

**BOROUGH OF RINGWOOD**

**COUNTY OF PASSAIC**

**DECEMBER 31, 2008**

**BOROUGH OF RINGWOOD, N. J.**  
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BOROUGH OF RINGWOOD

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2008

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Borough Council  
Borough of Ringwood  
Ringwood, New Jersey 07456

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Ringwood in the County of Passaic, as of and for the years ended December 31, 2008 and 2007, 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, 2008. These financial statements are the responsibility of the Borough of Ringwood'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 provides a reasonable basis for our opinion.

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

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



Honorable Mayor and  
Members of the Borough Council  
Page 2.

In our opinion, because of the Borough of Ringwood'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 Ringwood, New Jersey as of December 31, 2008 and 2007 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, 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 Ringwood, New Jersey at December 31, 2008 and 2007, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2009 on our consideration of the Borough of Ringwood'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. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information and Schedules of Expenditures of State and Federal Awards listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services, and by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above 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.

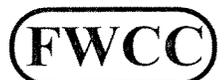


Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



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

June 29, 2009



**Borough of Ringwood, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2008**

|                                      | <u>Ref.</u> | <u>2008</u>            | <u>2007</u>            |
|--------------------------------------|-------------|------------------------|------------------------|
| <u>ASSETS</u>                        |             |                        |                        |
| Cash                                 | A-4         | \$ 2,416,270.20        | \$ 2,386,409.14        |
| Change Fund                          | A-5         | 285.00                 | 285.00                 |
|                                      |             | <u>2,416,555.20</u>    | <u>2,386,694.14</u>    |
| Receivables and Other Assets         |             |                        |                        |
| with Full Reserves:                  |             |                        |                        |
| Delinquent Property Taxes Receivable | A-6         | 578,631.91             | 534,347.87             |
| Tax Title Liens Receivable           | A-7         | 201,693.02             | 221,620.85             |
| Property Acquired for Taxes -        |             |                        |                        |
| Assessed Valuation                   | A-8         | 1,584,100.00           | 1,584,100.00           |
| Bankruptcy Receivable                | A-15        | 14.68                  | 38,641.24              |
| Revenue Accounts Receivable          | A-9         | 14,050.96              | 13,422.41              |
| Prepaid School Taxes                 | A-26        |                        | 690,297.83             |
| Interfund:                           |             |                        |                        |
| Federal and State Grant Fund         | A-11        | 100,039.48             | 64,791.82              |
| General Capital Fund                 | A-23        |                        | 33.25                  |
|                                      |             | <u>2,478,530.05</u>    | <u>3,147,255.27</u>    |
| Deferred Charges:                    |             |                        |                        |
| Expenditure Without Appropriation    | A-29        |                        | 32,239.99              |
| Emergency Authorizations (40A:4-47)  | A-31        | 350,000.00             | 302,000.00             |
|                                      |             | <u>350,000.00</u>      | <u>334,239.99</u>      |
|                                      |             | <u>5,245,085.25</u>    | <u>5,868,189.40</u>    |
| Federal and State Grant Funds:       |             |                        |                        |
| State Grants Receivable              | A-33        | 670,728.58             | 1,080,243.92           |
|                                      |             | <u>670,728.58</u>      | <u>1,080,243.92</u>    |
|                                      |             | <u>\$ 5,915,813.83</u> | <u>\$ 6,948,433.32</u> |

See accompanying notes to financial statements.

**Borough of Ringwood, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Current Fund**  
**December 31, 2008**

|   | <u>Ref.</u> | <u>2008</u>            | <u>2007</u>            |
|---|-------------|------------------------|------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>         |             |                        |                        |
| Liabilities:  |             |                        |                        |
| Appropriation Reserves                                | A-3, A-12   | \$ 277,735.70          | \$ 584,927.44          |
| Reserves for Encumbrances                             | A-13        | 205,931.97             | 455,767.03             |
| Prepaid Taxes   | A-14        | 80,061.97              | 101,456.57             |
| Due to State of New Jersey,<br>Chapter 73, P. L. 1976 | A-16        | 20,100.23              | 14,590.00              |
| Interfund:  |             |                        |                        |
| Other Trust Fund                                      | A-10        | 8,400.00               | 100.00                 |
| General Capital Fund                                  | A-25        | 1,093.15               |                        |
| Tax Overpayments                                      | A-17        | 8,335.38               | 4,650.24               |
| Outside Liens   | A-27        |                        | 135,552.16             |
| Reserve for Master Plan                               | A-18        | 3,701.99               | 3,701.99               |
| Reserve for Sale of Surplus Equipment                 | A-19        | 6,666.18               |                        |
| Reserve for Revaluation of Real Property              | A-30        | 87,660.00              | 302,000.00             |
| Accounts Payable                                      | A-28        | 24,013.85              | 45,208.94              |
| Due County for Added and Omitted Taxes                | A-20        | 23,101.54              | 45,100.79              |
|   |             | <u>746,801.96</u>      | <u>1,693,055.16</u>    |
| Reserve for Receivables                               | Contra      | 2,478,530.05           | 3,147,255.27           |
| Fund Balance  | A-1         | <u>2,019,753.24</u>    | <u>1,027,878.97</u>    |
|   |             | <u>5,245,085.25</u>    | <u>5,868,189.40</u>    |
| Federal and State Grant Funds:                        |             |                        |                        |
| Interfund-General Capital Fund                        | A-32        | 270,544.60             | 146,692.40             |
| Interfund-Current Fund                                | A-36        | 100,039.48             | 64,791.82              |
| Reserve for Federal and State<br>Grant Funds:         |             |                        |                        |
| Appropriated  | A-34        | 297,510.21             | 830,340.58             |
| Unappropriated  | A-35        | 2,634.29               | 38,419.12              |
|   |             | <u>670,728.58</u>      | <u>1,080,243.92</u>    |
|   |             | <u>\$ 5,915,813.83</u> | <u>\$ 6,948,433.32</u> |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31, 2008

With comparative figures for 2007

|   | <u>Ref.</u> | <u>2008</u>                 | <u>2007</u>                 |
|---|-------------|-----------------------------|-----------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED:</u>     |             |                             |                             |
| Surplus Utilized                              | A-2         | \$ 840,000.00               | \$ 1,850,000.00             |
| Miscellaneous Revenue Anticipated             | A-2         | 4,437,411.39                | 4,094,517.42                |
| Receipts from Delinquent Taxes                | A-2         | 550,633.99                  | 468,619.42                  |
| Receipts from Current Taxes                   | A-2         | 42,290,354.46               | 40,019,626.25               |
| Non-Budget Revenue                            | A-2         | 706,657.04                  | 462,350.94                  |
| Other Credits to Income:                      |             |                             |                             |
| Unexpended Balance of Appropriation Reserves  | A-12        | 177,422.08                  | 202,640.35                  |
| Cancellation of Appropriations Payable        | A-3         | 699.20                      | 175.52                      |
| Prior Years' Refunds                          |             |                             | 30,058.68                   |
| Bankruptcy Collection                         | A-15        | 38,626.56                   |                             |
| Interfunds Returned                           |             | <u>177,767.94</u>           | <u>59,346.25</u>            |
| <br>TOTAL INCOME                              |             | <br><u>\$ 49,219,572.66</u> | <br><u>\$ 47,187,334.83</u> |
| <u>EXPENDITURES:</u>                          |             |                             |                             |
| Budget and Emergency Appropriations:          |             |                             |                             |
| Operations Within CAP:                        |             |                             |                             |
| Salaries and wages                            | A-3         | \$ 5,300,326.00             | \$ 5,140,392.00             |
| Other expenses                                | A-3         | 4,881,622.00                | 6,119,625.60                |
| Deferred Charges and Statutory Expenditures - |             |                             |                             |
| Municipal                                     | A-3         | 283,440.00                  | 240,000.00                  |
| Operations Excluded from CAP:                 |             |                             |                             |
| Salaries and Wages                            | A-3         | 64,049.17                   | 62,497.00                   |
| Other Expenses                                | A-3         | 1,592,371.56                | 1,270,740.27                |
| Capital Improvements                          | A-3         | 638,710.00                  | 709,860.00                  |
| Municipal Debt Service                        | A-3         | 864,267.00                  | 677,641.00                  |
| County Taxes                                  | A-20        | 10,021,195.27               | 9,059,392.21                |
| Due County for Added and Omitted Taxes:       |             |                             |                             |
| Current Year                                  | A-20        | 21,161.30                   | 43,110.72                   |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31, 2008

With comparative figures for 2007

|  | <u>Ref.</u> | <u>2008</u>            | <u>2007</u>            |
|--|-------------|------------------------|------------------------|
| <u>EXPENDITURES (Continued)</u>                  |             |                        |                        |
| Local District School Tax                        | A-22        | \$ 14,638,154.33       | \$ 13,859,949.50       |
| Regional High School Tax                         | A-21        | 8,788,858.14           | 8,766,535.51           |
| Municipal Open Space Tax                         | A-10        | 87,225.78              | 87,182.07              |
| Prepaid School Taxes                             |             |                        | 690,297.83             |
| Tax Appeals                                      | A-17        | 6,860.68               |                        |
| Interfund Loans                                  |             | <u>199,457.16</u>      | <u>101,489.69</u>      |
| TOTAL EXPENDITURES                               |             | <u>47,387,698.39</u>   | <u>46,828,713.40</u>   |
| Excess (Deficit) in Revenue                      |             | 1,831,874.27           | 358,621.43             |
| Adjustments to Income before Fund Balance:       |             |                        |                        |
| Expenditures included above which are by Statute |             |                        |                        |
| Deferred Charges to Budget of Succeeding Year    | A-30        |                        | <u>302,000.00</u>      |
| Statutory Excess to Surplus                      |             | 1,831,874.27           | 660,621.43             |
| Fund Balance, January 1,                         | A           | <u>1,027,878.97</u>    | <u>2,217,257.54</u>    |
|  |             | 2,859,753.24           | 2,877,878.97           |
| Decreased by:                                    |             |                        |                        |
| Utilization as Anticipated Revenue               | A-1:A-2     | <u>840,000.00</u>      | <u>1,850,000.00</u>    |
| Balance, December 31,                            | A           | <u>\$ 2,019,753.24</u> | <u>\$ 1,027,878.97</u> |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|  | Ref. | Budget       | Special N.J.S.<br>40A:4-87 | Realized     | Excess or<br>(Deficit) |
|--|------|--------------|----------------------------|--------------|------------------------|
| Fund Balance Anticipated   | A-1  | 840,000.00   |                            | 840,000.00   |                        |
| Miscellaneous Revenues - Section A: Local Revenues                                 |      |              |                            |              |                        |
| Licenses:  |      |              |                            |              |                        |
| Alcoholic Beverages  | A-9  | 2,000.00     |                            | 2,331.00     | 331.00                 |
| Other  | A-2  | 15,000.00    |                            | 13,005.00    | (1,995.00)             |
| Fees and Permits   | A-2  | 70,000.00    |                            | 53,423.13    | (16,576.87)            |
| Fines and Costs:   |      |              |                            |              |                        |
| Municipal Court  | A-9  | 135,000.00   |                            | 158,054.33   | 23,054.33              |
| Interest and Costs on Taxes  | A-9  | 105,000.00   |                            | 165,046.47   | 60,046.47              |
| Interest on Investments and Deposits   | A-9  | 180,000.00   |                            | 147,384.76   | (32,615.24)            |
| Tax Search Fees  | A-9  | 250.00       |                            | 220.00       | (30.00)                |
| Election Revenue   | A-9  | 750.00       |                            | 900.00       | 150.00                 |
| SMAC Fees  | A-9  | 1,500.00     |                            | 1,725.00     | 225.00                 |
| Park and Ride Permits  | A-9  | 30,000.00    |                            | 33,400.00    | 3,400.00               |
| Sewer Rents  | A-4  | 145,000.00   |                            | 149,413.61   | 4,413.61               |
| Uniform Fire Safety Act  | A-4  | 11,500.00    |                            | 11,826.75    | 326.75                 |
| Total Section A  |      | 696,000.00   | -                          | 736,730.05   | 40,730.05              |
| Miscellaneous Revenues - Section B: State Aid Without<br>Offsetting Appropriations |      |              |                            |              |                        |
| Energy Receipts Tax  | A-4  | 1,810,048.00 |                            | 1,810,048.00 | -                      |
| (P.L. 1997, Ch. 162 & 167)   | A-4  | 85,944.00    |                            | 85,944.00    | -                      |
| Supplemental Energy Receipts Tax   |      |              |                            |              |                        |
| Consolidated Municipal Property Tax Relief Act                                     | A-4  | 167,550.00   |                            | 167,550.00   | -                      |
| (N.J.S.A. 52:27D0118034)   |      |              |                            |              |                        |
| Garden State Trust PILOT Funds   | A-4  | 37,768.06    |                            | 67,038.26    | 29,270.20              |
| Highlands Property Tax Stabilization Aid   | A-4  | 49,849.00    |                            | 49,848.52    | (0.48)                 |
| Total Section B  |      | 2,151,159.06 | -                          | 2,180,428.78 | 29,269.72              |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|  | Ref. | Budget     | Special N.J.S<br>40A:4-87 | Realized   | Excess or<br>(Deficit) |
|--|------|------------|---------------------------|------------|------------------------|
| Miscellaneous Revenues - Section C: Dedicated<br>Uniform Construction Code Fees Offset with<br>Appropriations (N.J.S.A. 40A:4-36 and<br>N.J.A.C. 5:23-4.17):   |      |            |                           |            |                        |
| Uniform Construction Code Fees   | A-9  | 100,000.00 |                           | 114,089.00 | 14,089.00              |
| Miscellaneous Revenues - Section D: Special Items of<br>Revenues Anticipated With Prior Written Consent of<br>Director of Local Government Services - Interlocal<br>Municipal Service Agreements offset with Appropriations:<br>Borough of Wanaque - Health Services | A-4  | 60,000.00  |                           | 64,584.00  | 4,584.00               |
| Miscellaneous Revenues - Section F: Special Items of<br>Revenues Anticipated With Prior Written Consent of<br>Director of Local Government Services State and<br>Federal Revenues Offset With Appropriations:<br>Municipal Alliance on Alcoholism & Drug Abuse       |      |            |                           |            |                        |
| Clean Communities Program  | A-33 | 56,400.00  |                           | 56,400.00  |                        |
| Body Armor Grant   | A-33 | 1,552.24   | 18,706.79                 | 20,259.03  |                        |
| Recycling Tonnage Grant  | A-33 | 2,349.72   |                           | 2,349.72   |                        |
| Drunk Driving Enforcement Fund   | A-33 | 18,973.17  | 8,677.23                  | 27,650.40  |                        |
| Alcohol Education and Rehabilitation Fund  | A-33 | 12,363.00  |                           | 12,363.00  |                        |
| Pandemic Flu Preparedness  | A-33 | 3,180.99   |                           | 3,180.99   |                        |
| NJ Highway Traffic Safety - "Obey the Signs"   | A-33 | 7,597.00   |                           | 7,597.00   |                        |
| County of Passaic Open Space Trust   | A-33 |            | 3,481.59                  | 3,481.59   |                        |
| NJ Transportation Trust Fund   | A-33 | 238,000.00 | 80,000.00                 | 80,000.00  |                        |
|  |      |            |                           | 238,000.00 |                        |
| Total Section F  |      | 340,416.12 | 110,865.61                | 451,281.73 |                        |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|  | Ref. | Budget        | Special N.J.S<br>40A:4-87 | Realized      | Excess or<br>(Deficit) |
|--|------|---------------|---------------------------|---------------|------------------------|
| Miscellaneous Revenues - Section G: Special Items of<br>Revenues Anticipated With Prior Written Consent of<br>Director of Local Government Services-Other Special Items: |      |               |                           |               |                        |
| Prepaid School Taxes   | A-22 | 690,297.83    |                           | 690,297.83    | -                      |
| Sale of Property   | A-4  | 150,000.00    |                           | 150,000.00    | -                      |
| Capital Fund Balance   | A-4  | 50,000.00     |                           | 50,000.00     | -                      |
| Total Section G  |      | 890,297.83    | -                         | 890,297.83    | -                      |
| Total Miscellaneous Revenues   | A-1  | 4,237,873.01  | 110,865.61                | 4,437,411.39  | 88,672.77              |
| Receipts from Delinquent Taxes   | A-1  | 515,000.11    |                           | 550,633.99    | 35,633.88              |
| Amount to be Raised by Taxes for Support of<br>Municipal Budget - Local Tax for Municipal<br>Purposes  | A-2  | 8,821,047.00  |                           | 9,161,472.11  | 340,425.11             |
| Non-Budget Revenue   | A-1  |               |                           | 706,657.04    | 706,657.04             |
| Grand Total  |      | 14,413,920.12 | 110,865.61                | 15,696,174.53 | 1,171,388.80           |
|  |      | A-3           | A-3                       |               |                        |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|  |          |                        |
|--|----------|------------------------|
| <u>Analysis of Realized Revenues</u>     |          |                        |
| Allocation of Current Tax Collections:   |          |                        |
| Revenue from Collections                 | A-1      | \$ 42,290,354.46       |
| Allocated to:                            |          |                        |
| School, County and Regional              |          |                        |
| School District Taxes                    |          | <u>34,028,882.35</u>   |
| Balance for Support of Municipal         |          |                        |
| Budget Appropriations                    |          | 8,261,472.11           |
| Add: Appropriation - Reserve for         | A-3      | <u>900,000.00</u>      |
| Uncollected Taxes                        |          |                        |
| Amount for Support of Municipal          | A-2      | \$ <u>9,161,472.11</u> |
| Budget Appropriations                    |          |                        |
| Receipts from Delinquent taxes:          |          |                        |
| Delinquent Tax Collections               | A-6      | 483,650.21             |
| Tax Title Lien Collections               | A-7      | <u>66,983.78</u>       |
|  | A-2      | \$ <u>550,633.99</u>   |
| Licenses - Other:                        |          |                        |
| Clerk                                    | A-9      | 1,110.00               |
| Treasurer                                | A-9      | 4,000.00               |
| Board of Health                          | A-9      | <u>7,895.00</u>        |
|  | A-2      | \$ <u>13,005.00</u>    |
| Fees and Permits - Other:                |          |                        |
| Clerk                                    | A-9      | 10,515.13              |
| Board of Health                          | A-9      | 18,527.00              |
| Police Department                        | A-9      | 10,923.00              |
| Treasurer                                | A-9      | <u>13,458.00</u>       |
|  | A-2      | \$ <u>53,423.13</u>    |
| <u>Analysis of Non - Budget Revenues</u> |          |                        |
| Miscellaneous Revenues Not Anticipated:  |          |                        |
| Revenue Accounts Receivable:             |          |                        |
| Non-Budget Revenues -                    |          |                        |
| Clerk                                    | A-9      | 1,121.10               |
| Health Department                        | A-9      | 10,617.78              |
| Other Miscellaneous Items                | A-4      | <u>694,918.16</u>      |
|  | A-1, A-2 | \$ <u>706,657.04</u>   |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

|                                      |      | Current Fund                 |                           |                 |           | Unexpended |
|--------------------------------------|------|------------------------------|---------------------------|-----------------|-----------|------------|
|                                      |      | Year Ended December 31, 2008 |                           |                 |           | Balance    |
|                                      | Ref. | Budget                       | Budget After Modification | Paid or Charged | Reserved  | Cancelled  |
| <u>General Appropriations</u>        |      |                              |                           |                 |           |            |
| Operations - within "CAPS"           |      |                              |                           |                 |           |            |
| <b>GENERAL GOVERNMENT:</b>           |      |                              |                           |                 |           |            |
| Department of Administration         |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 315,000.00                   | 315,000.00                | 312,600.34      | 2,399.66  | -          |
| Other Expenses                       |      | 84,300.00                    | 87,500.00                 | 87,108.91       | 391.09    | -          |
| Legislation                          |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 29,000.00                    | 29,000.00                 | 29,000.00       | -         | -          |
| Other Expenses                       |      | 9,000.00                     | 9,000.00                  | 8,400.12        | 599.88    | -          |
| Elections                            |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 2,000.00                     | 2,000.00                  | 2,000.00        | -         | -          |
| Other Expenses                       |      | 8,000.00                     | 6,800.00                  | 5,941.04        | 858.96    | -          |
| <b>DEPARTMENT OF ADMINISTRATION:</b> |      |                              |                           |                 |           |            |
| Legal Services                       |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 175,000.00                   | 175,000.00                | 166,719.87      | 8,280.13  | -          |
| Other Expenses                       |      | -                            | -                         | -               | -         | -          |
| Office of Data Processing            |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 1,450.00                     | 40,450.00                 | 38,339.93       | 2,110.07  | -          |
| Other Expenses                       |      | 38,000.00                    | -                         | -               | -         | -          |
| Office of Emergency Management       |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 4,500.00                     | 4,500.00                  | 4,500.00        | -         | -          |
| Other Expenses                       |      | 16,385.00                    | 16,385.00                 | 16,380.22       | 4.78      | -          |
| Division of Engineering              |      |                              |                           |                 |           |            |
| Salaries and Wages                   |      | 66,000.00                    | 64,200.00                 | 63,565.63       | 634.37    | -          |
| Other expenses                       |      | 115,000.00                   | 51,000.00                 | 33,184.87       | 17,815.13 | -          |

See Accompanying notes to financial statements.



Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|                                     | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|-------------------------------------|-------------|---------------|----------------------------------|------------------------|-----------------|-------------------------------------|
| <u>General Appropriations</u>       |             |               |                                  |                        |                 |                                     |
| Board of Adjustment                 |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 42,200.00     | 41,900.00                        | 41,793.10              | 106.90          | -                                   |
| Other Expenses                      |             | 20,700.00     | 17,000.00                        | 9,443.51               | 7,556.49        | -                                   |
| <b>INSURANCE</b>                    |             |               |                                  |                        |                 |                                     |
| Other Insurance Premiums            |             | 450,574.00    | 450,574.00                       | 448,574.00             | 2,000.00        | -                                   |
| Group Insurance Plan - Employees    |             | 1,205,163.00  | 1,153,263.00                     | 1,143,137.13           | 10,125.87       | -                                   |
| <b>Industrial Commission</b>        |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 1,365.00      | 1,365.00                         | 905.35                 | 459.65          | -                                   |
| Other Expenses                      |             | 850.00        | 850.00                           | 42.00                  | 808.00          | -                                   |
| <b>Environmental Commission</b>     |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 1,365.00      | 1,365.00                         | 1,213.16               | 151.84          | -                                   |
| Other Expenses                      |             | 1,700.00      | 1,700.00                         | 1,583.82               | 116.18          | -                                   |
| <b>DEPARTMENT OF POLICE:</b>        |             |               |                                  |                        |                 |                                     |
| Division of Patrol                  |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 2,173,081.00  | 2,270,381.00                     | 2,253,425.01           | 16,955.99       | -                                   |
| Other Expenses                      |             | 110,000.00    | 121,400.00                       | 117,508.67             | 3,891.33        | -                                   |
| Division of Traffic/Crossing Guards |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 85,000.00     | 85,000.00                        | 83,527.97              | 1,472.03        | -                                   |
| Other Expenses                      |             | 500.00        | 500.00                           | 264.94                 | 235.06          | -                                   |
| Division of Investigation           |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 238,000.00    | 238,000.00                       | 237,488.02             | 511.98          | -                                   |
| Other Expenses                      |             | 650.00        | 650.00                           | 580.00                 | 70.00           | -                                   |
| Division of Communications          |             |               |                                  |                        |                 |                                     |
| Salaries and Wages                  |             | 280,000.00    | 271,000.00                       | 270,903.43             | 96.57           | -                                   |
| Other Expenses                      |             | 19,000.00     | 19,600.00                        | 12,904.35              | 6,695.65        | -                                   |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| <u>General Appropriations</u>  | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--|-------------|---------------|----------------------------------|------------------------|-----------------|-------------------------------------|
| <b>O.S.H.A. Standard Fire Fighting Equipment (CH.516, P.L. 1983)</b> |             |               |                                  |                        |                 |                                     |
| Purchase of Fire Equipment   |             | 20,100.00     | 20,100.00                        | 20,100.00              | -               | -                                   |
| <b>Aid to Volunteer Fire Companies</b>                               |             | 90,000.00     | 90,000.00                        | 90,000.00              | -               | -                                   |
| <b>Aid to Ambulance Corps</b>  |             | 50,000.00     | 47,100.00                        | 43,000.00              | 4,100.00        | -                                   |
| <b>Bureau of Fire Prevention</b>                                     |             |               |                                  |                        |                 |                                     |
| Other Expenses - Clothing Allowance                                  |             | 46,350.00     | 46,350.00                        | 45,475.00              | 875.00          | -                                   |
| <b>Uniform Fire Safety Act (P.L. 1983 C.383)</b>                     |             |               |                                  |                        |                 |                                     |
| Fire Inspection  |             | 23,000.00     | 23,000.00                        | 22,186.00              | 814.00          | -                                   |
| Salaries and Wages   |             | 5,800.00      | 5,800.00                         | 4,599.84               | 1,200.16        | -                                   |
| <b>DEPARTMENT OF PUBLIC WORKS:</b>                                   |             |               |                                  |                        |                 |                                     |
| Division of Streets and Roads  |             |               |                                  |                        |                 |                                     |
| Salaries and Wages   |             | 600,000.00    | 610,000.00                       | 609,940.56             | 59.44           | -                                   |
| Other Expenses   |             | 90,600.00     | 100,600.00                       | 85,712.19              | 14,887.81       | -                                   |
| Division of Snow and Ice Control                                     |             |               |                                  |                        |                 |                                     |
| Salaries and Wages   |             | 75,000.00     | 75,000.00                        | 59,158.07              | 15,841.93       | -                                   |
| Other Expenses   |             | 133,000.00    | 133,000.00                       | 112,203.25             | 20,796.75       | -                                   |
| Division of Equipment Maintenance                                    |             |               |                                  |                        |                 |                                     |
| Salaries and Wages   |             | 102,183.00    | 97,683.00                        | 97,385.51              | 297.49          | -                                   |
| Other Expenses   |             | 184,150.00    | 204,150.00                       | 198,047.39             | 6,102.61        | -                                   |
| Division of Public Buildings and Grounds                             |             |               |                                  |                        |                 |                                     |
| Salaries and Wages   |             | 160,824.00    | 151,824.00                       | 148,994.22             | 2,829.78        | -                                   |
| Other Expenses   |             | 175,200.00    | 185,200.00                       | 176,225.21             | 8,974.79        | -                                   |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.  
Statement of Expenditures - Regulatory Basis

|   |      | Current Fund |                           | Year Ended December 31, 2008 |          |                              |  |
|---|------|--------------|---------------------------|------------------------------|----------|------------------------------|--|
| General Appropriations                      | Ref. | Budget       | Budget After Modification | Paid or Charged              | Reserved | Unexpended Balance Cancelled |  |
| Division of Solid Waste /Recycling          |      |              |                           |                              |          |                              |  |
| Salaries and Wages                          |      | 33,000.00    | 32,500.00                 | 32,368.14                    | 131.86   | -                            |  |
| Other Expenses                              |      | 1,164,550.00 | 1,159,550.00              | 1,151,981.90                 | 7,568.10 | -                            |  |
| Division of Sewer                           |      |              |                           |                              |          |                              |  |
| Salaries and Wages                          |      | 66,000.00    | 67,000.00                 | 66,885.16                    | 114.84   | -                            |  |
| Other Expenses                              |      | 114,500.00   | 121,500.00                | 119,099.45                   | 2,400.55 | -                            |  |
| <b>DEPARTMENT OF COMMUNITY DEVELOPMENT:</b> |      |              |                           |                              |          |                              |  |
| Division of Public Health                   |      |              |                           |                              |          |                              |  |
| Salaries and Wages                          |      | 240,000.00   | 240,000.00                | 236,866.18                   | 3,133.82 | -                            |  |
| Other Expenses                              |      | 80,000.00    | 54,000.00                 | 45,733.74                    | 8,266.26 | -                            |  |
| Division of Public Assistance               |      |              |                           |                              |          |                              |  |
| Salaries and Wages                          |      | 21,295.00    | 21,295.00                 | 20,727.48                    | 567.52   | -                            |  |
| Other Expenses                              |      | 475.00       | 475.00                    | 329.00                       | 146.00   | -                            |  |
| Recreation                                  |      |              |                           |                              |          |                              |  |
| Salaries and Wages                          |      | 74,138.00    | 69,638.00                 | 69,494.04                    | 143.96   | -                            |  |
| Other Expenses                              |      | 53,500.00    | 53,500.00                 | 49,468.36                    | 4,031.64 | -                            |  |
| <b>Terminal Leave Compensation</b>          |      | 12,000.00    | 12,000.00                 | 12,000.00                    | -        | -                            |  |
| <b>Municipal Cable TV Committee</b>         |      |              |                           |                              |          |                              |  |
| Salaries and Wages                          |      | 1,365.00     | 1,365.00                  | 1,365.00                     | -        | -                            |  |
| Other Expenses                              |      | 4,000.00     | 4,000.00                  | 2,189.22                     | 1,810.78 | -                            |  |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| <u>General Appropriations</u>   | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|----------------------------------|------------------------|-----------------|-------------------------------------|
| <b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b> |             |               |                                  |                        |                 |                                     |
| Division of Code Enforcement  |             |               |                                  |                        |                 |                                     |
| Bureau of Building Construction   |             | 114,680.00    | 111,980.00                       | 111,913.83             | 66.17           | -                                   |
| Salaries and Wages  |             |               |                                  |                        |                 |                                     |
| Other Expenses  |             | 4,225.00      | 4,225.00                         | 4,210.51               | 14.49           | -                                   |
| Bureau of Electrical Inspection   |             |               |                                  |                        |                 |                                     |
| Salaries and Wages  |             | 13,241.00     | 13,241.00                        | 13,177.00              | 64.00           | -                                   |
| Bureau of Plumbing Inspection   |             |               |                                  |                        |                 |                                     |
| Salaries and Wages  |             | 13,241.00     | 13,241.00                        | 13,177.00              | 64.00           | -                                   |
| Municipal Court:  |             |               |                                  |                        |                 |                                     |
| Salaries & Wages  |             | 149,573.00    | 138,573.00                       | 137,806.08             | 766.92          |                                     |
| Other Expenses  |             | 5,900.00      | 5,900.00                         | 5,569.40               | 330.60          |                                     |
| Public Defender   |             |               |                                  |                        |                 |                                     |
| Salaries & Wages  |             | 8,375.00      | 8,375.00                         | 8,333.00               | 42.00           |                                     |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|  | <u>Ref.</u> | <u>Budget</u>        | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u>   | <u>Unexpended Balance Cancelled</u> |
|--|-------------|----------------------|----------------------------------|------------------------|-------------------|-------------------------------------|
| <b>UNCLASSIFIED:</b>   |             |                      |                                  |                        |                   |                                     |
| Gasoline   |             | 135,000.00           | 161,000.00                       | 159,063.10             | 1,936.90          | -                                   |
| Electricity  |             | 85,000.00            | 85,000.00                        | 77,636.82              | 7,363.18          | -                                   |
| Natural Gas  |             | 26,000.00            | 26,000.00                        | 20,469.50              | 5,530.50          | -                                   |
| Telephone and Telegraph                                      |             | 45,000.00            | 45,000.00                        | 43,418.24              | 1,581.76          | -                                   |
| Transportation Contract w/ Lakeland Reg HS                   |             | 59,100.00            | 59,100.00                        | 53,077.49              | 6,022.51          | -                                   |
| Celebration of Public Events                                 |             | 2,500.00             | 2,500.00                         | -                      | 2,500.00          | -                                   |
| Contribution to A.W.A.R.E.                                   |             | 1,000.00             | 1,000.00                         | 1,000.00               | -                 | -                                   |
| Drug and Alcohol Testing                                     |             | 4,300.00             | 4,300.00                         | 3,420.00               | 880.00            | -                                   |
| <b>TOTAL OPERATIONS (ITEM 8(A) WITHIN "CAPS"</b>             |             | <b>10,183,448.00</b> | <b>10,181,848.00</b>             | <b>9,942,579.80</b>    | <b>239,268.20</b> | <b>-</b>                            |
| <b>CONTINGENT</b>  |             | <b>100.00</b>        | <b>100.00</b>                    | <b>100.00</b>          | <b>-</b>          | <b>-</b>                            |
| <b>TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAPS"</b> |             | <b>10,183,548.00</b> | <b>10,181,948.00</b>             | <b>9,942,579.80</b>    | <b>239,368.20</b> | <b>-</b>                            |
| <b>DETAIL:</b>   |             |                      |                                  |                        |                   |                                     |
| Salaries and Wages   | A-1         | 5,239,876.00         | 5,300,326.00                     | 5,250,545.33           | 49,780.67         | -                                   |
| Other Expenses (Including Contingent)                        | A-1         | 4,943,672.00         | 4,881,622.00                     | 4,692,034.47           | 189,587.53        | -                                   |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| General Appropriations   | Ref. | Budget               | Budget After Modification | Paid or Charged      | Reserved          | Unexpended Balance Cancelled |
|--|------|----------------------|---------------------------|----------------------|-------------------|------------------------------|
| <b>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"</b>         |      |                      |                           |                      |                   |                              |
| <b>DEFERRED CHARGES:</b>   |      |                      |                           |                      |                   |                              |
| Expenditure without Appropriation  |      | 32,240.00            | 32,240.00                 | 32,240.00            | -                 |                              |
| <b>STATUTORY EXPENDITURES:</b>   |      |                      |                           |                      |                   |                              |
| Contribution to:<br>Social Security System (O.A.S.I.)                              |      | 249,600.00           | 251,200.00                | 251,112.54           | 87.46             | -                            |
| <b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b> | A-1  | <u>281,840.00</u>    | <u>283,440.00</u>         | <u>283,352.54</u>    | <u>87.46</u>      | <u>-</u>                     |
| <b>JUDGMENTS</b>   |      |                      |                           |                      |                   |                              |
| <b>CASH DEFICIT OF PRECEDING YEAR</b>  |      |                      |                           |                      |                   |                              |
| <b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>           |      | <u>10,465,388.00</u> | <u>10,465,388.00</u>      | <u>10,225,932.34</u> | <u>239,455.66</u> | <u>-</u>                     |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| General Appropriations                                       | Ref. | Budget              | Budget After Modification | Paid or Charged     | Reserved         | Unexpended Balance Cancelled |
|--|------|---------------------|---------------------------|---------------------|------------------|------------------------------|
| <b>OPERATIONS - EXCLUDED FROM "CAPS"</b>                     |      |                     |                           |                     |                  |                              |
| Reserve for Tax Appeals                                      |      | 5,000.00            | 5,000.00                  |                     | 5,000.00         | -                            |
| Aid to Library   |      | 659,425.00          | 659,425.00                | 653,209.10          | 6,215.90         | -                            |
| Emergency Services Volunteer Length of Service Award Program |      | 80,000.00           | 80,000.00                 | 64,304.00           | 15,696.00        | -                            |
| Implementation of COAH Plan (P.L. 1985, C. 222)              |      | 10,000.00           | 10,000.00                 | 2,891.10            | 7,108.90         | -                            |
| Public Employees' Retirement System                          |      | 164,193.00          | 164,193.00                | 164,192.80          | 0.20             | -                            |
| Police and Firemen's Retirement System of N.J.               |      | 464,521.00          | 464,521.00                | 464,521.00          | -                | -                            |
| <b>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</b>         |      | <b>1,383,139.00</b> | <b>1,383,139.00</b>       | <b>1,349,118.00</b> | <b>34,021.00</b> | <b>-</b>                     |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.  
Statement of Expenditures - Regulatory Basis  
Current Fund  
Year Ended December 31, 2008

| General Appropriations                               | Ref. | Budget    | Budget<br>After<br>Modification | Paid or<br>Charged | Reserved | Unexpended<br>Balance<br><u>Cancelled</u> |
|--|------|-----------|---------------------------------|--------------------|----------|---|
| <b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>       |      |           |                                 |                    |          |   |
| <b>DEPARTMENT OF COMMUNITY DEVELOPMENT:</b>          |      |           |                                 |                    |          |   |
| Division of Public Health                            |      |           |                                 |                    |          |   |
| Salaries & Wages                                     |      | 60,000.00 | 60,000.00                       | 58,315.96          | 1,684.04 | -   |
| <b>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b> |      | 60,000.00 | 60,000.00                       | 58,315.96          | 1,684.04 | -   |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

|  | Current Fund |           |                                 |                    | Unexpended<br>Balance<br>Cancelled |
|--|--------------|-----------|---------------------------------|--------------------|------------------------------------|
|  | Ref.         | Budget    | Budget<br>After<br>Modification | Paid or<br>Charged |                                    |
| Year Ended December 31, 2008   |              |           |                                 |                    |                                    |
| <u>General Appropriations</u>  |              |           |                                 |                    |                                    |
| <b>PUBLIC AND PRIVATE PROGRAMS OFFSET</b>                                    |              |           |                                 |                    |                                    |
| <b>BY REVENUES</b>   |              |           |                                 |                    |                                    |
| Clean Communities Program  |              | 4,049.17  | 4,049.17                        | 4,049.17           | -                                  |
| Salaries & Wages   |              | 16,209.86 | 16,209.86                       | 16,209.86          | -                                  |
| Other Expenses   |              |           |                                 |                    |                                    |
| Municipal Alliance on Alcoholism and Drug Abuse                              |              | 56,400.00 | 56,400.00                       | 56,400.00          | -                                  |
| Body Armor Grant   |              | 2,349.72  | 2,349.72                        | 2,349.72           | -                                  |
| Other Expenses   |              |           |                                 |                    |                                    |
| Drunk Driving Enforcement Fund   |              | 12,363.00 | 12,363.00                       | 12,363.00          | -                                  |
| Recycling Tonnage Grant  |              | 27,650.40 | 27,650.40                       | 27,650.40          | -                                  |
| Other Expenses   |              |           |                                 |                    |                                    |
| Alcohol Education and Rehabilitation Fund                                    |              | 3,180.99  | 3,180.99                        | 3,180.99           | -                                  |
| NJ Dept. of Health and Human Services-<br>Pandemic Flu Preparedness          |              | 7,597.00  | 7,597.00                        | 7,597.00           | -                                  |
| County of Passaic, Open Space Trust Fund<br>Park Construction-Martini Field  |              | 80,000.00 | 80,000.00                       | 80,000.00          | -                                  |
| NJ Division of Law & Public Safety<br>Obey the Signs Speed Enforcement Grant |              | 3,481.59  | 3,481.59                        | 3,481.59           | -                                  |

See Accompanying notes to financial statements.



Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

|  | <u>Ref.</u> | <u>Budget</u>     | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--|-------------|-------------------|----------------------------------|------------------------|-----------------|-------------------------------------|
| <u>General Appropriations</u>  |             |                   |                                  |                        |                 |                                     |
| <b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>   |             |                   |                                  |                        |                 |                                     |
| Down Payments on Improvements<br>Capital Improvement Fund  |             | 60,000.00         | 60,000.00                        | 60,000.00              | -               | -                                   |
| Municipal Road Program   |             | 300,000.00        | 300,000.00                       | 300,000.00             | -               | -                                   |
| Purchase of Fire Fighting Equipment  |             | 40,710.00         | 40,710.00                        | 38,135.00              | 2,575.00        | -                                   |
| Public and Private Programs Offset by Revenues<br>New Jersey Transportation Trust Fund Authority Act |             | 238,000.00        | 238,000.00                       | 238,000.00             | -               | -                                   |
| <b>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>   | A-1         | <u>638,710.00</u> | <u>638,710.00</u>                | <u>636,135.00</u>      | <u>2,575.00</u> | <u>-</u>                            |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| General Appropriations                                     | Ref. | Budget     | Budget After Modification | Paid or Charged | Reserved   | Unexpended Balance Cancelled |
|--|------|------------|---------------------------|-----------------|------------|------------------------------|
| <b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>       |      |            |                           |                 |            |                              |
| Payment of Bond Principal                                  |      | 415,000.00 | 415,000.00                | 415,000.00      | XXXXXXXXXX |                              |
| Payment of Bond Anticipation and Capital Notes             |      | 68,200.00  | 68,200.00                 | 68,200.00       | XXXXXXXXXX |                              |
| Interest on Bonds  |      | 202,874.00 | 202,874.00                | 202,873.50      | XXXXXXXXXX | 0.50                         |
| Interest on Notes  |      | 168,863.00 | 168,863.00                | 168,166.82      | XXXXXXXXXX | 696.18                       |
| <b>Green Trust Loan Program:</b>                           |      |            |                           |                 |            |                              |
| Loan Repayments for Principal and Interest                 |      | 9,330.00   | 9,330.00                  | 9,327.48        | XXXXXXXXXX | 2.52                         |
| <b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b> | A-1  | 864,267.00 | 864,267.00                | 863,567.80      | -          | 699.20                       |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| <u>General Appropriations</u>   | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|----------------------------------|------------------------|-----------------|-------------------------------------|
| <b>DEFERRED CHARGES:</b>  |             |               |                                  |                        |                 |                                     |
| Emergency Authorizations  |             |               |                                  |                        | XXXXXXXXXX      |                                     |
| Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)                                      |             |               |                                  |                        |                 |                                     |
| Special Emergency Authorizations - 3 Years (N.J.S. 40A:4-55.1 & 40A:4-55.13)                      |             |               |                                  |                        |                 |                                     |
| <b>Deferred Charges to Future Taxation Unfunded:</b>  |             |               |                                  |                        |                 |                                     |
| <b>TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</b>                                  | A-1         | -             | -                                | -                      | -               | -                                   |
| <b>JUDGMENTS</b>  |             |               |                                  |                        |                 |                                     |
| <b>TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOL (N.J.S.A. 40:48-17.1 &amp; 17.3)</b> |             |               |                                  |                        |                 |                                     |
| <b>WITH PRIOR CONSENT OF LOCAL FINANCE BOARD: CASH DEFICIT OF PRECEDING YEAR</b>                  |             |               |                                  |                        |                 |                                     |
| <b>TOTAL GENERAL APPROPRIATIONS FOR MUN. PURPOSES EXCLUDED FROM "CAPS"</b>                        |             | 3,159,397.73  | 3,159,397.73                     | 3,120,418.49           | 38,280.04       | 699.20                              |

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

| General Appropriations                              | Ref. | Budget               | Budget After Modification | Paid or Charged      | Reserved          | Unexpended Balance Cancelled |
|---|------|----------------------|---------------------------|----------------------|-------------------|------------------------------|
| TOTAL GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS" |      | <u>3,159,397.73</u>  | <u>3,159,397.73</u>       | <u>3,120,418.49</u>  | <u>38,280.04</u>  | <u>699.20</u>                |
| SUBTOTAL GENERAL APPROPRIATIONS                     |      | <u>13,624,785.73</u> | <u>13,624,785.73</u>      | <u>13,346,350.83</u> | <u>277,735.70</u> | <u>699.20</u>                |
| RESERVE FOR UNCOLLECTED TAXES                       |      | <u>900,000.00</u>    | <u>900,000.00</u>         | <u>900,000.00</u>    | <u>XXXXXXX</u>    | <u>-</u>                     |
| TOTAL GENERAL APPROPRIATIONS                        |      | <u>14,524,785.73</u> | <u>14,524,785.73</u>      | <u>14,246,350.83</u> | <u>277,735.70</u> | <u>699.20</u>                |
|   |      |                      |                           |                      | A                 | A-1                          |
| ADOPTED BUDGET                                      | A-2  |                      | 14,413,920.12             |                      |                   |                              |
| APPROPRIATION BY 40A:4-87                           | A-2  |                      | 110,865.61                |                      |                   |                              |
|   |      |                      | <u>14,524,785.73</u>      |                      |                   |                              |
| RESERVE FOR UNCOLLECTED TAXES                       | A-2  |                      |                           | 900,000.00           |                   |                              |
| RESERVE FOR ENCUMBRANCES                            | A-13 |                      |                           | 205,931.97           |                   |                              |
| DEFERRED CHARGE-EXPENDITURE W/O APPROP.             | A-29 |                      |                           | 32,240.00            |                   |                              |
| INTERFUND-FEDERAL AND STATE GRANT FUND DISBURSED    | A-34 |                      |                           | 451,281.73           |                   |                              |
|   | A-4  |                      |                           | 12,656,897.13        |                   |                              |
|   |      |                      |                           | <u>14,246,350.83</u> |                   |                              |

See Accompanying notes to financial statements.

## Borough of Ringwood, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Fund

December 31, 2008

With Comparative Figures for 2007

| <u>ASSETS</u>   | <u>Ref.</u> | <u>Balance<br/>Dec. 31, 2008</u> | <u>Balance<br/>Dec. 31, 2007</u> |
|---|-------------|----------------------------------|----------------------------------|
| <b>Animal Control Trust Fund:</b>   |             |                                  |                                  |
| Cash  | B-1         | 88.05                            | 1,146.75                         |
|   |             | <u>88.05</u>                     | <u>1,146.75</u>                  |
| <b>Other Trust Funds:</b>   |             |                                  |                                  |
| Cash:   |             |                                  |                                  |
| Other Trust   | B-1         | 607,082.98                       | 616,667.74                       |
| Unemployment Insurance Trust Fund   | B-1         | 25,647.99                        | 33,580.06                        |
| Small Cities Economic Development Grant   | B-1         | 194,726.86                       | 204,239.86                       |
| Skyline Lakes Dam Trust   | B-1         | 135,084.97                       |                                  |
| Interfund-Current Fund  | B-5         | 8,400.00                         | 100.00                           |
|   |             | <u>970,942.80</u>                | <u>854,587.66</u>                |
| <b>Emergency Services Volunteer Length of<br/>Service Award Program (Unaudited)</b> |             |                                  |                                  |
| Investments   |             | 479,176.81                       | 615,782.02                       |
| Contributions Receivable  |             | 102,850.00                       | 92,650.00                        |
|   |             | <u>582,026.81</u>                | <u>708,432.02</u>                |
|   |             | <u>1,553,057.66</u>              | <u>1,564,166.43</u>              |
| <u>LIABILITIES AND RESERVES</u>   |             |                                  |                                  |
| <b>Animal Control Trust Fund:</b>   |             |                                  |                                  |
| Due to State Department of Health   | B-2         | 1.20                             | 192.60                           |
| Reserve for Animal Control Fund Expenditures  | B-3         | 86.85                            | 954.15                           |
|   |             | <u>88.05</u>                     | <u>1,146.75</u>                  |
| <b>Other Trust Funds:</b>   |             |                                  |                                  |
| Deposits Payable  | B-4         | 158,255.30                       | 186,845.07                       |
| Encumbrances Payable  | B-9         | 10,513.71                        | 14,009.59                        |
| Due to State of New Jersey - Building Surcharge                                     | B-6         | 2,646.00                         | 2,112.00                         |
| Due to State of New Jersey - Marriage Surcharge                                     | B-7         | 750.00                           | 625.00                           |
| Reserve for Various Other Trust Reserves  | B-8         | 798,777.79                       | 650,996.00                       |
|   |             | <u>970,942.80</u>                | <u>854,587.66</u>                |
| <b>Emergency Services Volunteer Length of<br/>Service Award Program (Unaudited)</b> |             |                                  |                                  |
| Net Assets Available for Benefits   | B-10        | 582,026.81                       | 708,432.02                       |
|   |             | <u>1,553,057.66</u>              | <u>1,564,166.43</u>              |

See accompanying notes to financial statements.

## Borough of Ringwood, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2008

With Comparative Figures for 2007

| <u>Assets</u>   | <u>Ref.</u> | <u>Balance</u><br><u>Dec. 31, 2008</u> | <u>Balance</u><br><u>Dec. 31, 2007</u> |
|---|-------------|--|--|
| Cash  | C-2, C-3    | 4,757,405.93                           | 3,277,559.06                           |
| Deferred Charges to Future Taxation:                  |             |  |  |
| Funded  | C-4         | 4,349,310.89                           | 4,771,405.55                           |
| Unfunded  | C-5         | 5,969,072.01                           | 4,993,072.01                           |
| Interfund:  |             |  |  |
| Current Fund  | C-6         | 1,093.15                               |  |
| Federal and State Grant Fund                          | C-7         | 270,544.60                             | 146,692.40                             |
|   |             | <hr/>                                  | <hr/>                                  |
|   |             | <u>15,347,426.58</u>                   | <u>13,188,729.02</u>                   |
| <br><u>Liabilities, Reserves and Fund Balance</u><br> |             |  |  |
| Interfund:  |             |  |  |
| Current Fund  | C-6         |  | 33.25                                  |
| General Serial Bonds                                  | C-8         | 4,243,000.00                           | 4,658,000.00                           |
| Bond Anticipation Notes                               | C-9         | 5,479,500.00                           | 4,503,000.00                           |
| Loan Payable  | C-13        | 106,310.89                             | 113,405.55                             |
| Improvement Authorizations:                           |             |  |  |
| Funded  | C-10        | 1,376,344.41                           | 91,758.48                              |
| Unfunded  | C-10        | 2,972,693.49                           | 2,964,598.05                           |
| Capital Improvement Fund                              | C-11        | 95,045.00                              | 84,045.00                              |
| Contracts Payable                                     | C-12        | 476,579.84                             | 496,295.87                             |
| Reserve for Various Projects                          | C-14        | 193,007.99                             | 207,412.86                             |
| Reserve for Debt Service                              | C-15        | 368,200.00                             |  |
| Capital Fund Balance                                  | C-1         | 36,744.96                              | 70,179.96                              |
|   |             | <hr/>                                  | <hr/>                                  |
|   |             | <u>15,347,426.58</u>                   | <u>13,188,729.02</u>                   |

See accompanying notes to financial statements.

There were bonds and notes authorized but not issued on December 31, 2008 of \$490,072.01 as per Exhibit C-16.

Borough of Ringwood, N.J.

Statement of General Capital Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2008

|                             | <u>Ref.</u> |                         |
|-----------------------------|-------------|-------------------------|
| Balance - December 31, 2007 | C           | 70,179.96               |
| Increased by:               |             |                         |
| Premium on Notes Issued     | C-2         | 16,565.00               |
|                             |             | <u>86,744.96</u>        |
| Decreased by:               |             |                         |
| Budget Appropriation        | C-2         | 50,000.00               |
|                             |             | <u>50,000.00</u>        |
| Balance - December 31, 2008 | C, C-3      | <u><u>36,744.96</u></u> |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2008

With Comparative Figures for 2007

| <u>ASSETS</u>                            | <u>Ref</u> | <u>Balance<br/>Dec. 31, 2008</u> | <u>Balance<br/>Dec. 31, 2007</u> |
|--|------------|----------------------------------|----------------------------------|
| <b>Operating Fund:</b>                   |            |                                  |                                  |
| Cash                                     | D-6        | 95,521.41                        | 252,348.04                       |
| Cash - Change Fund                       |            | <u>100.00</u>                    | <u>100.00</u>                    |
|  |            | <u>95,621.41</u>                 | <u>252,448.04</u>                |
| Receivables with Full Reserves:          |            |                                  |                                  |
| Consumers' Accounts Receivable           | D-10       | <u>76,976.52</u>                 | <u>94,825.87</u>                 |
| Deferred Charges:                        |            |                                  |                                  |
| Overexpenditure of Approp. Reserves      | D-29       | 22,431.11                        |                                  |
| Operating Deficit                        | D-1, D-29  | <u>25,861.12</u>                 |                                  |
|  |            | <u>48,292.23</u>                 |                                  |
|  |            | <u>220,890.16</u>                | <u>347,273.91</u>                |
| <b>Assessment Trust Fund:</b>            |            |                                  |                                  |
| Cash                                     | D-6, D-7   | 7,115.23                         | 7,115.23                         |
| Assessments Receivable                   | D-11       | <u>163,480.00</u>                | <u>163,480.00</u>                |
|  |            | <u>170,595.23</u>                | <u>170,595.23</u>                |
| <b>Capital Fund:</b>                     |            |                                  |                                  |
| Cash                                     | D-6, D-8   | 900,513.07                       | 693,029.52                       |
| Interfund:                               |            |                                  |                                  |
| Water Operating                          | D-24       |                                  | 14,734.62                        |
| Grant Receivable                         | D-12       | 270,650.24                       | 270,650.24                       |
| Fixed Capital                            | D-13       | 5,245,909.99                     | 5,245,909.99                     |
| Fixed Capital Authorized and Uncompleted | D-14       | <u>13,679,000.00</u>             | <u>13,421,000.00</u>             |
|  |            | <u>20,096,073.30</u>             | <u>19,645,324.37</u>             |
|  |            | <u>20,487,558.69</u>             | <u>20,163,193.51</u>             |

See accompanying notes to financial statements.

There were bonds and notes authorized and not issued of \$3,210,650.24 at December 31, 2008 as per Exhibit D-30.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2008

With Comparative Figures for 2007

|   | Ref       | Balance<br>Dec. 31, 2008 | Balance<br>Dec. 31, 2007 |
|---|-----------|--------------------------|--------------------------|
| <b><u>LIABILITIES, RESERVES AND SURPLUS</u></b> |           |                          |                          |
| <b>Operating Fund:</b>                          |           |                          |                          |
| Appropriation Reserves                          | D-5, D-15 | 52,120.90                | 26,244.36                |
| Reserve for Encumbrances                        | D-16      | 12,295.01                | 15,155.03                |
| Interfund:                                      |           |                          |                          |
| Water Capital Fund                              | D-9       |                          | 14,734.62                |
| Accrued Interest on Bonds and Notes             | D-18      | 78,988.54                | 81,804.84                |
|   |           | 143,404.45               | 137,938.85               |
| Reserve for Receivables                         | Contra    | 76,976.52                | 94,825.87                |
| Operating Fund Balance                          | D-1       | 509.19                   | 114,509.19               |
|   |           | 220,890.16               | 347,273.91               |
| <b>Assessment Trust Fund:</b>                   |           |                          |                          |
| Reserve for Assessment and Liens                | D-19      | 163,480.36               | 163,480.36               |
| Assessment Fund Balance                         | D-2       | 7,114.87                 | 7,114.87                 |
|   |           | 170,595.23               | 170,595.23               |
| <b>Capital Fund:</b>                            |           |                          |                          |
| Serial Bonds                                    | D-20      | 4,113,000.00             | 4,278,000.00             |
| Bond Anticipation Notes                         | D-21      | 1,157,535.00             | 915,000.00               |
| Improvement Authorizations:                     |           |                          |                          |
| Funded  | D-22      | 95,334.18                | 161,584.18               |
| Unfunded  | D-22      | 2,630,448.44             | 2,662,260.02             |
| Contracts Payable                               | D-28      | 303,363.95               | 20,387.50                |
| Reserve for:                                    |           |                          |                          |
| Amortization                                    | D-25      | 11,086,424.75            | 10,918,259.75            |
| Capital Improvements                            | D-26      | 73,504.63                | 73,504.63                |
| Deferred Amortization                           | D-27      | 357,300.00               | 345,000.00               |
| Grants Receivable                               | D-17      | 270,650.24               | 270,650.24               |
| Capital Fund Balance                            | D-3       | 8,512.11                 | 678.05                   |
|   |           | 20,096,073.30            | 19,645,324.37            |
|   |           | 20,487,558.69            | 20,163,193.51            |

See accompanying notes to financial statements.

## Borough of Ringwood, N.J.

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

## Water Utility Fund

December 31, 2008

With Comparative Figures for 2007

|   | <u>Ref.</u> | <u>2008</u>         | <u>2007</u>         |
|---|-------------|---------------------|---------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u>                    |             |                     |                     |
| Surplus Utilized  | D-1         | 114,000.00          | 8,500.00            |
| Rents and Additional Rents                                  | D-4         | 1,190,233.04        | 1,196,595.70        |
| Miscellaneous   | D-4         | 48,751.84           | 39,654.25           |
| Water Utility Capital Surplus                               |             |                     | 128,000.00          |
| Other Credits to Income:                                    |             |                     |                     |
| Prior Year Deficit Raised in 2007                           |             |                     | 51,402.00           |
| Unexpended Balance of Appropriation Reserves                | D-15        | 1,431.00            | 101,390.61          |
| Total Income  |             | <u>1,354,415.88</u> | <u>1,525,542.56</u> |
| <u>EXPENDITURES</u>   |             |                     |                     |
| Operating   | D-5         | 956,800.00          | 982,430.00          |
| Capital Improvements  | D-5         | 12,300.00           |                     |
| Debt Service  | D-5         | 383,177.00          | 345,372.00          |
| Deferred Charges and Statutory Expenditures                 | D-5         | 28,000.00           | 32,000.00           |
| Prior Years Deficit   |             |                     | 51,402.00           |
| Total Expenditures  |             | <u>1,380,277.00</u> | <u>1,411,204.00</u> |
| Operating Deficit to be Raised in Budget of Succeeding Year |             | <u>(25,861.12)</u>  |                     |
|   |             | D                   |                     |
| Statutory Excess to Surplus                                 |             |                     | 114,338.56          |
| FUND BALANCE - JANUARY 1,                                   | D           | <u>114,509.19</u>   | <u>8,670.63</u>     |
|   |             | 114,509.19          | 123,009.19          |
| Decreased by:   |             |                     |                     |
| Utilization by Water Operating Budget                       | D-1         | <u>114,000.00</u>   | <u>8,500.00</u>     |
| FUND BALANCE - DECEMBER 31,                                 | D           | <u>509.19</u>       | <u>114,509.19</u>   |

See accompanying notes to financial statements.

**Exhibit D-2**

**Borough of Ringwood, N.J.**

**Statement of Assessment Fund Balance - Regulatory Basis**

**December 31, 2008**

|                             | <u>Ref.</u> |                 |
|-----------------------------|-------------|-----------------|
| Balance - December 31, 2007 | D           | <u>7,114.87</u> |
| Balance - December 31, 2008 | D, D-7      | <u>7,114.87</u> |

**Exhibit D-3**

**Statement of Capital Fund Balance - Regulatory Basis**

**Water Utility Fund**

**December 31, 2008**

|   | <u>Ref.</u> |                 |
|---|-------------|-----------------|
| Balance - December 31, 2007                               | D           | 678.05          |
| Increased by:<br>Premium Received on Issuance<br>of Notes | D-6         | <u>7,834.06</u> |
| Balance - December 31, 2008                               | D, D-8      | <u>8,512.11</u> |

See accompanying notes to financial statements.

## Borough of Ringwood, N.J.

## Statement of Revenues - Regulatory Basis

## Water Utility Operating Fund

December 31, 2008

|   | <u>Ref.</u> | <u>Budget</u>       | <u>Realized</u>     | <u>Excess or<br/>(Deficit)*</u> |
|---|-------------|---------------------|---------------------|---------------------------------|
| Surplus Utilized                          | D-1         | 114,000.00          | 114,000.00          | -                               |
| Rents                                     | D-1         | 1,194,930.00        | 1,190,233.04        | (4,696.96)                      |
| Miscellaneous                             | D-1         | 41,303.00           | 48,751.84           | 7,448.84                        |
| Additional Water Rents                    | D-1         | 30,044.00           |                     | (30,044.00)                     |
| Budget Totals                             |             | <u>1,380,277.00</u> | <u>1,352,984.88</u> | <u>(27,292.12)</u>              |
| Analysis of Water Rents:                  |             |                     |                     |                                 |
| Consumer Accounts Receivable<br>Collected | D-6, D-10   |                     | <u>1,190,233.04</u> |                                 |
| Analysis of Miscellaneous Revenues:       |             |                     |                     |                                 |
| Treasurer:                                |             |                     |                     |                                 |
| Interest on Investments:                  |             |                     |                     |                                 |
| Water Operating Fund                      | D-6         |                     | 20,040.80           |                                 |
| Water Collector:                          |             |                     |                     |                                 |
| Main Tap                                  |             | 21,000.00           |                     |                                 |
| Meter Charges                             |             | 1,050.00            |                     |                                 |
| Miscellaneous                             |             | <u>6,661.04</u>     |                     |                                 |
|   | D-6         |                     | <u>28,711.04</u>    |                                 |
|   |             |                     | <u>48,751.84</u>    |                                 |

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

December 31, 2008

| Ref.   | Appropriated        |                              | Expended            |                  | Unexpended<br>Balance<br>Canceled |
|--|---------------------|------------------------------|---------------------|------------------|-----------------------------------|
|  | Budget              | Budget After<br>Modification | Paid or<br>Charged  | Reserved         |                                   |
| <b>Operating:</b>  |                     |                              |                     |                  |                                   |
|  | 258,700.00          | 260,790.00                   | 260,260.53          | 529.47           | -                                 |
| Salaries and Wages                                       | 698,100.00          | 696,010.00                   | 649,954.96          | 46,055.04        | -                                 |
| Other Expenses   |                     |                              |                     |                  |                                   |
| <b>Total Operations</b>                                  | <b>956,800.00</b>   | <b>956,800.00</b>            | <b>910,215.49</b>   | <b>46,584.51</b> | <b>-</b>                          |
| <b>Capital Improvements:</b>                             |                     |                              |                     |                  |                                   |
| Capital Improvement Fund                                 | 12,300.00           | 12,300.00                    | 12,300.00           | -                | -                                 |
| D-1  | 12,300.00           | 12,300.00                    | 12,300.00           | -                | -                                 |
| <b>Debt Service:</b>                                     |                     |                              |                     |                  |                                   |
| Payment of Bond Principal                                | 165,000.00          | 165,000.00                   | 165,000.00          | -                | -                                 |
| Payment of Bond Anticipation Notes<br>and Capital Notes  | 3,165.00            | 3,165.00                     | 3,165.00            | -                | -                                 |
| Interest on Bonds  | 180,229.00          | 180,229.00                   | 180,229.00          | -                | -                                 |
| Interest on Notes  | 34,783.00           | 34,783.00                    | 34,783.00           | -                | -                                 |
| <b>Total Debt Service</b>                                | <b>383,177.00</b>   | <b>383,177.00</b>            | <b>383,177.00</b>   | <b>-</b>         | <b>-</b>                          |
| D-1  | 383,177.00          | 383,177.00                   | 383,177.00          | -                | -                                 |
| <b>Deferred Charges and Statutory Expenditures:</b>      |                     |                              |                     |                  |                                   |
| Statutory Expenditures:                                  |                     |                              |                     |                  |                                   |
| Public Employees' Retirement System                      | 3,000.00            | 3,000.00                     | 3,000.00            | -                | -                                 |
| Social Security System                                   | 25,000.00           | 25,000.00                    | 19,463.61           | 5,536.39         | -                                 |
| <b>Total Deferred Charges and Statutory Expenditures</b> | <b>28,000.00</b>    | <b>28,000.00</b>             | <b>22,463.61</b>    | <b>5,536.39</b>  | <b>-</b>                          |
| D-1  | 28,000.00           | 28,000.00                    | 22,463.61           | 5,536.39         | -                                 |
| <b>Grand Total</b>                                       | <b>1,380,277.00</b> | <b>1,380,277.00</b>          | <b>1,328,156.10</b> | <b>52,120.90</b> | <b>-</b>                          |
|  |                     |                              |                     | D                |                                   |

Ref.

D-16 Reserve for Encumbrances 12,295.01  
D-18 Interest on Bonds and Notes 215,012.00  
D-6 Disbursed 1,100,849.09  
1,328,156.10

See accompanying notes to financial statements.

**Borough of Ringwood, N.J.**  
**Balance Sheet - Regulatory Basis**  
**Public Assistance Fund**  
**December 31, 2008**  
**With Comparative Figures for 2007**

|                               | <u>Ref.</u> | <u>2008</u>      | <u>2007</u>      |
|-------------------------------|-------------|------------------|------------------|
| <u>Assets</u>                 |             |                  |                  |
| Cash                          | E-1         | <u>14,279.32</u> | <u>28,999.32</u> |
|                               |             | <u>14,279.32</u> | <u>28,999.32</u> |
| <u>Liabilities</u>            |             |                  |                  |
| Reserve For Public Assistance | E-6         | <u>14,279.32</u> | <u>28,999.32</u> |
|                               |             | <u>14,279.32</u> | <u>28,999.32</u> |

See accompanying notes to financial statements.

**Borough of Ringwood, N.J.**  
**Balance Sheet - Regulatory Basis**  
**Payroll Fund**  
**December 31, 2008**  
**With Comparative Figures for 2007**

|                            | <u>Ref.</u> | <u>2008</u> | <u>2007</u> |
|----------------------------|-------------|-------------|-------------|
|                            |             |             |             |
| <u>Assets</u>              |             |             |             |
| Cash                       | F -1        | 0.07        | 0.06        |
|                            |             | 0.07        | 0.06        |
|                            |             |             |             |
| <u>Liabilities</u>         |             |             |             |
| Payroll Deductions Payable | F -1        | 0.07        | 0.06        |
|                            |             | 0.07        | 0.06        |

See accompanying notes to financial statements.

## Borough of Ringwood, N.J.

## Balance Sheet - Regulatory Basis

## Recreation Fund

December 31, 2008

With Comparative Figures for 2007

|                          | <u>Ref.</u> | <u>2008</u>       | <u>2007</u>       |
|--------------------------|-------------|-------------------|-------------------|
| <u>Assets</u>            |             |                   |                   |
| Cash                     | G-1         | <u>161,890.15</u> | <u>158,267.34</u> |
|                          |             | <u>161,890.15</u> | <u>158,267.34</u> |
| <u>Liabilities</u>       |             |                   |                   |
| Reserve for Encumbrances |             | 115.00            | 1,864.64          |
| Reserve For Recreation   | G-2         | <u>161,775.15</u> | <u>156,402.70</u> |
|                          |             | <u>161,890.15</u> | <u>158,267.34</u> |

See accompanying notes to financial statements.

## Borough of Ringwood, N.J.

## Statement of General Fixed Assets - Regulatory Basis

December 31, 2008

|                                    | <u>Balance</u><br><u>Dec. 31, 2008</u> | <u>Balance</u><br><u>Dec. 31, 2007</u> |
|------------------------------------|--|--|
| <b><u>Assets</u></b>               |  |  |
| General Fixed Assets:              |  |  |
| Land                               | 7,135,500.00                           | 7,135,500.00                           |
| Buildings                          | 4,196,000.00                           | 4,196,000.00                           |
| Machinery, Vehicles and Equipment  | <u>7,790,384.38</u>                    | <u>7,840,753.60</u>                    |
|                                    | <u>19,121,884.38</u>                   | <u>19,172,253.60</u>                   |
| <b><u>Liabilities</u></b>          |  |  |
| Investment in General Fixed Assets | <u>19,121,884.38</u>                   | <u>19,172,253.60</u>                   |

(1) See Notes to Financial Statements - (Note 9)

See accompanying notes to financial statements.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**

**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 generally accepted accounting principles (GAAP).

The financial statements of the Borough of Ringwood 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 generally accepted accounting principles. 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 Ringwood (the "Borough") 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 N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(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 groups:

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

Emergency Services Volunteer Length of Service Award Program - 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.

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

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.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

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

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of Ringwood. 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 generally accepted accounting principles (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 RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

**Basis of Accounting, (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 and Water Operating 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 for the current fund and water operating fund. 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
- Water Capital 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. Several budget transfers were approved by the governing body.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

**Basis of Accounting, (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.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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 cost and are limited by N.J.S.A. 40A:5-15.1(a).

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 - Prior to year 2000, the Borough of Ringwood did not maintain a fixed asset accounting system as required by N.J.A.C. 5:30-5.6. Assets were not added or deleted from the Schedule of Fixed Assets. During the year 2000, an independent appraisal was made of the Borough's fixed assets and the Borough has developed a fixed asset accounting 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.

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.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

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

**Basis of Accounting, (continued)**

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.

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.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**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, 2008, \$-0- of the Borough's bank balance of \$9,546,843.48 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.

**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 16, 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 Variable Annuity Life Insurance Company, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2008 and 2007 amounted to \$479,176.81 and \$615,782.02, respectively.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

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

The following investments represent 5% or more of the total invested with Variable Annuity Life Insurance Company on December 31, 2008 and 2007:

|                                    | <u>2008</u>         | <u>2007</u>         |
|------------------------------------|---------------------|---------------------|
| Broad Cap Value Income Fund        | \$28,179.95         | \$41,097.12         |
| Large Capital Growth Fund          | 32,914.32           | 52,469.51           |
| Mid Cap Value Fund                 | 28,068.72           | 36,756.08           |
| Money Market Funds                 | 64,422.11           | 47,374.92           |
| Small Cap Special Value Fund       |                     | 30,951.55           |
| Vanguard Life Strategy Growth Fund | <u>25,622.02</u>    | <u>37,965.65</u>    |
| Total                              | <u>\$179,207.12</u> | <u>\$246,614.83</u> |

**NOTE 3. MUNICIPAL DEBT**

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 regulatory 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.

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

|   | <u>Balance</u><br><u>Dec. 31, 2007</u> | <u>Additions</u>            | <u>Reductions</u>   | <u>Ending</u><br><u>Balance</u> | <u>Amounts Due</u><br><u>Within</u><br><u>One Year</u> |
|---|--|-----------------------------|---------------------|---------------------------------|--|
| Bonds Payable - General Obligation Debt             | \$4,658,000.00                         | \$                          | \$415,000.00        | \$4,243,000.00                  | \$440,000.00   |
| Bonds Payable - Water Utility Debt                  | 4,278,000.00                           |                             | 165,000.00          | 4,113,000.00                    | 185,000.00   |
| Other Liabilities -<br>Compensated Absences Payable | 164,590.17                             | 18,177.77                   | 16,171.90           | 166,596.04                      |  |
| New Jersey<br>Green Trust Loans                     | <u>113,405.55</u>                      | <u>                    </u> | <u>7,094.66</u>     | <u>106,310.89</u>               | <u>7,237.26</u>  |
|   | <u>\$9,213,995.72</u>                  | <u>\$18,177.77</u>          | <u>\$603,266.56</u> | <u>\$8,628,906.93</u>           | <u>\$632,237.26</u>                                    |

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

|   | <u>Year 2008</u>       | <u>Year 2007</u>       | <u>Year 2006</u>       |
|---|------------------------|------------------------|------------------------|
| <u>Issued:</u>  |                        |                        |                        |
| General Bonds and Notes                                     | \$9,722,500.00         | \$9,161,000.00         | \$6,610,500.00         |
| Water Utility - Bonds and Notes                             | 5,270,535.00           | 5,193,000.00           | 4,678,000.00           |
| Green Trust Loan  | <u>106,310.89</u>      | <u>113,405.55</u>      | <u>120,360.42</u>      |
| Total Issued  | <u>15,099,345.89</u>   | <u>14,467,405.55</u>   | <u>11,408,860.42</u>   |
| <u>Authorized But Not Issued</u>                            |                        |                        |                        |
| General Bonds and Notes                                     | 490,072.01             | 490,072.01             | 2,692,072.01           |
| Water Utility - Bonds and Notes                             | <u>3,210,650.24</u>    | <u>3,210,650.24</u>    | <u>3,535,392.66</u>    |
| Total Authorized But Not Issued                             | <u>3,700,722.25</u>    | <u>3,700,722.25</u>    | <u>6,227,464.67</u>    |
| Net Bonds and Notes Issued and<br>Authorized But Not Issued | <u>\$18,800,068.14</u> | <u>\$18,168,127.80</u> | <u>\$17,636,325.09</u> |

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 .50%.

|                               | <u>Gross Debt</u>      | <u>Deductions</u>      | <u>Net Debt</u>       |
|-------------------------------|------------------------|------------------------|-----------------------|
| Local School District Debt    | \$1,328,000.00         | \$1,328,000.00         | \$0.00                |
| Regional School District Debt | 1,901,078.91           | 1,901,078.91           | 0.00                  |
| Water Utility Debt            | 8,481,185.24           | 7,935,342.84           | 545,842.40            |
| General Debt                  | <u>10,318,882.90</u>   | <u>1,298,200.00</u>    | <u>9,020,682.90</u>   |
|                               | <u>\$22,029,147.05</u> | <u>\$12,462,621.75</u> | <u>\$9,566,525.30</u> |

Net Debt \$9,566,525.30 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,919,581,046.33 equals .50%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

|   |                        |
|---|------------------------|
| 3 ½% of Equalized Valuation Basis (Municipal) | \$67,185,336.62        |
| Net Debt                                      | <u>9,566,525.30</u>    |
| Remaining Borrowing Power                     | <u>\$57,618,811.32</u> |

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY  
PER N.J.S.A. 40A:2-45

|  |                   |                      |
|--|-------------------|----------------------|
| Cash receipts from fees, rents or other charges for year |                   | \$1,352,984.88       |
| Deductions:  |                   |                      |
| Operating and Maintenance Cost                           | \$997,100.00      |                      |
| Debt Service per Water Account                           | <u>383,177.00</u> |                      |
| Total Deductions   |                   | 1,380,277.00         |
| Deficit in Revenue                                       |                   | <u>(\$27,292.12)</u> |

Footnote: If there is an "excess in revenue", all such utility debt is deductible.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

The Borough's long term debt consisted of the following at December 31, 2008:

|   | <u>Debt</u><br><u>Outstanding</u> |
|---|-----------------------------------|
| Paid by Current Fund:   |                                   |
| <u>General Serial Bonds:</u>  |                                   |
| Sewer Bonds of 1993 with interest rates of 3.55% to 5.10% issued September 1, 1993, due in annual installments through January 1, 2019. | \$930,000.00                      |
| General Bonds of 2001 with an interest rate of 4.70% issued February 1, 2001, due in annual installments through February 1, 2021.      | 1,963,000.00                      |
| General Bonds of 2004 with an interest rate of 4.00% issued January 15, 2004, due in annual installments through January 15, 2014.      | 1,350,000.00                      |
|   | <u>4,243,000.00</u>               |
| Paid by Water Utility Fund:   |                                   |
| <u>Water Serial Bonds:</u>  |                                   |
| Water Bonds of 2001 with an interest rate of 4.70% issued February 1, 2001, due in annual installments through February 1, 2021.        | 2,171,000.00                      |
| Water Bonds of 2004 with an interest rate of 4.00% issued January 15, 2004, due in annual installments through January 15, 2024.        | 1,942,000.00                      |
|   | <u>4,113,000.00</u>               |
|   | <u>\$8,356,000.00</u>             |

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

General Capital and Water 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 and/or Water Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

|                 |                       |
|-----------------|-----------------------|
| Water Capital   | \$3,210,650.24        |
| General Capital | <u>490,072.01</u>     |
|                 | <u>\$3,700,722.25</u> |

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR THE NEXT FIVE YEARS FOR BONDED DEBT ISSUED AND OUTSTANDING**

| <u>Calendar Year</u> | <u>General</u>              |                             | <u>Utility Fund</u>   |                       |
|----------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|
|                      | <u>Principal</u>            | <u>Interest</u>             | <u>Principal</u>      | <u>Interest</u>       |
| 2009                 | \$440,000.00                | \$184,008.50                | \$185,000.00          | \$175,579.50          |
| 2010                 | 445,000.00                  | 164,516.00                  | 190,000.00            | 167,204.50            |
| 2011                 | 445,000.00                  | 144,896.00                  | 200,000.00            | 158,529.50            |
| 2012                 | 450,000.00                  | 125,148.50                  | 215,000.00            | 149,302.00            |
| 2013                 | 455,000.00                  | 105,146.00                  | 225,000.00            | 139,487.00            |
| 2014-2018            | 1,440,000.00                | 289,277.50                  | 1,245,000.00          | 538,225.00            |
| 2019-2023            | 568,000.00                  | 35,930.00                   | 1,546,000.00          | 229,990.00            |
| 2024                 | <u>                    </u> | <u>                    </u> | <u>307,000.00</u>     | <u>6,140.00</u>       |
|                      | <u>\$4,243,000.00</u>       | <u>\$1,048,922.50</u>       | <u>\$4,113,000.00</u> | <u>\$1,564,457.50</u> |

On April 23, 2009, the Borough refunded the 1993 Sewer Bonds and advanced refunded the 2001 General and Water Bonds with a cash savings of \$295,766.34.

**NOTE 4. BOND ANTICIPATION NOTES**

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

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 4. BOND ANTICIPATION NOTES, (continued)**

On December 31, 2008, the Borough had \$4,367,000.00 in outstanding general capital bond anticipation notes maturing on February 27, 2009 at an interest rate of 3.50%; \$1,112,500.00 in outstanding general capital bond anticipation notes maturing November 6, 2009 at an interest rate of 3.50%; and \$1,157,535.00 in water capital bond anticipation notes maturing on November 6, 2009 at an interest rate of 3.50%.

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

|                                    | <u>Beginning<br/>Balance</u> | <u>Additions</u>      | <u>Reductions</u>     | <u>Ending<br/>Balance</u> |
|------------------------------------|------------------------------|-----------------------|-----------------------|---------------------------|
| <u>General Capital Fund:</u>       |                              |                       |                       |                           |
| DEPFA First Albany Corp.           | \$                           | \$4,367,000.00        | \$                    | \$4,367,000.00            |
| Commerce Capital Markets, Inc.     | <u>4,503,000.00</u>          | <u>1,112,500.00</u>   | <u>4,503,000.00</u>   | <u>1,112,500.00</u>       |
|                                    | 4,503,000.00                 | 5,479,500.00          | 4,503,000.00          | 5,479,500.00              |
| <u>Water Utility Capital Fund:</u> |                              |                       |                       |                           |
| Commerce Capital Markets, Inc.     | <u>915,000.00</u>            | <u>1,157,535.00</u>   | <u>915,000.00</u>     | <u>1,157,535.00</u>       |
|                                    | <u>\$5,418,000.00</u>        | <u>\$6,637,035.00</u> | <u>\$5,418,000.00</u> | <u>\$6,637,035.00</u>     |

On January 22, 2009, the Borough financed \$4,367,000 of notes through the Passaic County Improvement Authority.

**NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, the following deferred charges are shown on the balance sheet of the Current Fund:

|                                      | <u>Balance<br/>Dec. 31, 2007</u> | <u>Added<br/>2008</u> | <u>2008<br/>Budget<br/>Appropriation</u> | <u>Balance to<br/>Succeeding<br/>Budget</u> |
|--------------------------------------|----------------------------------|-----------------------|--|---|
| <u>Current Fund:</u>                 |                                  |                       |  |   |
| Emergency Authorization              | \$302,000.00                     | \$48,000.00           |  | \$350,000.00                                |
| Expenditure Without                  |                                  |                       |  |   |
| Appropriation                        | 32,239.99                        |                       | 32,239.99                                |   |
| <u>Water Utility Operating Fund:</u> |                                  |                       |  |   |
| Operating Deficit                    |                                  | 25,861.12             |  | 25,861.12                                   |
| Overexpenditure of Appropriation     |                                  |                       |  |   |
| Reserve                              |                                  | 22,431.11             |  | 22,431.11                                   |

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 6. LOCAL AND REGIONAL HIGH SCHOOL TAXES**

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

The Borough of Ringwood has elected to defer school taxes as follows:

|                    | December 31, 2008      |                     | December 31, 2007      |                     |
|--------------------|------------------------|---------------------|------------------------|---------------------|
|                    | Local                  | Regional            | Local                  | Regional            |
|                    | <u>School District</u> | <u>High School</u>  | <u>School District</u> | <u>High School</u>  |
| Balance of Tax     | \$7,467,846.67         | \$4,435,319.04      | \$7,076,312.00         | \$4,354,566.18      |
| Deferred           | <u>7,467,846.67</u>    | <u>4,435,319.04</u> | <u>7,076,312.00</u>    | <u>4,354,566.18</u> |
| School Tax Payable | <u>\$0.00</u>          | <u>\$0.00</u>       | <u>\$0.00</u>          | <u>\$0.00</u>       |

**NOTE 7. 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 a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Description of Systems, (continued)

*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 average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Significant Legislation

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

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Description of Systems, (continued)

Significant Legislation, (continued)

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

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

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 Ended</u><br><u>December 31,</u> | <u>PERS</u>  | <u>PFRS</u>  |
|--|--------------|--------------|
| 2008                                     | \$164,192.80 | \$464,521.00 |
| 2007                                     | 94,774.20    | 301,748.00   |
| 2006                                     | 50,554.80    | 188,985.60   |

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 8 OTHER POST-RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits as follows:

**Eligibility for Retired Group Coverage**

Service Retirement Eligibility

An employee is eligible to receive postretirement health benefits through the Borough of Ringwood by meeting the following criteria:

1. Retire from active employment with the Borough of Ringwood; and
2. For all except PBA, be at least 60 years of age and have at least 30 years of service with the Borough; or
3. For PBA, have at least 25 years of service in the pension system.

Disability Retirement Eligibility

An employee is eligible if the employee retires with a disability pension from a state administered retirement system.

Other Eligibility

A surviving spouse is eligible for subsidized coverage. Spouses may enroll as dependents for those retirees.

As of January 1, 2008, there are 62 current employees actively participating in the Municipal Reinsurance Health Insurance Fund, and 14 retirees and 6 spouses of retirees also participating.

**Funding Policy**

The Borough is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et. seq. There is currently no provision under State statute for the Borough to accrue funds, create a trust or issue debt to finance their other post employment benefit (“OPEB”) liability.

Currently, there are no contribution requirements of plan members.



**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 8. OTHER POST-RETIREMENT BENEFITS, (continued)**

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**NOTE 9. FUND BALANCES**

Fund balances as of December 31, 2008 that have been anticipated as revenue in the 2009 budget is as follows:

|              |                       |
|--------------|-----------------------|
| Current Fund | <u>\$1,600,000.00</u> |
|--------------|-----------------------|

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the general fixed assets' account group for the year 2008.

|                                      | Balance<br><u>Dec. 31, 2007</u> | <u>Additions</u>   | <u>Deletions</u>    | Balance<br><u>Dec. 31, 2008</u> |
|--------------------------------------|---------------------------------|--------------------|---------------------|---------------------------------|
| Land                                 | \$7,135,500.00                  | \$                 | \$                  | \$7,135,500.00                  |
| Buildings                            | 4,196,000.00                    |                    |                     | 4,196,000.00                    |
| Machinery, Vehicles<br>and Equipment | <u>7,840,753.60</u>             | <u>65,963.78</u>   | <u>116,333.00</u>   | <u>7,790,384.38</u>             |
|                                      | <u>\$19,172,253.60</u>          | <u>\$65,963.78</u> | <u>\$116,333.00</u> | <u>\$19,121,884.38</u>          |

During the year ended December 31, 2000, the Borough had its fixed assets appraised by an independent appraisal company. Based on the information obtained from this appraisal, an adjustment was necessary to the Borough's fixed assets. The resulting adjustment is reflected in the accompanying financial statements and supporting schedules.

**NOTE 11. ACCRUED SICK AND VACATION BENEFITS**

The Borough permits employees to accrue (with certain restrictions) unused sick and vacation 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 would approximate \$166,596.04 as of December 31, 2008. This amount is not reported either as an expenditure or liability.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 12. DUE TO/FROM OTHER FUNDS**

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

|                     |   |
|---------------------|---|
| \$100,039.48        | Due to Current Fund from Federal and State Grant Fund for anticipated revenue.    |
| 1,093.15            | Due to General Capital Fund from Current Fund for reimbursement of expenditures.  |
| 8,400.00            | Due to Other Trust Fund from Current Fund for receipts collected in Current Fund. |
| <u>270,544.60</u>   | Due from Federal and State Grant Fund to General Capital Fund for grant revenue.  |
| <u>\$380,077.23</u> |   |

It is anticipated that all interfunds will be liquidated during the fiscal year.

**NOTE 13. LEASES**

The Borough has not entered into any long-term agreements for any equipment purchases.

**NOTE 14. RISK MANAGEMENT**

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

The Borough of Ringwood is also a member of the New Jersey Intergovernmental Insurance Fund (the "Fund"). The Fund provides their members with Liability, Property and Workers' Compensation and both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 14. RISK MANAGEMENT (continued)**

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

The Borough's health insurance is carried through the North Jersey Municipal Employee Benefit Fund. Adequacy of the Borough's insurance coverage is the responsibility of the Borough's management.

**NOTE 15. 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><br><u>Dec 31, 2008</u> | <u>Balance</u><br><u>Dec 31, 2007</u> |
|--|---------------------------------------|---------------------------------------|
| Prepaid Taxes                                    | <u>\$80,061.97</u>                    | <u>\$101,456.57</u>                   |
| Cash Liability for Taxes Collected<br>in Advance | <u>\$80,061.97</u>                    | <u>\$101,456.57</u>                   |

**NOTE 16. DEFERRED COMPENSATION PLAN**

The Borough of Ringwood offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Variable Annuity Life Insurance Company (VALIC), is available to all Borough employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Borough of Ringwood (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Borough's general creditors. Participants' rights under the Plan are equivalent to those of general creditors of the Borough in an amount equal to the fair market value of the deferred account for each participant. However, on October 22, 1997 the Borough passed a resolution to amend the Plan to be in conformance with Internal Revenue Code for Section 457 Deferred Compensation Plans, as amended by the "Small Jobs Protection Act of 1996". This change requires all deferred funds to be held for the exclusive benefit of the participating employees and their beneficiaries.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 16. DEFERRED COMPENSATION PLAN (continued)**

The employees' contributions to the Plan and all income attributable to those amounts have been transferred to the exclusive benefit of the participating employees and their beneficiaries as required by the plan amendment.

**NOTE 17. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On September 10, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). 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.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The LOSAP shall provide for annual contributions for each eligible member who meets the criteria as follows:

- a. 50 points in a calendar year are required for a member of a volunteer fire company to be eligible for an annual contribution; 350 points are required in a calendar year for a member of the ambulance corps to be eligible for an annual contribution.
- b. Five (5) years of service are required for vesting. A member who fails to meet eligibility criteria for two (2) consecutive years shall forfeit all rights toward vesting and the monies contributed to that member's account shall go into the pool for distribution in accordance with Item C. any member with ten (10) years of service as of January 1, 2000 shall be vested immediately upon adoption of the plan.
- c. The Borough's annual contribution shall be equivalent to one (1) tax point, based on the prior year's tax rate. This funded amount shall be distributed equally among eligible members. In addition, contributions which are forfeited by members who do not become vested throughout that calendar year will be added to the Borough's contribution and will be distributed in accordance with the Schedule.

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

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

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES**

Borough Counsel has reported that the Borough is involved in several legal suits and tax appeals that are typical for a municipal government. Additionally, Counsel has reported the following:

**EPA REGULATORY ACTION (Against Ford and Ringwood)**

- a. The proceeding. The EPA has issued regulatory orders requiring Ford to clean up and remediate toxic waste deposits in Upper Ringwood. Ford has asserted claims that Ringwood has some responsibility regarding the same. EPA issued an order requiring Ringwood and Ford to cooperate in the remediation process.
  - b. The claims asserted. The amount of damages cannot be determined at this time. Ford is cleaning up the affected areas under the control and regulation of the EPA. A dispute exists over responsibility for the removal of hazardous substances from an area entitled SR-6. NJDEP is remediating the area and advise Ford and Ringwood that it will hold them responsible for the costs. Ringwood denies any responsibility regarding the hazardous waste.
  - c. Amount of monetary damages sought. Precise amounts have not been determined, but Ringwood asserts that its insurance policies provide coverage.
  - d. See answer to C.
  - e. Objective sought by EPA is remediation; Ford is demanding contribution toward certain costs.
2. Progress of case: Ford has completed its first phase of remediation; Ringwood has removed its portion of solid waste from SR-6; DEP is removing hazardous substances from SR-6.
  3. Management and response to litigation: Deny any responsibility for hazardous waste remediation.
  4. Evaluation of likelihood of outcome: Technical data received from Ringwood's experts indicates that any non solid waste substances on SR-6 are hazardous substances whose remediation is the responsibility of Ford. For the overwhelming bulk of remediation, the responsibility lies with Ford.
  5. Amount or range of potential loss: Cannot be determined at this time.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

**DEP REQUIRING SOLID WASTE CLEAN-UP**

- a. The proceeding. DEP has issued an administrative order requiring Ringwood to remove materials identified as SR-6.
  - b. The claim asserted. That Ringwood remove all waste substances located on SR-6.
  - c. Monetary damages. Not sought.
  - d. Whether or not damage covered by insurance. Dispute as to insurance coverage with Ringwood asserting coverage.
  - e. Objective sought by plaintiff. Removal of solid and toxic waste from SR-6.
2. Progress of Case. Ringwood has removed certain solid waste; DEP is removing the toxic waste and asserts that it will hold Ringwood and/or Ford liable for costs.
  3. Ringwood is contesting any requirement to contribute to the cost of removing toxic waste.
  4. Tests conducted by Ringwood's engineer indicates responsibility for toxic waste removal resides solely with Ford.
  5. Estimate amount or range of potential loss. Cannot be determined at this time.

**RINGWOOD v. PASSAIC COUNTY CONSTRUCTION BOARD OF APPEALS and GBS, HETRICK, YUHAS and others**

- a. The proceeding. Action in Superior Court, Passaic County by Ringwood contesting grant of building permit by Passaic County Construction Board of Appeals and counterclaim by GBS (party granted permit) against Borough and certain Borough officials for damages.
- b. Claim Asserted. Monetary damages for alleged refusal to issue a permit for the erection of a single family house; civil rights and other claims against Borough officials for allegedly violating basic rights of plaintiff.
- c. Specific amount - not asserted.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**RINGWOOD v. PASSAIC COUNTY CONSTRUCTION BOARD OF APPEALS and GBS, HETRICK, YUHAS and others, (continued)**

- d. Demand for coverage has been made and carrier has agreed to defend the civil rights issues with a right of reservation.
- e. Object sought. Issuance of building permit and damages.
2. The Construction Board part of the case is scheduled for hearing in October 2009.
3. Civil rights claims will be vigorously contested; Borough has initiated settlement discussions.
4. No evaluation of outcome can be made at this time.
5. Range of potential loss. Cannot be estimated because discovery is not complete and matter of insurance coverage not yet determined.

**CLARKSTOWN LANDFILL**

- a. The proceeding. In a New York State proceeding, numerous parties were forced to contribute to the remediation of a discontinued solid waste facility/landfill in Clarkstown, New York.
- b. Claim Asserted. The above parties have made a demand for contribution from Ringwood. For a short period of time, Ringwood deposited solid waste at this landfill.
- c. Monetary Damages. No specific monetary amount has been demanded.
- d. Whether covered by insurance. The Borough contends that the matter is covered by insurance. One carrier has thus far disclaimed coverage. Another carrier may be amenable to acknowledging coverage.
- e. Objective sought other than monetary damages: None
2. Progress of case: The matter is not in litigation and Ringwood has not made a responsive offer.
3. How management intend to respond: Ringwood will make a settlement offer in consultation with its insurance carriers.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**CLARKSTOWN LANDFILL (continued)**

4. Likelihood of unfavorable outcome: No evaluation at this time can be made of the possible outcome.
5. Range of potential loss: No evaluation at this time can be made on the range of any losses.

**Asserted Claims:**

Rodney and Kathleen Mann, 23 Van Dunk Lane  
Jeanine and Thomas Mann, 27 Van Dunk Lane

- a. The proceeding. The aforementioned properties were occupied by approximately 23 persons. In 2006, as a result of micro-gravity testing, the Borough determined that the homes were unfit for habitation and ordered the inhabitants to vacate the same. Since then, using State and Borough funds, the inhabitants have been put-up in rental housing.
  - b. Claim asserted: The Borough must provide temporary and permanent housing relief.
  - c. Monetary or other damages sought: None yet stated except as stated in B above.
  - d. Insurance coverage: Not yet determined.
  - e. Objectives sought other than monetary or other damages: Temporary rental housing and permanent housing.
2. Progress of case: The Borough has authority from the Department of Community Affairs to use a fund of approximately \$204,000.00 to provide rental assistance to persons displaced from their homes. The Borough is also seeking State assistance in providing for a final resolution of permanent housing.
  3. Borough's response to claim: As set forth in Paragraph 2 above.
  4. Likelihood of unfavorable outcome: No determination can be made at this time.
  5. Estimate of range of potential loss: No determination can be made at this time.

**BOROUGH OF RINGWOOD, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2008 and 2007**  
**(continued)**

**NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)**

**ROGER DE GROAT, 9 SHEEHAN DRIVE**

Roger DeGroat, 9 Sheehan Drive: Part of the property owner's land collapsed resulting in a sink hole possibly stemming from surfacing mining activities. The property owner asserts that it is the Borough's responsibility to remediate the same. Estimate costs are \$400,000.00 to \$500,000.00. Open issue as to whether insurance coverage is available. The Borough is exploring ways to obtain state or federal funding but does not admit liability.

**NOTE 19. OTHER MATTERS**

The Borough entered into an agreement as a co-borrower between the Borough, Skyline Lake Property Owners Association and the State of New Jersey for a dam rehabilitation project. The Borough will pass a special assessment ordinance to repay the loan.

The Borough has also been ordered to complete a revaluation of real property for the tax year 2009. The Borough has passed a \$350,000 emergency resolution payable over five years to fund the revaluation.

**SUPPLEMENTARY DATA**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

|                                   | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|-----------------------------------|-------------|-------------|-------------|
| <u>Tax Rate:</u>                  | 4.923       | 4.66        | 4.51        |
| <u>Apportionment of Tax Rate:</u> |             |             |             |
| Municipal                         | 1.024       | .977        | 0.894       |
| County                            | 1.152       | 1.046       | 1.018       |
| Local School                      | 1.727       | 1.632       | 1.574       |
| Regional High School              | 1.020       | 1.005       | 1.024       |

Assessed Valuation:

|      |               |               |               |
|------|---------------|---------------|---------------|
| 2008 | \$870,375,673 |               |               |
| 2007 |               | \$867,317,663 |               |
| 2006 |               |               | \$862,498,218 |

**COMPARISON OF TAX LEVIES AND COLLECTION 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 Collections</u> | <u>Percentage of Collection</u> |
| 2008        | \$42,939,418.93 | \$42,290,354.46         | 98.49%                          |
| 2007        | 40,609,498.09   | 40,019,626.25           | 98.55                           |
| 2006        | 39,157,317.43   | 38,496,844.53           | 98.31                           |

**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>Delinquent Taxes</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------|-------------------------|----------------------------------|-----------------------------------|-------------------------------|
| 2008        | \$578,631.91            | \$201,693.02                     | \$780,324.93                      | 1.82%                         |
| 2007        | 534,347.87              | 221,620.85                       | 755,968.72                        | 1.86                          |
| 2006        | 480,272.19              | 199,859.17                       | 680,131.36                        | 1.74                          |

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property 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>  |
|-------------|----------------|
| 2008        | \$1,584,100.00 |
| 2007        | 1,584,100.00   |
| 2006        | 1,584,100.00   |

**COMPARISON OF WATER UTILITY LEVIES**

| <u>Year</u> | <u>Levy</u>    | <u>Cash Collections</u> |
|-------------|----------------|-------------------------|
| 2008        | \$1,172,383.69 | \$1,190,233.04          |
| 2007        | 1,193,624.39   | 1,196,595.70            |
| 2006        | 1,140,312.25   | 1,149,386.31            |

**COMPARATIVE SCHEDULE OF FUND BALANCES**

|                | <u>Utilized</u> | <u>Balance</u> | <u>In Budget of</u>    |
|----------------|-----------------|----------------|------------------------|
|                | <u>Year</u>     | <u>Dec. 31</u> | <u>Succeeding Year</u> |
| Current Fund   | 2008            | \$2,019,753.24 | \$1,600,000.00         |
|                | 2007            | 1,027,878.97   | 840,000.00             |
|                | 2006            | 2,217,257.54   | 1,850,000.00           |
|                | 2005            | 2,525,509.74   | 2,009,000.00           |
|                | 2004            | 3,084,841.63   | 2,018,000.00           |
| Water Utility  | 2008            | \$509.19       | \$-0-                  |
| Operating Fund | 2007            | 114,509.19     | 114,000.00             |
|                | 2006            | 8,670.63       | 8,500.00               |
|                | 2005            | 160,071.88     | 100,000.00             |
|                | 2004            | 120,197.40     | 100,000.00             |

## OFFICIALS IN OFFICE

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

| <u>Name</u>            | <u>Title</u>                     | <u>Amount of Bond</u> |
|------------------------|----------------------------------|-----------------------|
| Walter J. Davison, Jr. | Mayor                            |                       |
| Donna S. Anderson      | Deputy Mayor                     |                       |
| Scott R. Conley        | Councilman                       |                       |
| William E. Marsala     | Councilman                       |                       |
| Ted Taukus             | Councilman                       |                       |
| Linda Schaefer         | Councilwoman                     |                       |
| John M. Speer          | Councilman                       |                       |
| Kelley A. Rohde        | Acting Borough Manager           |                       |
| Scott Heck             | Deputy Borough Manager           |                       |
| Kelley A. Rohde        | Borough Clerk                    |                       |
| Gail Bado              | CFO/Treasurer, Tax Collector     | (A)                   |
| Harold P. Cook         | Magistrate                       | (A)                   |
| Margaret Conway        | Court Clerk and Violations Clerk | (A)                   |
| Ralph Fava             | Prosecutor                       |                       |
| Lisa Perry             | Animal Control                   |                       |
| Nancy Hudson           | Secretary - Board of Health      |                       |
| Leonard Herman         | Plumbing Inspector               |                       |
| Michael Hafner         | Building Inspector               |                       |
| Bernard Lombardo       | Chief of Police                  |                       |
| Marie Cannici          | Welfare Director                 |                       |
| Helen Forsa            | Secretary - Board of Adjustment  |                       |
| Rich Motyka            | Tax Assessor                     |                       |
| Richard J. Clemack     | Attorney                         |                       |
| Charles J. Ferraioli   | Auditor                          |                       |

(A) Covered by a \$1,000,000 commercial crime policy issued through the New Jersey Intergovernmental Insurance Fund.