1	1		1
Assessment of Taxes	1	1		1
Planning Board	1	1		1
Municipal Court	273	273		273
Public Defender	1	1		1
Police	2,878	2,873		2,873
Emergency Management	298	298		298
Fire Prevention Bureau	1	1		1
Road Repairs and Maintenance	340	340		340
Recycling	1	1		1
Senior Van Repairs	735	735		735
Board of Health	114	114		114
James F. McGuire Memorial Center	214	214		214
Uniform Construction Code Official	9	9		9
Code Compliance	1	1		1
Other expenses:				
Within "CAPS":				
General Government:				
Administrative and Executive	363	363		363
Financial Administration	295	295		295
Assessment of Taxes	25	25		25
Collection of Taxes	154	154		154
Legal Services and Costs	40	40		40
Engineering	33	33		33
Municipal Land Use:				
Planning Board	16	16		16
Affordable Housing-COAH	24	24		24
Municipal Court	402	402		402
Police	1,270	1,914	643	1,271

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and wages:				
First Aid Organization Contribution	70	70		70
Emergency Management Services	130	130		130
Insurance				
Workers Compensation	5	5		5
Other Insurance	83	83		83
Liability Insurance	5	5		5
Group Insurance for Employees	2	2		2
Fire Misc. expenses	458	6,263	5,805	458
Fire hydrant service	54	54		54
Interboro Radio-Other Expenses	34	34		34
Fire Prevention Bureau	164	164		164
Road Repairs and Maintenance	575	575		575
Garbage and Trash Removal:				
Contractual	77	77		77
Tipping Fees-BCUA	249	249		249
Recycling	371	371		371
Public Buildings and Grounds	201	201		201
Sewer Repairs and Maintenance	400	400		400
Senior Van Repairs	206	206		206
Board of Health	438	438		438
Animal Control	120	120		120
Recreation	49	49		49
Golden Age	100	100		100
James F. McGuire Memorial Center	95	95		95
Parks and Playgrounds	41	41		41
Summer Recreation	45	247	202	45
Senior Trips	100	100		100
Celebration of Public Events	31	31		31
Uniform Construction Code	24	3,024	3,000	24
Code Compliance	177	177		177
Gasoline	70	70		70
Street Lighting	69	69		69
Electricity	91	91		91

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and wages:				
Telephone	189	189		189
Natural Gas	17	17		17
Water	162	162		162
Sewer:				
Bergen County Utilities Authority	353	358		358
Stormwater Management	304	304		304
Social Security System (O.A.S.I.)	44	44		44
Total Expenditures	\$ <u>13,095</u>	<u>22,746</u>	<u>9,650</u>	<u>13,096</u>
		Appropriation Reserves 13,095		
		Encumbrances <u>9,651</u>		
		\$ <u>22,746</u>		

BOROUGH OF NORTHVALE
Schedule of Interfunds Receivable/(Payable)

Current Fund

Year ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2010</u>
Due from/(to):				
General Capital Fund	\$ 1,305	1,356	1,305	1,356
Animal License Trust Fund		2,486		2,486
Other Trust Fund	4,488	59	116	4,431
Public Defender Trust Fund	(100)	100		
Open Space Trust		100,663	100,663	
Community Development Trust Fund	<u>8,453</u>	<u>57,468</u>	<u>50,639</u>	<u>15,282</u>
	<u>\$ 14,146</u>	<u>162,132</u>	<u>152,723</u>	<u>23,555</u>
Interest on Investments		1,415	116	
Statutory Excess		2,486		
Municipal open space levy collected			100,663	
Interfund Returned - Receipts			9,758	
Interfund - Advanced - Disbursements		15,282		
Disbursements		142,949	100,663	
Receipts			<u>42,186</u>	
		<u>\$ 162,132</u>	<u>253,386</u>	

BOROUGH OF NORTHALE

Schedule of Due to State and Federal Grant Fund

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	155,953
Increased by:			
Grants Receivable Collected	\$	54,568	
Unappropriated Grants Received		<u>16,912</u>	
			<u>71,480</u>
			227,433
Decreased by:			
Cash Disbursements			<u>99,384</u>
Balance - December 31, 2010		\$	<u><u>128,049</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, Dec. 31, <u>2010</u>
Reserve for:				
Tax Sale Premiums	\$ 17,400	23,500	25,700	15,200
McGuire Senior Center	29,672	4,325	1,250	32,747
Senior Citizens Van Donations	33,263	14,000	44,582	2,681
Cultural Arts Committee	3,379			3,379
Beautification Committee	4,050			4,050
Reassessment of Real Property		50,000		50,000
	<u>\$ 87,764</u>	<u>91,825</u>	<u>71,532</u>	<u>108,057</u>

2010 Budget Appropriation	50,000
Cash Receipts	41,825
	<u>\$ 91,825</u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	2010 Budget <u>Revenue</u>	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2010</u>
Purpose:				
Alcohol Education Rehabilitation	\$	1,508	1,508	
Drunk Driving Enforcement Fund		3,853	3,853	
Highway Traffic Safety Grant - Click it or Ticket		3,883	3,883	
Over the Limit Under Arrest		3,845	3,845	
Body Armor		2,391	2,391	
Clean Communities		8,045	8,045	
Recycling Tonnage Grant		14,066	14,066	
Municipal Alliance	10,000	10,000	10,001	9,999
Northvale Municipal Alliance		17,170	17,170	
Title III Olders Americans Act	1,128	13,522	13,522	1,128
USDA Food Program	220	2,640	2,640	220
Community Development Block Grant Senior Center Heating System	10,000		8,725	1,275
	<u>\$ 21,348</u>	<u>80,923</u>	<u>89,649</u>	<u>12,622</u>
		Cash Receipts	54,568	
		Unappropriated Reserves	35,081	
			<u>\$ 89,649</u>	

BOROUGH OF NORTHVALE

Schedule of Appropriated Grant Reserves

Federal and State Grant Fund

Year ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Transferred from 2010 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2010</u>
Alcohol Education Rehabilitation Fund	\$ 3,622	1,508		5,130
Title III		13,522	13,522	
USDA Food Program		2,640	2,640	
Community Development Block Grant - Senior Center Heating System	10,000		8,725	1,275
Donations -				
Mary McDougal	1,685			1,685
Clean Communities	6,911	8,045	2,740	12,216
Recycling Tonnage	2,881	14,066	3,461	13,486
Alcohol Education and Rehabilitation	1,945			1,945
Hazardous Discharge Site Remediation-Danzig	10,167		6,329	3,838
Hazardous Discharge Site Remediation-Deluxe	32,074		32,074	
Municipal Alliance	20,396	10,000	7,345	23,051
Municipal Alliance	4,639			4,639
Body Armor	63	2,391		2,454
Over the Limit Under Arrest		3,845	3,845	
Click it or Ticket		3,883	3,883	
Northvale Municipal Alliance (Golf Program)	8,478	17,170	14,031	11,617
Senior Citizens Caregiver	575			575
Recreation-Batting Cages	2,675			2,675
Drunk Driving Enforcement Fund	3,227			3,227
Drunk Driving Enforcement Fund	7,564	3,853	420	10,997
Junior Police Academy	369		369	
Senior Citizens Computer Grant	2,074			2,074
	<u>\$ 119,345</u>	<u>80,923</u>	<u>99,384</u>	<u>100,884</u>
Appropriations by 40A:4-87		<u>80,923</u>		
		Cash Disbursed	<u>99,384</u>	

BOROUGH OF NORTHVALE

Schedule of Unappropriated Grant Reserves for

Federal and State Grant Fund

Year ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	Transferred to 2010 <u>Budget</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2010</u>
Recycling Tonnage Grant	\$ 14,066	14,066		
Donations - DARE	17,170	17,170	12,079	12,079
Over the Limit Under Arrest COPS in Shops	3,845	3,845		
	<u> </u>	<u> </u>	<u>4,833</u>	<u>4,833</u>
	<u>\$ 35,081</u>	<u>35,081</u>	<u>16,912</u>	<u>16,912</u>

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2010

	Animal Trust Fund	Other Funds	Community Development Trust	Unemployment Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2009	\$ 5,686	261,533		54,978	287,608	427,592
Increase by receipts:						
License Fees	2,742					
Due to State of New Jersey	625					
Escrow Deposits		20,465				
POAA Deposits		32				
Grants Receivable			50,639			
Affordable Housing Receipts		11,793				
Recreation Program Fees		22,125				
Borough Contributions						46,150
Budget Appropriations		5,500			100,663	
Tax Collections						
Due to/from Current Fund		100				
Public Defender Fees		350				
Meal Sales		10,906				
Interest on Investments	35	231		209	1,073	42,757
	3,402	71,502	50,639	209	101,736	88,907
	9,088	333,035	50,639	55,187	389,344	516,499
Decrease by payments:						
Due to State of New Jersey	634					
Animal Trust Expenditures	454					
Affordable Housing Trust Expenditures						
Escrow Expenditures		34,726			48,920	
Due to General Capital Fund						
Due to Current Fund			50,639			
Recreation Expenditures		17,980				
Investment Depreciation						34,959
Account Charges/Tax Withholdings	1,088	52,706	50,639		48,920	1,800
	8,000	280,329	50,639	55,187	340,424	479,740
Balance, December 31, 2010	\$					

BOROUGH OF NORTHVALE

**Schedule of Due to State
of New Jersey**

Animal Trust Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$	11
Increased by:		
State Fees Collected		<u>625</u>
		636
Decreased by:		
Paid to State of New Jersey		<u>634</u>
Balance, December 31, 2010	\$	<u><u>2</u></u>

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Animal Trust Fund
Year ended December 31, 2010

Balance, December 31, 2009		\$	5,675
Increased by:			
Dog license fees collected	\$		2,130
Cat license fees collected			338
Late Fees			274
Interest on Investments			35
			2,777
			8,452
Decreased by:			
Statutory Excess	\$		2,486
Cash Disbursements			454
			2,940
Balance, December 31, 2010		\$	5,512

<u>Year</u>	<u>License fees collected</u>	<u>Amount</u>
2008		2,794
2009		2,718
		5,512
		\$ 5,512

BOROUGH OF NORTHVALE

**Schedule of Due to/(from)
General Capital Fund**

Other Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	\$ <u>36,393</u>
Balance, December 31, 2010	\$ <u><u>36,393</u></u>

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009		\$	199,702
Increased by:			
Reclassified from Interfund	\$	116	
Escrow Deposits		<u>20,465</u>	
			<u>20,581</u>
			220,283
Decreased by:			
Escrow Disbursements/Refunds			<u>34,726</u>
Balance, December 31, 2010		\$	<u><u>185,557</u></u>

Schedule of Grants Receivable

Community Development Fund

Year ended December 31, 2010

Balance, December 31, 2009		\$	36,779
Increased by:			
2010-2011 Grant			<u>55,489</u>
			92,268
Decreased by:			
Cash Receipts	\$	50,639	
Cancelled		<u>4</u>	
			<u>50,643</u>
Balance, December 31, 2010		\$	<u><u>41,625</u></u>

BOROUGH OF NORTHVALE
Schedule of Reserve for Community
Development Projects
Community Development Fund
Year ended December 31, 2010

Balance, December 31, 2009		\$	28,326
Increased by:			
Grants authorized			55,489
			83,815
Decreased by:			
Expenditures	\$	57,468	
Cancelled		4	
			57,472
Balance, December 31, 2010		\$	26,343

Schedule of Reserve for
Unemployment Compensation
Unemployment Trust Fund
Year ended December 31, 2010

Balance, December 31, 2009		\$	61,891
Increased by:			
Interest on Investments			209
Balance, December 31, 2010		\$	62,100

BOROUGH OF NORTHVALE

Schedule of Interfund (Receivables)/Payables - Current Fund

Trust Funds

Year ended December 31, 2010

	Balance due to/(from) <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance due to/(from) <u>Dec. 31, 2010</u>
Animal Trust Fund	\$	2,486		2,486
Other Trust Fund:				
Escrow Trust Fund	4,488	59	116	4,431
Public Defender Trust Fund	(100)	100		
Community Development Trust Fund	8,453	57,468	50,639	15,282
	<u>\$ 12,841</u>	<u>60,113</u>	<u>50,755</u>	<u>22,199</u>
Interest earned on investments		59		
Reclassified to Reserve			116	
Statutory Excess		2,486		
Cash Disbursements			50,639	
Cash Receipts		100		
Expenses paid by Current Fund		57,468		
		<u>\$ 60,113</u>	<u>50,755</u>	

BOROUGH OF NORTHVALE

Schedule of Miscellaneous Reserves

Other Trust Funds

Year ended December 31, 2010

	Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2010</u>
Reserve for:	\$			
Parking Offenses Adjudication Act	1,701	42		1,743
Archives Commission	413			413
McGuire Food Program	16,272	11,000		27,272
Recreation	(426)	27,645	17,980	9,239
Public Defender	3,090	366		3,456
Affordable Housing		11,825		11,825
	<u>\$ 21,050</u>	<u>50,878</u>	<u>17,980</u>	<u>53,948</u>
Interest earned on investments		172		
Cash Receipts		50,706		
Cash Disbursements			17,980	
		<u>\$ 50,878</u>	<u>17,980</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Open Space Trust Fund
Year ended December 31, 2010

Balance, December 31, 2009		\$	287,608
Increased by:			
2010 Tax Levy	\$		100,500
Added Assessments			163
Interest earned on deposits			1,073
			101,736
			389,344
Decreased by:			
Due to General Capital - Ord. 879			48,920
			48,920
Balance, December 31, 2010		\$	340,424

Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2010

Balance, December 31, 2009		\$	50,300
Increased by:			
2010 Service Award Contributions			37,800
Prior Year Additional Contributions			50
			37,850
			88,150
Decreased by:			
Contributions Cancelled	\$		4,200
Contributions Paid			46,150
			50,350
Balance, December 31, 2010		\$	37,800

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2010

Balance, December 31, 2009		\$	477,892
Increased by:			
Borough Contributions	\$	37,800	
Prior Year Additional Contributions		50	
Investment Appreciation		<u>42,757</u>	
			<u>80,607</u>
			558,499
Decreased by:			
Withdrawals		34,959	
Account Charges/Tax Withholdings		1,800	
Prior year contributions cancelled		<u>4,200</u>	
			<u>40,959</u>
Balance, December 31, 2010		\$	<u><u>517,540</u></u>

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009		\$	486,975
Increased by receipts:			
Grants Receivable	\$	299,137	
Due From Municipal Open Space		48,920	
Interest earnings		<u>1,356</u>	
			<u>349,413</u>
			836,388
Decreased by disbursements:			
Due to Current Fund		1,305	
Budget Revenue-Capital Surplus		300,001	
Improvement authorizations		<u>151,020</u>	
			<u>452,326</u>
Balance, December 31, 2010		\$	<u><u>384,062</u></u>

BOROUGH OF NORTHVALE

Analysis of General Capital Cash

General Capital Fund

December 31, 2010

Fund balance		\$	13,053
Capital Improvement Fund			22,572
Due to Current Fund			1,356
Due from Escrow Trust Fund			(36,393)
Grants/ Contributions receivable			(623,036)
Due from Federal and State Grant Fund			(22,875)
Improvement authorizations:			
Ordinance			
<u>number</u>	<u>Improvement description</u>		
497	Improvement various streets		(32,594)
507/523	Acquisition ambulance		(855)
512	Acquisition equipment		(4,000)
561/590	Renovate Borough Hall		(12,180)
808	Various Improvements		84,732
810	Engineering Services for Intersection Imp. at Livingston Street and Paris Ave.		22,324
813/857	Refurbishing of Hogan's Park		174
825	Various Improvements		236,864
847	Purchase of Property-217 NY Ave.		(6,250)
849	Road and Drainage Improvements		109,816
856	Various Public Improvements		98,686
861	Reconstruction of Livingston Street		212,617
871	Various Capital Improvements		3,146
879	Various Capital Improvements		309,905
883	Various Capital Improvements		7,000
		\$	<u><u>384,062</u></u>

Exhibit C-4

BOROUGH OF NORTHVALE

**Schedule of Deferred Charges to
Future Taxation - Funded**

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	\$ 4,978,000
Decreased by:	
Paid via Budget Appropriation	<u>600,000</u>
Balance, December 31, 2010	<u><u>\$ 4,378,000</u></u>

Exhibit C-5

Schedule of Due to Current Fund

Year Ended December 31, 2010

Balance, December 31, 2009	\$ 1,305
Increased by:	
Interest earned	<u>1,356</u>
	2,661
Decreased by:	
Cash Disbursements	<u>1,305</u>
Balance, December 31, 2010	<u><u>\$ 1,356</u></u>

BOROUGH OF NORTHVALE
Schedule of Due from Escrow Trust Fund
General Capital Fund
Year ended December 31, 2010

Balance, December 31, 2009	\$ <u>36,393</u>
Balance, December 31, 2010	\$ <u><u>36,393</u></u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009		\$	658,754
Increased by:			
Grant and Contribution Awards			<u>263,420</u>
			922,174
Decreased by:			
Cancelled	\$	1	
Cash Receipts		<u>299,137</u>	
			<u>299,138</u>
Balance, December 31, 2010		\$	<u><u>623,036</u></u>

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		11,412	
Repairs/Imps. to White Avenue Culvert		9,621	
Hogan's Park Bikeway/Walking Path		<u>111,999</u>	
			140,993
Community Development Block Grant:			
Road/Drainage Improvements		4,100	
Emergency Generator for Senior Center		11,250	
Emergency Generator for Senior Center		<u>11,250</u>	
			26,600
Bergen County Open Space Trust Fund:			
Improvements to Veteran's Field		15,017	
Refurbishing of Hogan's Park		89,154	
Imps. To Veteran's Park		14,600	
Drainage Imps. At Field No. 4-Hogans Park		<u>40,920</u>	
			159,691
Bergen County Direct Contributions:			
Improvements to Tappan Road		83,136	
Reconstruction of Livingston Street		<u>212,616</u>	
			<u>295,752</u>
		\$	<u><u>623,036</u></u>

BOROUGH OF NORTHVALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2010

Ordinance number	Description	Ordinance Date	Amount	Balance, Dec. 31, 2009		Paid or charged	Balance, Dec. 31, 2010	
				Funded	Unfunded		Funded	Unfunded
775	Various Capital Improvements	April 10, 2002	\$ 534,000		500			500
808	Various Improvements	Sept. 14, 2005	621,750	84,732			84,732	
810	Engineering Services for Intersection Imp. At Livingston Street and Paris Ave.	Oct. 12, 2005	96,634	22,324			22,324	
813/857	Refurbishing of Hogan's Park	2006	250,000	174			174	
825	Various Improvements	2006	698,000	236,864			236,864	
849	Road Drainage Improvements	2007	277,300	109,816			109,816	
856	Various Public Improvements	June 11, 2008	389,600	117,826	300	19,140	98,686	300
861	Reconstruction of Livingston Street	Dec. 9, 2008	750,000	212,617			212,617	
871	Various Capital Improvements	June 10, 2009	192,064	122,931	19,000	119,785	3,146	19,000
879	Various Capital Improvements	June 9, 2010	497,000			12,096	309,904	175,000
883	Various Capital Improvements	October 13, 2010	140,000				7,000	133,000
			\$ 907,284		19,800	151,021	1,085,263	327,800

Grants \$	263,420
Due from Municipal Open Space Trust Fund	48,920
Capital Improvement Fund	16,660
Deferred Charges to Future Taxation-Unfunded	308,000
	\$ 637,000

BOROUGH OF NORTHVALE
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2010

Balance, December 31, 2009	\$	39,232
Decreased by:		
Down payment on improvements		<u>16,660</u>
Balance, December 31, 2010	\$	<u><u>22,572</u></u>

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2010

<u>Ordinance number</u>	<u>Description</u>	Balance, Dec. 31, <u>2009</u>	Current year authori- zation	Balance, Dec. 31, <u>2010</u>
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
775	Various Capital Improvements	500		500
847	Purchase of Property-217 NY Ave.	6,250		6,250
856	Various Public Improvements	300		300
871	Various Public Improvements	19,000		19,000
879	Various Capital Improvements		175,000	175,000
883	Various Capital Improvements		133,000	133,000
		<u>\$ 75,679</u>	<u>308,000</u>	<u>383,679</u>

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2010

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2009	\$ 8,127	107	8,020
Increased by:			
Interest Earned	<u>40</u>	<u>1</u>	<u>39</u>
Balance - December 31, 2010	<u>\$ 8,167</u>	<u>108</u>	<u>8,059</u>

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, 2010

Balance - December 31, 2010	\$	8,167
Increased by:		
Interest on Investments		<u>12</u>
Balance - May 31, 2011	\$	<u><u>8,179</u></u>

<u>Reconciliation - May 31, 2011</u>	<u>PATF I Account</u>	<u>PATF II Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u>108</u>	<u>8,071</u>	<u><u>8,179</u></u>

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	8,127
Increased by:		
Interest Earned		<u>40</u>
Balance - December 31, 2010	\$	<u><u>8,167</u></u>

<u>Reconciliation - December 31, 2010</u>	<u>PATF I</u> <u>Account</u>	<u>PATF II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u>108</u>	<u>8,059</u>	<u><u>8,167</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2010

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2009	\$ <u>8,127</u>	<u>1,107</u>	<u>7,020</u>
Increased by:			
Interest Earned	<u>40</u>	<u>1</u>	<u>39</u>
Balance - December 31, 2010	\$ <u><u>8,167</u></u>	<u><u>1</u></u>	<u><u>7,098</u></u>

BOROUGH OF NORTHALE
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2010

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interest Earned	\$ <u>40</u>	<u>1</u>	<u>39</u>
Total Revenues (P.A.T.F.)	\$ <u><u>40</u></u>	<u><u>1</u></u>	<u><u>39</u></u>

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, 2010

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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James J. Cerullo, CPA, RMA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Borough Council
Borough of Northvale
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, 2010, and have issued our report thereon dated September 26, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Honorable Mayor and
Members of the Borough Council
Page 2.

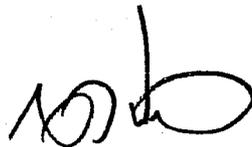
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

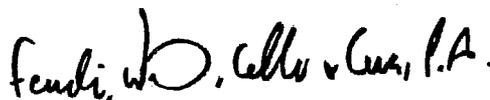
As part of obtaining reasonable assurance about whether the Borough of Northvale's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



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

September 26, 2011

BOROUGH OF NORTHVALE

GENERAL COMMENTS

Contracts and Agreements

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

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. 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 of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

Effective July 1, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$26,000 and with a qualified purchasing agent the threshold may be up to \$36,000.

BOROUGH OF NORTHVALE

GENERAL COMMENTS

(continued)

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

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

Food Service Vendor at Senior Center
Senior Citizen Van

Installation of Playground Equipment at Veteran's Park
Telecommunication Tower at Hogan Park

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 4, 2010 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

Finance/Treasurer

1. *Formal bank reconciliations are not maintained for the Community Development Trust Fund as required by N.J.S.A. 50A:5-5.
2. *Formal general ledgers are not being maintained for the Community Development Trust as required by N.J.S.A. 50A:5-5.
3. *The percentage of employees' state unemployment withholdings 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.
4. *The inventory of General Fixed Assets was not updated for 2010 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. *There are various outstanding grant/contribution receivables in the General Capital Fund.
7. *The prior year inter-fund balance between the Escrow Trust Fund and the General Capital Fund has not been liquidated.
8. A 1099 was not issued to all individuals who were compensated in excess of \$600.
9. Officiating fees paid through the Recreation Trust Fund were not posted to General Ledger.
10. There were instances in which recreation program fees collected were deposited directly into the Trust Fund to offset officiating fees rather than credited to the anticipated line item in the Current Fund Budget.
11. There were instances in which transfers were made in excess of approved amounts and to line items that were not listed in the approved resolution.

Departments

1. The Dog report for November 2010 was not prepared and submitted to the State.
2. There were instances in which recreation fees collected were not submitted for deposit in a timely manner.

Payroll

1. The Payroll bank account had a reconciled cash deficit balance at year end.

BOROUGH OF NORTHVALE

RECOMMENDATIONS

Finance/Treasurer

1. *A formal bank reconciliation for the Community Development Trust be performed on a monthly basis.
2. *A general ledger be implemented and maintained for the Community Development Trust Funds as required by N.J.S.A. 50A:5-5.
3. *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.
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. *Old outstanding grants/contributions receivable in the General Capital Fund be investigated for possible collection.
7. *All prior year inter-funds be liquidated.
8. A 1099 be issued to all individuals compensated in excess of \$600 in accordance with IRS Regulations.
9. All Recreation related expenditure activity be posted to the General Ledger.
10. Recreation fees collected be credited to the Current Fund anticipated revenue line and sufficient appropriations be made to cover anticipated officiating fees.
11. All transfers made be approved via resolution of Mayor and Council.

Departments

1. The Dog report for November 2010 be prepared and submitted to the State.
2. All recreation fees collected be submitted to the Finance office for deposit with 48 hours of receipt.

Payroll

1. The deficit balance in the payroll account be investigated and funded.

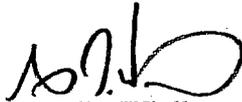
Status of Prior Years Audit Findings/Recommendation

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

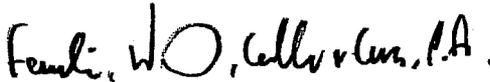
Acknowledgment

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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

September 26, 2011