

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information
December 31, 2012**

(With Independent Auditors' Report Thereon)

BOROUGH OF NORTHVALE

TABLE OF CONTENTS

Part I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1
	<u>FINANCIAL STATEMENTS</u>	
	<u>Current Fund</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Comparative Statement of Revenues - Regulatory Basis	8
A-3	Comparative Statement of Expenditures - Regulatory Basis	11
	<u>Trust Funds</u>	
B	Comparative Balance Sheet - Regulatory Basis	19
	<u>General Capital Fund</u>	
C	Comparative Balance Sheet - Regulatory Basis	21
C-1	Statement of Fund Balance - Regulatory Basis	22
	<u>Public Assistance Fund</u>	
E	Comparative Balance Sheet - Regulatory Basis	23
	<u>Payroll and Agency Fund</u>	
F	Balance Sheet - Regulatory Basis	24
	<u>General Fixed Assets Account Group</u>	
G	Statement of General Fixed Assets - Regulatory Basis	25
	Notes to Financial Statements	26
	Supplementary Data	46

BOROUGH OF NORTHVALE

TABLE OF CONTENTS, continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Trust Funds</u>	
B-1	Schedule of Cash - Treasurer	71
B-2	Schedule of Due to State of New Jersey	72
B-3	Schedule of Reserve for Expenditures	73
B-4	Schedule of Due to/(from) General Capital Fund	74
B-5	Schedule of Escrow Deposits	75
B-6	Schedule of Grants Receivable	75
B-7	Schedule of Reserve for Community Development Projects	76
B-8	Schedule of Reserve for Unemployment Compensation	76
B-9	Schedule of Interfund (Receivables)/Payables - Current Fund	77
B-10	Schedule of Miscellaneous Reserves	78
B-11	Schedule of Reserve for Expenditures - Open Space Trust Fund	79
B-12	Statement of Service Award Contributions Receivable - Emergency Services Volunteer Length of Service Award Program	79
B-13	Statement of Net Assets Available for Benefits - Emergency Services Volunteer Length of Service Award Program	80
	<u>General Capital Fund</u>	
C-2	Schedule of General Capital Cash-Treasurer	81
C-3	Analysis of General Capital Cash	82
C-4	Schedule of Deferred Charges to Future Taxation – Funded	83
C-5	Schedule of Due to Current Fund	83
C-6	Schedule of Deferred Charges to Future Taxation – Unfunded	84
C-7	Schedule of Due from Escrow Trust Fund	85
C-8	Schedule of Grants Receivable	86
C-9	Schedule of Improvement Authorizations	87
C-10	Schedule of General Serial Bonds	88
C-11	Schedule of Capital Improvement Fund	89
C-12	Schedule of Due from Federal and State Grant Fund	90
C-13	Schedule of Bonds and Notes Authorized but not Issued	91

BOROUGH OF NORTHVALE

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

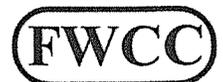
We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Northvale in the County of Bergen, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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



Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Northvale's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund			
Cash	A-4	\$ 1,197,514	783,223
Cash - change funds	A-5	200	200
		<u>1,197,714</u>	<u>783,423</u>
Receivables and other assets with full reserves:			
Delinquent property tax receivable	A-8	520,167	416,435
Tax title liens receivable	A-9	44,101	40,868
Foreclosed property - property acquired for taxes - assessed valuation	A-10	2,156,700	2,156,700
Revenue accounts receivable	A-11	4,321	2,320
Prepaid School Taxes	A-13	2	
Interfunds Receivable:			
General Capital Fund	A-20	250,000	
Animal License Trust Fund	A-20	1,903	
Community Development Trust Fund	A-20	20,032	9,346
Other Trust Fund	A-20	11,953	4,411
		<u>3,009,179</u>	<u>2,630,080</u>
Deferred charges:			
Deficit in Operations	A-1	87,576	
Special emergency authorizations (40A:4-55)	A-12	92,400	118,000
		<u>179,976</u>	<u>118,000</u>
		<u>4,386,869</u>	<u>3,531,503</u>
Federal and State Grant Fund:			
Grants Receivable	A-24	6,923	6,923
Due from Current Fund	A-21	797,369	155,862
		<u>804,292</u>	<u>162,785</u>
		<u>\$ 5,191,161</u>	<u>3,694,288</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 175,000	
Miscellaneous revenue anticipated	2,282,905	1,736,872
Receipts from delinquent taxes	414,678	576,428
Receipts from current taxes	20,719,186	20,421,452
Non-budget revenues	89,459	39,272
Other credits to income:		
Unexpended balance of appropriation reserves	56,600	80,586
Interfunds returned	9,346	18,579
Total income	<u>23,747,174</u>	<u>22,873,189</u>
Expenditures - budget appropriations:		
Appropriations		
Salaries and wages	2,897,557	2,748,245
Other expenses	3,707,108	3,398,347
Deferred charges and statutory expenditures	657,753	437,500
Capital improvements	35,000	
Municipal debt service	635,885	763,275
County taxes	2,133,984	1,939,293
Amount due County for added and omitted taxes	2,358	2,997
Local district school tax	8,368,791	8,239,794
Regional high school tax	5,072,967	4,954,458
Local open space tax		85,400
Other Refunds	1,190	
Interfunds advanced	270,032	8,745
Tax Refunds	52,125	
Total expenditures	<u>23,834,750</u>	<u>22,578,054</u>
Excess/(Deficit) in Revenues	<u>(87,576)</u>	<u>295,135</u>
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		<u>78,000</u>
Statutory Excess to Surplus		373,135
Fund balance, January 1	<u>505,796</u>	<u>132,661</u>
	505,796	505,796
Decreased by utilization as anticipated revenue	<u>175,000</u>	
Fund balance, December 31	<u>\$ 330,796</u>	<u>505,796</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE
Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2012

	<u>Antici- pated</u>	<u>Realized</u>	<u>Excess or (deficit)</u>
Receipts from delinquent taxes	415,000	414,678	(322)
Subtotal - general revenues	<u>2,782,612</u>	<u>2,872,583</u>	<u>89,971</u>
Municipal budget - local tax for municipal purposes	<u>5,653,766</u>	<u>5,585,088</u>	<u>(68,678)</u>
Budget totals	<u>\$ 8,436,378</u>	<u>8,457,671</u>	<u>21,293</u>
Non-budget revenues		<u>89,459</u>	
		<u>\$ 8,547,130</u>	
Analysis of realized revenues:			
Current tax collections		<u>20,719,186</u>	
Allocated to:			
Local district school		8,368,789	
Regional high school		5,072,967	
County (including added county taxes)		<u>2,136,342</u>	
		<u>15,578,098</u>	
Balance for support of municipal budget appropriation		5,141,088	
Add appropriation reserve for uncollected taxes		<u>444,000</u>	
Amount for support of municipal budget appropriation		<u>\$ 5,585,088</u>	
Receipts from delinquent taxes - delinquent tax			
Delinquent tax collections		414,678	
		<u>\$ 414,678</u>	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

	Appropriation		Expended 2012		Unexpended Balance Cancelled
	Budget	Total for 2011 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
General Government:					
Administrative and executive:					
Salaries and wages	\$ 100,720	111,720	111,634	86	
Other expenses	100,000	94,000	93,863	137	
Mayor and Council					
Salaries and wages	25,407	25,907	25,857	50	
Other expenses	593	93		93	
Financial administration:					
Salaries and wages	53,245	53,245	53,240	5	
Other expenses	20,000	18,750	18,379	371	
Annual Audit	35,500	39,750	39,750		
Collection of Taxes:					
Salaries and wages	51,975	51,975	51,974	1	
Other expenses	15,000	10,600	10,590	10	
Assessment of taxes:					
Salaries and wages	10,815	10,815	10,810	5	
Other expenses	3,000	4,000	3,949	51	
Legal services and costs:					
Other expenses	75,000	40,000	38,646	1,354	
Engineering services and costs:					
Other expenses	20,000	50,000	40,325	9,675	
Municipal Land Use Law NJSA (40:55D-1)					
Planning Board:					
Salaries and wages	4,065	4,065	4,062	3	
Other expenses	15,000	6,000	5,339	661	
Municipal Court					
Salaries and wages	71,200	70,800	70,759	41	
Other expenses	5,500	4,500	4,083	417	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

	Appropriation		Expended 2012		Unexpended Balance Cancelled
	Budget	Total for 2011 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Sanitation:					
Garbage and Trash Removal					
Contractual	180,848	185,848	185,572		276
Tipping Fees - BCUA	180,848	181,348	181,302		46
Borough of Norwood - Contractual	14,000	14,000	14,000		
Recycling:					
Salaries and wages	5,715	5,715	5,715		
Other expenses	10,000	16,000	15,562	438	
Public Buildings and Grounds					
Other expenses	35,000	33,000	31,522	1,478	
Sewer Repairs and Maintenance:					
Other expenses	5,000	9,500	9,394	106	
Senior Van Repairs:					
Salaries and wages	21,000	21,000	19,758	1,242	
Other expenses	3,000				
Health and Welfare:					
Board of Health:					
Salaries and wages	22,795	22,795	22,795		
Other expenses	36,000	38,500	38,186	314	
Animal Control					
Other Expenses	7,500	7,000	5,825	1,175	
Recreation and education:					
Recreation:					
Other expenses	5,000				
Summer Recreation					
Other expenses	10,000	5,000	4,350	650	
Golden Age:					
Other expenses	6,000	7,700	7,678	22	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

	Appropriation		Expended 2012		Unexpended Balance Cancelled
	Budget	Total for 2011 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Contingent	500	500			500
Total Operations Including Contingent-within "CAPS"	4,729,840	4,718,890	4,643,014	75,054	500
Detail:					
Salaries and Wages	2,549,857	2,577,557	2,558,716	18,841	
Other Expenses	2,179,983	2,141,333	2,084,298	56,213	822
	4,729,840	4,718,890	4,643,014	75,054	822
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	220,000	215,000	202,031		12,969
Police and Firemen's Retirement System of NJ	100,610	100,610	100,610		
Public Employees' Retirement System	329,512	329,512	329,512		
Total Deferred and Statutory Expenditures - Municipal within "CAPS"	650,122	645,122	632,153		12,969
Total General Appropriations for Municipal Purposes within "CAPS"	5,379,962	5,364,012	5,275,167	75,054	13,791
Operations excluded from "CAPS":					
Aid to Library (NJSA 40:54-35) Privately Owned	40,000	40,000	19,937	63	20,000
Sewer: Bergen County Utilities Authority	515,000	520,950	520,920	30	
Contribution to:					
LOSAP	40,000	40,000	34,200		5,800
Health Benefits	14,896	14,896	14,874	22	
Pension Deferral					
Public Employees' Retirement System	204,580	204,580	204,580		
Police and Firemen's Retirement System of NJ	44,249	44,249	44,249		
Total Other Operations - Excluded from "CAPS"	858,725	864,675	838,760	115	25,800

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2012

	Appropriation		Expended 2012		Unexpended Balance Cancelled
	Budget	Total for 2011 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Body Armor Grant	1,638	1,638	1,638		
Recycling Tonnage Grant	15,501	15,501	15,501		
Northvale Drug Alliance Other Expenses	4,097	4,097	4,097		
Hazardous Discharge Site Remediation:					
Tect Danzing	295,577	295,577	295,577		
Deluxe Cleaners	380,705	380,705	380,705		
Total Public and Private Offset by Revenues	<u>727,722</u>	<u>727,722</u>	<u>727,722</u>		
Total Operations Excluded from "CAPS"	1,925,032	1,930,982	1,886,482	115	44,385
Detail:					
Salaries and Wages	338,585	338,585	320,000		18,585
Other Expenses	<u>1,586,447</u>	<u>1,592,397</u>	<u>1,566,482</u>	<u>115</u>	<u>25,800</u>
	1,925,032	1,930,982	1,886,482	115	44,385
Capital Improvements - Excluded From "CAPS" Capital Improvement Fund	25,000	35,000	35,000		
Total Capital Improvements - Excluded from "CAPS"	25,000	35,000	35,000		
Municipal Debt Service-Excluded from "CAPS" Payment of Bond Principal	533,000	533,000	533,000		
Interest on Bonds	102,885	102,885	102,885		
Interest on Notes	899	899			899
Total Municipal Debt Service-Excluded from "CAPS"	636,784	636,784	635,885		899

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ <u>7,696</u>	<u>5,495</u>
Other Trust Funds:			
Cash	B-1	<u>416,778</u>	<u>426,663</u>
Community Development Block Grant Fund:			
Grants receivable	B-6	<u>39,000</u>	<u>29,666</u>
Unemployment Trust Fund:			
Cash	B-1	55,443	55,343
Due from Payroll Account	F	<u>6,913</u>	<u>6,913</u>
		<u>62,356</u>	<u>62,256</u>
Open Space Trust Fund:			
Cash	B-1	<u>130,277</u>	<u>279,860</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	550,886	496,866
Service Award Contributions Receivable	B-12	<u>39,000</u>	<u>37,200</u>
		<u>589,886</u>	<u>534,066</u>
		\$ <u><u>1,245,993</u></u>	<u><u>1,338,006</u></u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2012

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 1,335	64,055
Deferred charges to future taxation:			
Funded	C-4	3,210,000	3,743,000
Unfunded	C-6	1,628,359	674,359
Due from Escrow Trust Fund	C-7	36,393	36,393
Grants receivable	C-8	791,211	501,467
Due from Federal and State Grant Fund	C-3	22,875	22,875
		\$ 5,690,173	5,042,149
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-10	3,210,000	3,743,000
Due to Current Fund	C-5	250,000	
Improvement authorizations:			
Funded	C-9	647,624	324,844
Unfunded	C-9	1,017,513	394,769
Capital Improvement Fund	C-12	3,072	17,572
Fund balance	C-1	561,964	561,964
		\$ 5,690,173	5,042,149

There were bond anticipation notes authorized but not issued on December 31, 2012 and 2011 of \$ 1,628,359 and \$674,359 respectively.

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2012 and 2011

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 108	108
Cash - PATF II	E-1	<u>8,100</u>	<u>8,084</u>
		<u>\$ 8,208</u>	<u>8,192</u>
 <u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-4	\$ 1,108	1,108
Reserve for Expenditure - PATF II	E-4	<u>7,100</u>	<u>7,084</u>
		<u>\$ 8,208</u>	<u>8,192</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ 2,109	2,109
Deficit in Reserve for Payroll	<u>7,646</u>	<u>4,804</u>
	<u>\$ 7,646</u>	<u>6,913</u>
<u>Liabilities</u>		
Cash Deficit	\$ 733	
Due to Unemployment Trust	<u>6,913</u>	<u>6,913</u>
	<u>\$ 7,646</u>	<u>6,913</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 5,934,700	5,934,700
Buildings and Building Improvements	2,861,700	2,861,700
Vehicles and Equipment	<u>3,781,708</u>	<u>3,585,315</u>
	<u>\$ 12,578,108</u>	<u>12,381,715</u>
Investment in Fixed Assets	<u>\$ 12,578,108</u>	<u>12,381,715</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 AND 2011
(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, 2012 AND 2011
(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, 2012 AND 2011
(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, 2012, \$0- of the Borough's bank balance of \$2,252,035 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, 2012 AND 2011
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2011</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	\$3,743,000	\$	\$533,000	\$3,210,000	\$340,000
Deferred PERS/PFRS Pension Contribution	187,146		187,146	0	
Other Liabilities - Compensated Absences Payable	<u>873,649</u>	<u>149,397</u>	<u>31,289</u>	<u>991,757</u>	<u> </u>
	<u>\$4,803,795</u>	<u>\$149,397</u>	<u>\$751,435</u>	<u>\$4,201,757</u>	<u>\$340,000</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>2012</u>	<u>2011</u>	<u>2010</u>
Issued - general bonds and notes	<u>\$3,210,000</u>	<u>\$3,743,000</u>	<u>\$4,378,000</u>
Net debt issued	3,210,000	3,743,000	4,378,000
Authorized but not issued - general bonds and notes	<u>1,628,359</u>	<u>674,359</u>	<u>383,679</u>
	4,838,359	4,417,359	4,761,679
Less Deductions	<u> </u>	<u> </u>	<u> </u>
Net bonds and notes issued and authorized but not issued	<u>\$4,838,359</u>	<u>\$4,417,359</u>	<u>\$4,761,679</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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>
2013	\$340,000	\$88,600	\$428,600
2014	355,000	81,650	436,650
2015	370,000	73,475	443,475
2016	390,000	63,000	453,000
2017	410,000	50,744	460,744
2018-2020	<u>1,345,000</u>	<u>69,344</u>	<u>1,414,344</u>
Total	<u>\$3,210,000</u>	<u>\$426,813</u>	<u>\$3,636,813</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, 2012, the Borough had authorized but not issued debt of \$1,628,359.

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 certain qualified members. Membership is mandatory for 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. 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 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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(continued)

NOTE 4. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS)

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

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, plus 1% of each year of creditable service over 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.

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.

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(continued)

NOTE 4. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

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, 2012 AND 2011
(continued)

NOTE 7. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2012.

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land	\$5,934,700			\$5,934,700
Building and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	<u>3,585,315</u>	<u>\$196,393</u>	<u>\$-0-</u>	<u>3,781,708</u>
	<u>\$12,381,715</u>	<u>\$196,393</u>	<u>\$-0-</u>	<u>\$12,578,108</u>

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 \$991,757 as of December 31, 2012. 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, 2012 consist of the following:

\$36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses paid.
20,032	Due to the Current Fund from the Community Development Grant Fund to reimburse grant expenditures paid.
11,953	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.
767,369	Due to the Federal and State Grant Fund from the Current Fund for grants received less expenses paid.
1,903	Due to the Current Fund from the Animal License Trust Fund for the statutory excess.
<u>250,000</u>	Due to the Current Fund from the General Capital Fund for a cash advance.
<u>\$1,117,438</u>	

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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:

	<u>Balance</u> <u>Dec 31, 2012</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$69,445</u>	<u>\$85,708</u>
Cash Liability for Taxes Collected in Advance	<u>\$69,445</u>	<u>\$85,708</u>

SUPPLEMENTARY DATA

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2012

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax rate	2.489	2.444	1.970
Apportionment of tax rate:			
Municipal	0.662	0.655	0.503
Municipal Open Space		0.010	0.010
County	0.248	0.226	0.198
County Open Space	0.003	0.003	0.003
District School	0.982	0.968	0.802
Regional school	<u>0.594</u>	<u>0.582</u>	<u>0.454</u>

Assessed valuation:

2012	\$ 853,028,003
2011	851,035,901
2010	1,005,100,582

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>Currently</u>	
		<u>Cash collec- tions</u>	<u>Percent- age of collec- tions</u>
2012	\$ 21,272,736	20,719,186	97.40%
2011	20,850,238	20,421,452	97.94%
2010	19,832,831	19,221,597	96.92%

BOROUGH OF NORTHVALE
Schedule of Expenditures of Federal Awards

Year ended December 31, 2012

Federal Funding Department	Federal Program	C.F.D.A. Number	Grant award amount	Grant period	Balance 12/31/11	Grant Receipts	Expenditures	Balance 12/31/12	MEMO cumulative Expenditures
(1) U.S. Department of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)								
	4021 Public Assistance - Hurricane Irene	97.036	1,093	8/26/2011		1,093	1,093		
	4048 Public Assistance - Snowstorm	97.036	50,618	10/29/2011		50,618	50,618		
						51,711	51,711		
(1) U.S. Department of Transportation Federal Highway Administration	Highway Planning and Construction - (ARRA) Streetscape Imps - Ord. 910 - 11-480-078-6320-AK3-6010	20.205	150,000	2011		112,500		112,500	102,553
	Livingston Street Sidewalk Installation - Ord. 910	20.205	146,500					112,500	102,553
(1) U.S. Department of Transportation National Highway Traffic Safety Adm.	Occupant Protection Incentive Grants	20.602	4,000	1/1/12-12/31/12		4,000	4,000		4,000
	Click it or Ticket		4,000	1/1/11-12/31/11	4,000				4,000
	Click it or Ticket								
	Alcohol Impaired Driving Countermeasures Incentive Grants,	20.601	4,000	1/1/12-12/31/12		4,000	4,000		4,000
	COPS in Shops		4,000	1/1/11-12/31/11	4,000		4,833		4,833
	COPS in Shops		4,833	1/1/10-12/31/10	12,833	4,000	12,833	4,000	12,833
(2) Housing and Urban Development	Community Development Block Grant Program								
	Operation of McGuire Senior Center (210-205-743-33-52)	14.218	39,000	7/1/12-6/30/13		29,666	20,032	(20,032) A	20,032
	Operation of McGuire Senior Center (210-205-739-33-52)	14.218	48,000	7/1/11-6/30/12	(9,346)		20,320		48,000
	Barrier Free Restroom Imps - Hogan's Park (210-120-741-48-07)	14.218	11,250		(11,250)				11,250
	Barrier Free Restroom Imps - Veteran's Park (210-235-741-48-07)	14.218	11,250		(11,250)				11,250
	Senior Center Heating System (210-124-739-33-09)	14.218	10,000	7/1/09-6/30/10	(31,846)	52,166	40,352	(20,032) B	8,275
(2) Department of Agriculture	USDA - Dining with Dignity	10.565	2,640	1/1/12-12/31/12		2,420	2,456	(36) C	2,456
		10.565	2,640	1/1/11-12/31/11	(220)	220	2,640		2,640
					(220)	2,640	2,456	(36)	5,096
(2) Health and Human Services	Title III Older Americans Act	13.635	13,522	1/1/12-12/31/12		12,394	12,596	(202) D	12,596
		13.635	13,522	1/1/11-12/31/11	(1,128)	1,128			13,522
					(1,128)	13,522	12,596	(202)	26,118
				\$	(20,361)	184,828	68,237	96,230	245,407

(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 \$39,000, appropriated reserve of \$18,968
B - Grants Receivable of \$1,275, appropriated reserve of \$1,275

BOROUGH OF NORTHVALE
Schedule of Expenditures of State Awards
 Year ended December 31, 2012

State Funding Department	State Program	State Grant No.	Grant period	Grant award amount	Balance 12/31/2011	Cash received	Grant Expenditures	Cancelled	Balance 12/31/2012	MEMO Cumulative Expenditures
Division of Criminal Justice	Police Body Armor Grant	1020-718-066-1020-001-YCJS	2012 2011 2010 2009	1,638 1,522 1,525 866	1,522 1,525 79 3,126	1,638	96 1,525 79 1,700		1,638 1,426 3,064	96 1,525 787 2,408
Department of Human Services	Public Assistance	7500-150-158010-60	2010		7,084				7,084	975
	<i>Total State Financial Assistance</i>				\$ 85,878	703,463	44,265		745,077	536,029
Other Financial Assistance County of Bergen	Livingston Street Improvements Improvements to Tappan Road	Ord. 861 Ord. 761	2008 2001	750,000 514,550	(83,136) (83,136)				(83,136) (83,136)	537,384 479,471 1,016,855
County of Bergen Open Space Trust Fund	Jefferson & Hale Schools Recreation Field Imps. Refurbishing of Hogans Park Drainage Imps. at field No. 4 - Hogans Park Imps. To Veteran's Park (playground equipment, conversion of roller hockey rink to basketball court - 006-910-78 Imps. To Veteran's Field	006-910-785-20-31 Ord. 902 Ord. 871-09 Ord. 775	2012 2011 2010 2009 2002	59,154 40,920 63,352 30,250	(16,593) (14,600) (15,017) (46,210)	8,587	40,920		(8,006) (40,920) (11,427) (60,353)	59,154 40,920 63,352 30,250 193,676
Local	DARE Donations - Golf Program DARE Donations - Golf Program DARE Donations - Golf Program DARE Donations - Golf Program Recreation Batting Cages Senior Citizen Computers Senior Citizen Caregivers Mary McDougal		2012 2011 2010 2009 Various Various Various	4,097 4,097 12,079 17,170 2,675 2,074 575 1,685	4,097 12,079 150 2,675 2,074 575 1,685 23,335	675	10,493 150		675 4,097 1,586 2,675 2,074 575 1,685 13,367	700,810 10,493 17,170
	<i>Total Other Financial Assistance</i>				\$ (106,011)	12,435	51,563	15,017	(130,122)	700,810
	<i>Total State and Other Financial Assistance</i>				\$ (20,133)	715,898	95,828	15,017	614,955	1,236,839

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.

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2012

		Regular <u>fund</u>
Balance, December 31, 2011	\$	783,223
Increased by receipts:		
Petty Cash	\$	200
Prepaid taxes		69,445
Taxes receivable		20,989,406
Revenue accounts receivable		1,555,183
Miscellaneous revenue not anticipated		89,459
Tax overpayments		76,257
Marriage License/Domestic Partnership Fees		425
DCA fees		11,720
State of New Jersey - Veterans and Senior Citizens		57,500
Various Reserves		11,780
Grants Receivable		723,625
Unappropriated grant reserves		4,675
Interfunds		9,346
		<u>23,599,021</u>
		24,382,244
Decreased by disbursements:		
Budget appropriations	7,104,812	
Appropriation reserves	4,984	
Petty Cash	200	
County taxes	2,133,984	
Local district school taxes	8,368,791	
Regional high school taxes	5,072,967	
Tax overpayments	76,257	
Other Refunds	1,190	
Tax Refunds	52,125	
Interfunds	269,282	
Marriage License/Domestic Partnership Fees	250	
DCA fees	12,293	
Various reserves	802	
Appropriated grant reserves	86,793	
		<u>23,184,730</u>
Balance, December 31, 2012	\$	<u>1,197,514</u>

BOROUGH OF NORTHVALE

**Schedule of Due from/(to) State of New Jersey -
Senior Citizens' and Veterans' Deductions**

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011		\$	(517)
Increased by:			
Senior Citizen Deductions per tax duplicate	\$	11,750	
Veteran Deductions per tax duplicate		46,750	
Deductions allowed by tax collector		<u>1,125</u>	
			<u>59,625</u>
			59,108
Decreased by:			
Deductions disallowed by Tax Collector		875	
Deductions disallowed by Tax Collector-2011		750	
Cash Receipts		<u>57,500</u>	
			<u>59,125</u>
Balance, December 31, 2012		\$	<u><u>(17)</u></u>

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ 40,868
Increased by:	
Transfers from 2012 taxes receivable	<u>3,233</u>
Balance, December 31, 2012	<u>\$ 44,101</u>

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

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	<u>\$ 2,156,700</u>
Balance, December 31, 2012	<u>\$ 2,156,700</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2012

Purpose	Date Authorized	Net Amount Authorized	1/5th of Net Amount Authorized	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012
Reassessment of Property	Oct. 13, 2010	50,000	10,000	40,000	10,000	30,000
Accumulated Absence Payout	Sept. 14, 2011	78,000	15,600	78,000	15,600	62,400
		<u>\$ 128,000</u>	<u>\$ 25,600</u>	<u>\$ 118,000</u>	<u>25,600</u>	<u>92,400</u>

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2012

Increased by:		
2012 Levy	\$	2,109,620
2012 Open Space Preservation		24,364
2012 Added Taxes		<u>2,358</u>
		<u>2,136,342</u>
Decreased by:		
Payments		<u>2,133,984</u>
Balance, December 31, 2012	\$	<u><u>2,358</u></u>

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

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	225
Increased by:		
Cash Receipts		425
		650
Decreased by:		
Cash Disbursements		250
Balance, December 31, 2012	\$	400

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	1,669
Increased by:		
Receipts		11,720
		13,389
Decreased by:		
Disbursements		12,293
Balance, December 31, 2012	\$	1,096

BOROUGH OF NORTHVALE

Schedule of Due to Federal and State Grant Fund

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	155,862
Increased by:			
Grants Receivable Collected	\$	723,625	
Unappropriated Grants Received		<u>4,675</u>	
			<u>728,300</u>
			884,162
Decreased by:			
Cash Disbursements			<u>86,793</u>
Balance - December 31, 2012		\$	<u><u>797,369</u></u>

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and wages:				
Within "CAPS":				
General Government:				
Municipal Court	373	373		373
Police	9,880	9,880		9,880
Road Repairs and Maintenance	5,849	5,849		5,849
Fire Prevention	414	414		414
Other expenses:				
Within "CAPS":				
General Government:				
Administrative and Executive	6,384	6,384	4,984	1,400
Financial Administration	560	560		560
Assessment of Taxes	223	223		223
Collection of Taxes	191	191		191
Legal Services and Costs	93	93		93
Engineering	384	384		384
Municipal Land Use:				
Planning Board	391	391		391
Municipal Court	206	206		206
Police	2,740	3,965		3,965
Emergency Management Services	390	390		390
Insurance				
Workers Compensation	17	17		17
Other Insurance	40	40		40
Liability Insurance	283	283		283
Group Insurance for Employees	82	82		82
Fire Misc. expenses	2,053	2,053		2,053
Fire hydrant service	42	42		42
Interboro Radio-Other Expenses	1	1		1
Fire Prevention Bureau	61	61		61
Road Repairs and Maintenance	2,011	2,158		2,158
Recycling	724	724		724
Public Buildings and Grounds	1,066	1,066		1,066

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Grants

Year ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	2012 Budget <u>Revenue</u>	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2012</u>
Purpose:				
Clean Communities	\$	7,599	7,599	
Recycling Tonnage Grant		15,501	15,501	
Title III, Older Americans Act	1,128	13,522	13,522	1,128
Alcohol Education Rehabilitation		108	108	
USDA Food	220	2,640	2,640	220
Municipal Alliance	4,300			4,300
Northvale Drug Alliance (Golf Program)		4,097	4,097	
Community Development Block Grant - Senior Center Heating System	1,275			1,275
Drunk Driving Enforcement Fund		2,335	2,335	
Body Armor Grant		1,638	1,638	
Click it or Ticket		4,000	4,000	
Hazardous Discharge Site Rehab Danzig		295,577	295,577	
Hazardous Discharge Site Rehab Deluxe		380,705	380,705	
	<u>\$ 6,923</u>	<u>727,722</u>	<u>727,722</u>	<u>6,923</u>
		Cash Receipts	723,625	
		Unappropriated Reserves	<u>4,097</u>	
		<u>\$ 727,722</u>		

BOROUGH OF NORTHVALE
Schedule of Unappropriated Reserves for
State and Federal Grants
Year ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, <u>2011</u>	Transferred to 2012 <u>Budget</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2012</u>
Northvale Municipal Alliance (Golf Program)	\$ 4,097	4,097	675	675
COPS in Shops			4,000	4,000
	<u>\$ 4,097</u>	<u>4,097</u>	<u>4,675</u>	<u>4,675</u>

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2012

	Animal Trust Fund	Other Funds	Community Development Trust	Unemployment Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2011	\$ 5,495	426,663		55,343	279,860	496,866
Increase by receipts:						
License Fees	2,657					
Due to State of New Jersey	551					
Escrow Deposits		48,663				
POAA Deposits		56				
Grants Receivable			29,666			
Borough Contributions						37,200
Recreation Fees/Budget Appropriations		107,394				
Development Fees - Affordable Housing		4,169				
Library Media		874				
Due to/from Current Fund		7,542				
Public Defender Fees		558				
Meal Sales		12,560				
Interest on Investments				100	418	47,620
	3,208	181,816	40,352	100	418	84,820
	8,703	608,479	40,352	55,443	280,278	581,686
Decrease by payments:						
Due to State of New Jersey	545					
Animal Trust Expenditures	462					
Escrow Expenditures		97,226				
Public Defender Expenditures		800				
Community Development Expenditures			40,352			
Recreation Expenditures		93,675			150,001	
Open Space Trust Expenditures						24,914
LOSAP Withdrawals						5,886
Account Charges/Tax Withholdings	1,007	191,701	40,352		150,001	30,800
Balance, December 31, 2012	\$ 7,696	416,778		55,443	130,277	550,886

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2012

Balance, December 31, 2011		\$ 5,495
Increased by:		
Dog license fees collected	\$ 1,880	
Cat license fees collected	300	
Late Fees	160	
Potentially dangerous dog fees	300	
Interest on Investments	17	
		2,657
		8,152
Decreased by:		
Statutory Excess	1,903	
Cash Disbursements	462	
		2,365
Balance, December 31, 2012		\$ 5,787

<u>License fees collected</u>	
<u>Year</u>	<u>Amount</u>
2010	2,777
2011	3,010
	5,787
	\$ 5,787

Exhibit B-5

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2012

Balance, December 31, 2011	\$ 254,245
Increased by:	
Escrow Deposits	<u>48,663</u>
	302,908
Decreased by:	
Escrow Disbursements/Refunds	<u>97,226</u>
Balance, December 31, 2012	<u><u>\$ 205,682</u></u>

Exhibit B-6

Schedule of Grants Receivable

Community Development Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ 29,666
Increased by:	
2012-2013 Grant	<u>39,000</u>
	68,666
Decreased by:	
Receipts	<u>29,666</u>
Balance, December 31, 2012	<u><u>\$ 39,000</u></u>

BOROUGH OF NORTHVALE

Schedule of Interfund (Receivables)/Payables - Current Fund

Trust Funds

Year ended December 31, 2012

	Balance due to/(from) <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance due to/(from) <u>Dec. 31, 2012</u>
Animal Trust Fund	\$	1,903		1,903
Other Trust Fund:				
Escrow Trust Fund	4,411	7,542		11,953
Community Development Trust Fund	<u>9,346</u>	<u>40,352</u>	<u>29,666</u>	<u>20,032</u>
	<u>\$ 13,757</u>	<u>49,797</u>	<u>29,666</u>	<u>33,888</u>
		Statutory Excess 1,903		
		Expenses paid by Current Fund 7,542		
			Cash Received by Current 29,666	
		Expenses paid by Current Fund 40,352		
		<u>\$ 49,797</u>	<u>29,666</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Open Space Trust Fund
Year ended December 31, 2012

Balance, December 31, 2011		\$ 279,860
Increased by:		
Interest earned on deposits		418
		280,278
Decreased by:		
Due to General Capital - Ord. 911	60,001	
Current Fund Anticipated Revenue - Field Maintenance	90,000	
		150,001
Balance, December 31, 2012		\$ 130,277

Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2012

Balance, December 31, 2011		\$ 37,200
Increased by:		
2012 Service Award Contributions		39,000
		76,200
Decreased by:		
Contributions Paid		37,200
Balance, December 31, 2012		\$ 39,000

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011		\$	64,055
Increased by receipts:			
Grants and Contributions Receivable	\$	206,761	
Due to Current Fund		250,000	
Capital Improvement Fund		35,000	
Interest earnings		174	
			<u>491,935</u>
			555,990
Decreased by disbursements:			
Due to Current Fund		174	
Improvement authorizations		554,481	
			<u>554,655</u>
Balance, December 31, 2012		\$	<u><u>1,335</u></u>

Exhibit C-4

BOROUGH OF NORTHVALE

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

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	3,743,000
Decreased by:		
Paid via Budget Appropriation		<u>533,000</u>
Balance, December 31, 2012	\$	<u><u>3,210,000</u></u>

Exhibit C-5

Schedule of Due to Current Fund

Year Ended December 31, 2012

Increased by:		
Interest earned	\$	174
Cash Receipts		<u>250,000</u>
		250,174
Decreased by:		
Cash Disbursements		<u>174</u>
Balance, December 31, 2012	\$	<u><u>250,000</u></u>

BOROUGH OF NORTHVALE

Schedule of Due from Escrow Trust Fund

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>36,393</u>
Balance, December 31, 2012	\$ <u><u>36,393</u></u>

BOROUGH OF NORTHVALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2012

Ordinance number	Description	Ordinance Date	Amount	Balance, Dec. 31, 2011		Paid or charged	Balance, Dec. 31, 2012	
				Funded	Unfunded		Funded	Unfunded
861	Reconstruction of Livingston Street	Dec. 9, 2008	750,000	172,617			172,617	
871	Various Capital Improvements	June 10, 2009	192,064		9,458	1,575		7,883
879	Various Capital Improvements	June 9, 2010	497,000	127,271	175,000	69,125	58,146	175,000
883	Various Capital Improvements	Oct. 13, 2010	140,000		114,242	68,185		46,057
893-11	Refunding Bond Ordinance - Tax Appeals	Apr. 13, 2011	107,500		1,069			1,069
901-11	Site Investigation/Remedial Inv. On Borough owned Property	Dec. 14, 2011	100,000	5,000	95,000	60,000		40,000
902-11	Hogan's Park Improvements	Dec. 14, 2011	118,308	19,956			19,956	
910-12	Various Capital Improvements	Jun. 13, 2012	800,000			124,100	196,900	479,000
911-12	Various Capital Improvements	Jun. 13, 2012	200,005				200,005	
912-12	Various Capital Improvements	Jul. 11, 2012	500,000			231,496		268,504
			\$	324,844	394,769	554,481	647,624	1,017,513

Due from Municipal Open Space Trust Fund
 Capital Improvement Fund
 Deferred Charges to Future Taxation-Unfunded

Grants \$
 436,504
 60,001
 49,500
 954,000
 \$ 1,500,005

BOROUGH OF NORTHVALE
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2012

Balance, December 31, 2011	\$ 17,572
Increased by:	
Budget Appropriation	<u>35,000</u>
	52,572
Decreased by:	
Down payment on improvements	<u>49,500</u>
Balance, December 31, 2012	<u><u>\$ 3,072</u></u>

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2012

<u>Ordinance number</u>	<u>Description</u>	Balance, Dec. 31, <u>2011</u>	<u>Increases</u>	Balance, Dec. 31, <u>2012</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			
847	Purchase of Property-217 NY Ave.	6,250		6,250
856	Various Public Improvements			
871	Various Public Improvements	19,000		19,000
879	Various Capital Improvements	175,000		175,000
883	Various Capital Improvements	133,000		133,000
893-11	Refunding Bond Ordinance - Tax Appeals	107,500		107,500
901-11	Site Investigation/Remedial Inv. On Borough owned Property	95,000		95,000
903-11	Refurbishing of Hogan's Park	88,980		88,980
910-12	Various Capital Improvements		479,000	479,000
912-12	Various Capital Improvements		475,000	475,000
		<u>\$ 674,359</u>	<u>954,000</u>	<u>1,628,359</u>

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2011	\$ 8,192	108	8,084
Increased by:			
Interest Earned	16		16
Balance - December 31, 2012	\$ 8,208	108	8,100

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	8,192
Increased by:		
Interest Earned		<u>16</u>
Balance - December 31, 2012	\$	<u><u>8,208</u></u>

<u>Reconciliation - December 31, 2012</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>8,100</u>	<u><u>8,208</u></u>

BOROUGH OF NORTHVALE
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F.</u> <u>Account #1</u>	<u>P.A.T.F.</u> <u>Account #2</u>
Interest Earned	\$ <u>16</u>	<u> </u>	<u>16</u>
Total Revenues (P.A.T.F.)	\$ <u><u>16</u></u>	<u><u> </u></u>	<u><u>16</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, 2012

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

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

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

We have audited, 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, the financial statements-regulatory basis of the Borough of Northvale in the County of Bergen as of and for the year ended December 31, 2012 and the related notes to the financial statements, and have issued our report thereon dated June 14, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Northvale's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of the Borough of Northvale's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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 January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

BOROUGH OF NORTHVALE

**GENERAL COMMENTS
(continued)**

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 28, 2012 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2012	7
2011	7
2010	6

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2012, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

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, Recreation Umpire Trust and Library Media Trust Fund 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. *Payments for referee services are being made payable to "cash" and there were instances where the payee was left blank. The payments are also not processed through the Borough's purchasing system.
5. *There are various outstanding grant/contribution receivables in the General Capital Fund.
6. *The prior year inter-fund balance between the Escrow Trust Fund and the General Capital Fund has not been liquidated.
7. There is a deficit in operations in the Current Fund of \$87,576.
8. There is a reconciled cash deficit in the Recreation Umpire Fees Trust account of \$2,082.47.
9. Cash receipts and disbursements related to Community Development Grants are not being recorded through the bank account.
10. An accurate bank reconciliation is not being performed for the Recreation Umpire Fees Trust Account as required by N.J.S.A. 50A:5-5.
11. There were instances in which various deposits in transit and outstanding withdrawals were determined to be invalid; audit adjustments were made to properly reflect cash transactions at 12/31/12.
12. Year-end budget transfers were made that were not included on the transfer resolution as approved by the Mayor and Council.
13. State fees associated with marriage license applications are not being remitted accurately or in a timely manner.
14. Good and services are being ordered prior to encumbrance.

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 Fund, Recreation Umpire Trust Fund and Library Media Trust Fund 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 practice of issuing checks to cash be discontinued, all checks include a payee, and payments for referee services be processed through the borough's purchasing system.
5. *Old outstanding grants/contributions receivable in the General Capital Fund be investigated for possible collection.
6. *All prior year inter-funds be liquidated.
7. The deficit in operations in the Current Fund be funded through a succeeding years' budget appropriation.
8. The cash deficit in the Recreation Umpire Fees Trust account be funded through a succeeding years' budget appropriation
9. All cash receipts and disbursement activity be properly reflected in the community development trust fund bank account as required by HUD regulations and grant agreements.
10. An accurate bank reconciliation be prepared and maintained for the Recreation Umpire Fees Trust Account.
11. All financial transactions be properly classified at year end.
12. Budget transfer resolutions stipulate all transfers between appropriations to be made in accordance with N.J.S.A. 40A:4-49.
13. State fees be remitted to the appropriate state agencies in a more timely manner.
14. An encumbrance be made against the budget prior to the ordering and/or receiving of goods and services in accordance with Technical Accounting Directive No. 1.
15. All awarding resolutions include the anticipated value of the contract including "not to exceed" cost language in accordance with N.J.A.C. 5:30-5.5(b)(1).

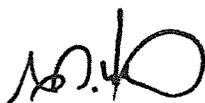
Status of Prior Years Audit Findings/Recommendation

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

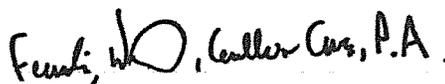
Acknowledgment

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

June 14, 2013