

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF MONTVALE

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>Part I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor's Report	1-3
Financial Statements		
A	Comparative Balance Sheets - Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-16
B	Comparative Balance Sheets - Regulatory Basis - Trust Funds	17-18
B-1	Statement of Revenues – Regulatory Basis – Open Space Preservation Trust Fund	19
B-2	Statement of Expenditures – Regulatory Basis – Open Space Preservation Trust Fund	19
C	Comparative Balance Sheets- Regulatory Basis - General Capital Fund	20
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis - General Capital Fund	21
D	Comparative Balance Sheets - Regulatory Basis - Public Assistance Fund	22
E	Comparative Balance Sheets - Regulatory Basis - General Fixed Assets Account Group	23
	Notes to Financial Statements	24-45
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Cash – Collector – Treasurer	46
A-5	Statement of Change Funds	47
A-6	Statement of Petty Cash Fund	47
A-7	Statement of Grants Receivable	48
A-8	Statement of Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	48
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	49
A-10	Statement of Tax Title Liens Receivable	50
A-11	Statement of Property Acquired for Taxes (At Assessed Valuation)	50
A-12	Statement of Revenue Accounts Receivable	51
A-13	Statement of Deferred Charges N.J.S. 40A:4-55 Special Emergency	52
A-14	Statement of Appropriation Reserves	53-54
A-15	Statement of Encumbrances Payable	55
A-16	Statement of Accounts Payable	55
A-17	Statement of Prepaid Taxes	55
A-18	Statement of Tax Overpayments	56
A-19	Statement of Local District School Taxes Payable	56
A-20	Statement of Regional High School Taxes Payable	56
A-21	Statement of County Taxes Payable	56
A-22	Statement of Due County for Added and Omitted Taxes	57
A-23	Statement of Municipal Open Space Taxes	57
A-24	Statement of Fees Payable	57

BOROUGH OF MONTVALE

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund (Continued)</u>		
A-25	Statement of Prepaid Revenue	58
A-26	Statement of Reserve for Tax Appeals	58
A-27	Statement of Miscellaneous Reserves	59
A-28	Statement of Reserve for Grants – Unappropriated	59
A-29	Statement of Reserves for Grants – Appropriated	59
<u>Trust Funds</u>		
B-3	Statement of Trust Cash - Treasurer	60
B-4	Statement of Due to State of New Jersey – Fees Payable - Animal Control Fund	61
B-5	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	61
B-6	Statement of Due to Current Fund – Animal Control Fund	62
B-7	Statement of Prepaid License Fees – Animal Control Fund	62
B-8	Statement of Reserve for Unemployment Compensation Insurance – Unemployment Insurance Fund	63
B-9	Statement of Due to State of New Jersey – Claims Payable – Unemployment Insurance Fund	63
B-10	Statement of Due To Current Fund – Other Trust Fund	64
B-11	Statement of Escrow Deposits – Other Trust Fund	64
B-12	Statement of Miscellaneous Reserves and Deposits – Other Trust Fund	65
B-13	Statement of Payroll Deductions Payable – Other Trust Fund	65
B-14	Statement of Net Payroll Payable – Other Trust Fund	66
B-15	Statement of Due from Current Fund – Open Space Preservation Trust Fund	66
B-16	Statement of Reserve for Open Space Preservation – Open Space Preservation Trust Fund	66
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	67
C-3	Analysis of General Capital Cash	68
C-4	Statement of Due from Current Fund	69
C-5	Statement of Deferred Charges to Future Taxation - Funded	69
C-6	Statement of Encumbrances Payable	70
C-7	Statement of Capital Improvement Fund	70
C-8	Statement of Reserve for Payment of Debt	71
C-9	Statement of Reserve for Improvement of Field	71
C-10	Statement of Reserve for Preliminary Expenses	71
C-11	Statement of Improvement Authorizations	72
C-12	Statement of General Serial Bonds	73
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash - Treasurer	74
D-2	Statement of Reserve for Public Assistance Expenditures	74
D-3	Statement of Public Assistance Revenues	75
D-4	Statement of Public Assistance Expenditures	75

BOROUGH OF MONTVALE

TABLE OF CONTENTS

<u>Exhibits</u>	<u>Page</u>
<u>Part II – Government Auditing Standards</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards-Independent Auditor's Report	76-77
Schedule A Schedule of Expenditures of Federal Awards	78
Schedule B Schedule of Expenditures of State Financial Assistance	79
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	80
Schedule of Findings and Responses	81-83
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	84
Comparative Schedule of Tax Rate Information	85
Comparison of Tax Levies and Collection	85
Delinquent Taxes and Tax Title Liens	86
Property Acquired by Tax Title Lien Liquidation	86
Comparative Schedule of Fund Balances	86
Officials in Office and Surety Bonds	87
General Comments	88-89
Appreciation	89
Recommendations	90

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Montvale, as of December 31, 2014 and 2013, 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, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Montvale on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Montvale prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Montvale as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 16.0 percent and 16.4 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Montvale as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Montvale as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Montvale.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by Government Auditing Standards

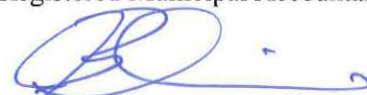
In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2015 on our consideration of the Borough of Montvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Montvale's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Registered Municipal Accountants



Jeffery C. Bliss

Registered Municipal Accountant

RMA Number CR00429

Fair Lawn, New Jersey

June 16, 2015

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	A-4	\$ 9,594,561	\$ 7,723,416
Cash - Change Fund	A-5	400	400
Grants Receivable	A-7	<u>302,085</u>	<u>226,005</u>
		<u>9,897,046</u>	<u>7,949,821</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	254,638	368,739
Tax Title Liens Receivable	A-10	15,320	14,151
Property Acquired for Taxes at Assessed Valuation	A-11	29,400	29,400
Revenue Accounts Receivable	A-12	46,296	54,947
Due from Animal Control	B-6	4,756	3,663
Due from Other Trust Fund	B-10	<u>5,024</u>	<u>5,022</u>
		<u>355,434</u>	<u>475,922</u>
Deferred Charges			
Special Emergency Authorizations	A-13	<u>66,000</u>	<u>88,000</u>
		<u>66,000</u>	<u>88,000</u>
Total Assets		<u>\$ 10,318,480</u>	<u>\$ 8,513,743</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-14	\$ 1,207,424	\$ 851,280
Encumbrances Payable	A-15	519,207	442,124
Accounts Payable	A-16	108,253	64,493
Due to Length of Service Award Program Fund	B	28,750	23,000
Fees Payable	A-24	4,799	4,141
Prepaid Taxes	A-17	203,198	217,800
Tax Overpayments	A-18	109,084	-
County Taxes Payable - Added and Omitted Taxes	A-22	128,725	4,513
Prepaid Revenues- Sewer Fees	A-25	59,305	4,241
Due to State of New Jersey Senior Citizens' and Veterans' Deductions	A-8	9,993	6,868
Reserve for Tax Appeals	A-26	420,118	309,958
Miscellaneous Reserves	A-27	384,291	375,983
Reserve for Grants:			
Unappropriated	A-28	22,266	13,639
Appropriated	A-29	<u>50,008</u>	<u>32,893</u>
		<u>3,255,421</u>	<u>2,350,933</u>
Reserve for Receivables	A	355,434	475,922
Fund Balance	A-1	<u>6,707,625</u>	<u>5,686,888</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,318,480</u>	<u>\$ 8,513,743</u>

The accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 2,800,000	\$ 2,100,000
Miscellaneous Revenue Anticipated	A-2	2,880,095	2,931,529
Receipts from Delinquent Tax	A-2	364,103	587,019
Receipts from Current Taxes	A-2	44,616,258	41,812,770
Non-Budget Revenue	A-2	537,452	782,510
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	743,307	797,608
Outstanding Checks Voided	A-4	47	122
Statutory Excess in Animal Control Fund	B-6	4,756	3,663
Cancelled Accounts Payable	A-16	4,512	3,311
Cancelled Appropriated Grant Reserves	A-29	7,531	
Prior Year Interfunds Returned	A	8,685	3,306
Total Income		<u>51,966,746</u>	<u>49,021,838</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,245,485	4,734,276
Other Expenses	A-3	7,888,112	6,862,293
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	952,199	918,854
Capital Improvements	A-3	786,100	350,000
Municipal Debt Service	A-3	1,823,300	1,825,287
County Taxes Payable	A-21	5,290,972	4,960,330
Due County for Added Taxes	A-22	128,725	4,513
Local District School Taxes Payable	A-19	15,070,904	14,645,752
Regional High School Tax Payable	A-20	11,841,134	11,270,846
Municipal Open Space Taxes	A-23	102,903	100,714
Prior Year Senior Citizen Deduction Disallowed	A-8	750	2,000
Cancelled Grant Receivables	A-7	5,645	
Interfund Advances Originating	A	9,780	8,685
Total Expenditures		<u>48,146,009</u>	<u>45,683,550</u>
Excess in Revenue		3,820,737	3,338,288
Fund Balance, January 1	A	<u>5,686,888</u>	<u>4,448,600</u>
		9,507,625	7,786,888
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>2,800,000</u>	<u>2,100,000</u>
Fund Balance, December 31	A	<u>\$ 6,707,625</u>	<u>\$ 5,686,888</u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 2,800,000	-	\$ 2,800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	16,250		17,590	\$ 1,340
Other	A-2	22,000		23,990	1,990
Fees and Permits	A-2	175,000		215,486	40,486
Fines and Costs - Municipal Court	A-12	140,000		164,940	24,940
Interest and Costs on Taxes	A-12	55,000		73,302	18,302
Interest on Investments and Deposits	A-2	200		276	76
Uniform Fire Safety Act Local Enforcement					
Fees	A-12	70,000		93,976	23,976
Uniform Construction Code Fees	A-12	225,000		235,186	10,186
Energy Receipts Tax	A-12	1,262,378		1,262,378	
Municipal Court Shared Service	A-12	166,381		157,538	(8,843)
Uniform Fire Safety Act - LEA Rebate	A-12	10,000		15,172	5,172
Cable TV Franchise Fees	A-12	85,000		112,789	27,789
Sewer Agreement - Marriott Corporation	A-12	4,241		4,241	
Hotel/Motel Tax	A-12	160,000		195,271	35,271
General Capital Fund Balance (Surplus)	C-4	41,503		41,503	
Public and Private Revenues Offset With					
Appropriations					
Municipal Alliance on Alcoholism and					
Drug Abuse	A-2	4,938			(4,938)
Clean Communities	A-7		\$ 14,984	14,984	
Alcohol Education	A-7		236	236	
County of Bergen - Curb Program	A-7		237,598	237,598	
Recycling Tonnage Grant	A-28	10,627		10,627	
Body Armor Grant - State Share	A-28	3,012	-	3,012	-
Total Miscellaneous Revenues	A-1	2,451,530	252,818	2,880,095	175,747
Receipts from Delinquent Taxes	A-1,A-9	215,000	-	364,103	149,103
Sub-Total General Revenues		5,466,530	252,818	6,044,198	324,850
Amount to be Raised by Taxes for Support					
of Municipal Budget					
Local Tax for Municipal Purposes		10,744,494		12,945,323	2,200,829
Minimum Library Tax		755,424	-	755,424	-
Total Amount to be Raised by Taxes	A-2	11,499,918	-	13,700,747	2,200,829
Total General Revenues	A-3	\$ 16,966,448	\$ 252,818	19,744,945	\$ 2,525,679
Non-Budget Revenue	A-1,A-2			537,452	
				\$ 20,282,397	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-9	\$ 44,616,258
Allocated to School, County and Municipal Open Space Taxes	A-19,A-20,A-21,A-22,A-23	<u>32,434,638</u>
Balance for Support of Municipal Budget Appropriation		12,181,620
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,519,127</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 13,700,747</u>
Licenses - Other Borough Clerk	A-12	<u>\$ 23,990</u>
	A-2	<u>\$ 23,990</u>
Fees and Permits		
Health Officer	A-12	\$ 672
Planning Board	A-12	21,892
Police	A-12	2,064
Tax Collector - Tax Search Fees	A-12	303
Recreation	A-12	75,995
Borough Clerk - Parking Permits	A-12	4,412
Construction Code Official	A-12	<u>110,148</u>
	A-2	<u>\$ 215,486</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 34
Due from Other Trust Fund	B-10	<u>242</u>
	A-2	<u>\$ 276</u>

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

Reference

ANALYSIS OF NON-BUDGET REVENUE

Excess Sewer Fees	\$	299,157
Sewer Fees		69,757
Refunds		59,290
Traffic Control		39,328
Cell Tower		26,686
Rental of Borough Property		24,000
US Department of Transportation-Drive Sober Reimbursement		9,225
Miscellaneous		3,446
US Department of Transportation-Click it Or Ticket Reimbursement		4,000
Recycling		1,357
Administration Fee - N.J. Seniors' and Veterans' Deductions		1,110
Copies and Duplication Fees		96
		<hr/>
A-2,A-4	\$	<u>537,452</u>

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Administrative and Executive					
Salaries and Wages	\$ 205,650	\$ 205,650	\$ 189,374	\$ 16,276	
Other Expenses	134,421	134,421	96,191	38,230	
Mayor and Council					
Salaries and Wages	43,750	43,750	43,710	40	
Other Expenses	16,150	16,150	7,954	8,196	
Borough Clerk					
Salaries and Wages	129,050	129,050	128,531	519	
Other Expenses	19,650	19,650	6,349	13,301	
Elections					
Salaries and Wages	1,800	1,800	1,060	740	
Other Expenses	8,800	8,800	6,856	1,944	
Financial Administration					
Salaries and Wages	198,420	198,420	191,710	6,710	
Other Expenses	20,300	20,300	10,138	10,162	
Audit Services					
Other Expenses	41,000	41,000		41,000	
Assessment of Taxes					
Salaries and Wages	33,600	33,600	33,580	20	
Other Expenses	31,750	31,750	8,407	23,343	
Collection of Taxes					
Salaries and Wages	57,150	57,150	56,971	179	
Other Expenses	21,050	21,050	14,725	6,325	
Legal Services and Costs					
Other Expenses	230,000	230,000	212,803	17,197	
Engineering Services and Costs					
Other Expenses	130,000	111,000	42,263	68,737	
Cable TV Committee					
Salaries and Wages	6,800	6,800	6,517	283	
Other Expenses	13,975	13,975	10,380	3,595	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Balance</u>
			<u>Charged</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)				
GENERAL GOVERNMENT FUNCTIONS (Continued)				
Historic Preservation Commission				
Other Expenses	\$ 450	\$ 450	\$ 84	\$ 366
Historian				
Other Expenses	200	200	40	160
Municipal Land Use Law				
Planning Board				
Salaries and Wages	75,500	75,500	72,758	2,742
Other Expenses	102,425	82,425	29,381	53,044
Zoning Official				
Salaries and Wages	8,300	8,300	8,250	50
Code Enforcement and Administration				
Property Maintenance				
Salaries and Wages	3,050	3,050	3,006	44
Insurance				
Life Insurance	3,300	3,300	2,238	1,062
General Liability	157,000	157,000	145,214	11,786
Workers Compensation	180,000	180,000	169,824	10,176
Employee Group Health	927,500	927,500	858,173	69,327
Employee Group Health -Waiver	16,650	22,150	20,064	2,086
Unemployment Insurance	50,000	50,000	50,000	
PUBLIC SAFETY FUNCTIONS				
Fire				
Other Expenses	114,300	124,300	121,926	2,374
Fire Hydrant Service	205,000	205,000	189,976	15,024
Police				
Salaries and Wages	2,859,700	2,857,200	2,828,809	28,391
Other Expenses	115,320	117,820	110,538	7,282
Purchase of Police Vehicles	71,000	71,000	68,109	2,891
Police Dispatch				
Other Expenses	40,000	40,000	24,357	15,643

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Continued)					
First Aid Organization					
Other Expenses	\$ 27,700	\$ 30,700	\$ 28,358	\$ 2,342	
Emergency Management					
Salaries and Wages	2,450	2,450	2,429	21	
Other Expenses	10,050	10,050	3,337	6,713	
Uniform Fire Safety Act					
Salaries and Wages	44,600	44,600	41,579	3,021	
Other Expenses	10,300	10,300	8,387	1,913	
Prosecutor					
Other Expenses	12,000	12,000	12,000		
PUBLIC WORKS FUNCTIONS					
Road Repair and Maintenance					
Other Expenses	10,000	10,000	1,500	8,500	
Sewer System					
Other Expenses	10,000	10,000		10,000	
Garbage and Trash Removal					
Other Expenses	460,000	460,000	456,244	3,756	
Recycling					
Other Expenses	5,000	5,000		5,000	
Public Buildings and Grounds					
Salaries and Wages	25,000	25,000	24,243	757	
Other Expenses	40,000	40,000	35,775	4,225	
Maintenance of All Vehicles					
Other Expenses	34,000	34,000	18,444	15,556	
Municipal Services Act					
Other Expenses	15,000	17,000	14,385	2,615	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	\$ 2,200	\$ 2,200	\$ 2,034	\$ 166	
Other Expenses	76,600	76,600	68,016	8,584	
Environmental Commission					
Salaries and Wages	1,150	1,150	460	690	
Other Expenses	950	950	412	538	
Animal Regulation					
Other Expenses	10,000	10,000	10,000		
Administration of Public Assistance					
Salaries and Wages	6,200	6,200	6,116	84	
Other Expenses	370	370	279	91	
PARK AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries & Wages	5,000	5,000	4,640	360	
Other Expenses	1,000	1,000		1,000	
Recreation Services and Programs					
Salaries and Wages	94,760	94,760	72,593	22,167	
Other Expenses	17,250	17,250	11,592	5,658	
Senior Citizen Van					
Salaries and Wages	16,000	16,000	15,254	746	
Senior Citizens					
Other Expenses	10,300	10,300	9,247	1,053	
Celebration of Public Events					
Other Expenses	25,000	25,000	25,000		
OTHER COMMON OPERATING FUNCTIONS					
PEOSHA Compliance					
Other Expenses	2,000	2,000		2,000	
Salary Adjustment Account	5,000	5,000		5,000	
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	95,065	95,065	90,798	4,267	
Other Expenses	8,035	9,535	8,112	1,423	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
MUNICIPAL COURT FUNCTIONS (Continued)					
Public Defender					
Other Expenses	\$ 3,360	\$ 3,360	\$ 3,120	\$ 240	
STATE UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	109,800	125,300	117,819	7,481	
Other Expenses	7,950	7,950	5,133	2,817	
Building Subcode Official					
Salaries and Wages	37,400	37,400	37,311	89	
Plumbing Subcode Official					
Salaries and Wages	24,200	24,200	24,155	45	
Fire Subcode Official					
Salaries and Wages	14,400	14,400	14,397	3	
Electrical Subcode Official					
Salaries and Wages	23,500	23,500	23,451	49	
Elevator Subcode Official					
Other Expenses	22,000	22,000	22,000		
UNCLASSIFIED					
Utilities					
Gasoline	100,000	100,000	55,908	44,092	
Electricity	170,000	170,000	125,358	44,642	
Telephone	50,000	50,000	33,826	16,174	
Natural Gas	59,500	59,500	30,535	28,965	
Street Lighting	120,000	120,000	106,928	13,072	-
Total Operations Within "CAPS"	8,098,101	8,096,601	7,341,441	755,160	-
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	8,099,101	8,097,601	7,341,441	756,160	-
Detail:					
Salaries and Wages	4,129,495	4,142,495	4,041,555	100,940	-
Other Expenses	3,969,606	3,955,106	3,299,886	655,220	-

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
DEFERRED CHARGES					
Prior Year Bills:					
Planning Board	\$ 285	\$ 285	\$ 285		
Fire Department	150	150	150		
STATUTORY CHARGES					
Social Security System (O.A.S.I.)	200,000	200,000	143,657	\$ 56,343	
Defined Contribution Retirement Plan (DCRP)	9,000	9,000	4,344	4,656	
Public Employees Retirement System	195,132	195,132	170,401	24,731	
Police and Fireman's Retirement System	<u>525,632</u>	<u>525,632</u>	<u>491,648</u>	<u>33,984</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	<u>930,199</u>	<u>930,199</u>	<u>810,485</u>	<u>119,714</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>9,029,300</u>	<u>9,027,800</u>	<u>8,151,926</u>	<u>875,874</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library					
Chap. 82, 541 P.L. 85	755,424	755,424	746,706	8,718	
Sewerage Processing and Disposal					
(Sanitation Chap. 74, P.L. 87)					
Contractual	950,000	950,000	937,728	12,272	
Reserve for Tax Appeals	150,000	150,000	150,000		
Recycling Tax	12,000	12,000	6,956	5,044	
Length of Service Award Program (LOSAP)	50,000	50,000	28,750	21,250	
Police Dispatch/911					
Other Expenses	180,000	180,000	178,026	1,974	

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
(Continued)					
Interlocal Services Agreements					
Joint Municipal Court Services					
Municipal Court Administration					
Salaries & Wages	\$ 102,990	\$ 102,990	\$ 98,364	\$ 4,626	
Other Expenses	46,751	48,251	45,361	2,890	
Prosecutor					
Other Expenses	13,000	13,000	13,000		
Public Defender					
Other Expenses	3,640	3,640	3,380	260	
Pascack Valley Department of Public Works					
Department of Public Works					
Other Expenses	1,503,000	1,503,000	1,491,734	11,266	-
Total Other Operations Excluded from "CAPS"	3,766,805	3,768,305	3,700,005	68,300	-
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage	10,627	10,627	10,566	61	
Clean Communities		14,984	14,984		
Municipal Alliance Program					
State Share	4,938	4,938			\$ 4,938
Local Share	1,234	1,234		1,234	
County of Bergen -					
Curb Program		237,598	10,650	226,948	
Alcohol Education		236		236	
Body Armor-State Share	3,012	3,012	3,012	-	-
Total Public and Private Programs Offset by Revenues	19,811	272,629	39,212	228,479	4,938
Total Operations Excluded from "CAPS"	3,786,616	4,040,934	3,739,217	296,779	4,938
Detail:					
Salaries and Wages	102,990	102,990	98,364	4,626	
Other Expenses	3,683,626	3,937,944	3,640,853	292,153	4,938
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	100,000	100,000	100,000		
Road Improvement Program	400,000	400,000	400,000		
Acquisition of Equipment - Administration	20,000	20,000	19,633	367	
Acquisition of Equipment - Police Department	122,100	122,100	100,265	21,835	
Acquisition of Vehicle & Equipment - Fire Department	84,000	84,000	84,000		
Acquisition of Vehicle - Fire Prevention	30,000	30,000	30,000		
Improvements to Buildings and Grounds	30,000	30,000	17,431	12,569	-
Total Capital Improvements Excluded from "CAPS"	786,100	786,100	751,329	34,771	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u> <u>Reserved</u> <u>Balance Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"			
Payment of Bond Principal	\$ 1,530,000	\$ 1,530,000	\$ 1,530,000
Interest on Bonds	<u>293,305</u>	<u>293,305</u>	<u>293,300</u> - \$ 5
Total Municipal Debt Service Excluded from "CAPS"	<u>1,823,305</u>	<u>1,823,305</u>	<u>1,823,300</u> - <u>5</u>
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"			
Deferred Charges			
Special Emergency Authorizations- 5 years (N.J.S.40A4-55)	<u>22,000</u>	<u>22,000</u>	<u>22,000</u> - -
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>22,000</u>	<u>22,000</u>	<u>22,000</u> - -
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	<u>6,418,021</u>	<u>6,672,339</u>	<u>6,335,846</u> \$ 331,550 4,943
Subtotal General Appropriations	15,447,321	15,700,139	14,487,772 1,207,424 4,943
Reserve for Uncollected Taxes	<u>1,519,127</u>	<u>1,519,127</u>	<u>1,519,127</u> - -
Total General Appropriations	<u>\$ 16,966,448</u>	<u>\$ 17,219,266</u>	<u>\$ 16,006,899</u> <u>\$ 1,207,424</u> <u>\$ 4,943</u>
	<u>Reference</u>	A-2	A-1 A,A-1
Budget as Adopted	A-3	\$ 16,966,448	
Appropriation by 40A:4-87	A-2	<u>252,818</u>	
		<u>\$ 17,219,266</u>	
Cash Disbursed	A-4	\$ 13,667,815	
Encumbrances Payable	A-15	519,207	
Due to LOSAP Fund	B	28,750	
Due to General Capital Fund	C-4	100,000	
Deferred Charges			
Special Emergency Authorization	A-13	22,000	
Reserve for Tax Appeals	A-26	150,000	
Reserve for Uncollected Taxes	A-2	<u>1,519,127</u>	
		<u>\$ 16,006,899</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 20,151	\$ 20,694
OTHER TRUST FUND			
Cash	B-3	1,761,071	1,507,774
UNEMPLOYMENT INSURANCE FUND			
Cash	B-3	217,947	227,815
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	473,622	382,266
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	440,868	395,275
Due from Current Fund	A	28,750	23,000
		469,618	418,275
Total Assets		\$ 2,942,409	\$ 2,556,824

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to State of NJ - Fees Payable	B-4	\$ 21	\$ 27
Due to Current Fund	B-6	4,756	3,663
Prepaid License Fees	B-7	1,475	1,890
Reserve for Animal Control Expenditures	B-5	<u>13,899</u>	<u>15,114</u>
		<u>20,151</u>	<u>20,694</u>
OTHER TRUST FUND			
Due to Current Fund	B-10	5,024	5,022
Escrow Deposits	B-11	1,095,760	981,636
Miscellaneous Reserves and Deposits	B-12	615,098	478,566
Payroll Deductions Payable	B-13	<u>45,189</u>	<u>42,550</u>
		<u>1,761,071</u>	<u>1,507,774</u>
UNEMPLOYMENT INSURANCE FUND			
Due to State of NJ - Claims Payable	B-9	2,030	1,248
Reserve for Unemployment Compensation Insurance Claims	B-8	<u>215,917</u>	<u>226,567</u>
		<u>217,947</u>	<u>227,815</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-16	<u>473,622</u>	<u>382,266</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Contributions	B	<u>469,618</u>	<u>418,275</u>
Total Liabilities and Reserves		<u>\$ 2,942,409</u>	<u>\$ 2,556,824</u>

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Anticipated</u>			
	Budget	Budget After		Excess or
	(Memo)	Modifications	Realized	(Deficit)
Amount to be Raised by Taxation	\$ 100,465	\$ 100,465	\$ 102,903	\$ 2,438
	<u>\$ 100,465</u>	<u>\$ 100,465</u>	<u>\$ 102,903</u>	<u>\$ 2,438</u>
<u>Reference</u>	B-2	B-2	B-15	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated</u>		<u>Expended</u>	
	Budget	Budget After	Paid or	
	(Memo)	Modification	Charged	Reserved
Maintenance of Land for Recreation and Conservation				
Other Expenses		\$ 11,547	\$ 11,547	
Reserve for Future Use	\$ 100,465	88,918	-	\$ 88,918
	<u>\$ 100,465</u>	<u>\$ 100,465</u>	<u>\$ 11,547</u>	<u>\$ 88,918</u>
<u>Reference</u>	B-1	B-1	B-16	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2,C-3	\$ 816,131	\$ 1,151,939
Deferred Charges to Future Taxation Funded	C-5	<u>8,155,000</u>	<u>9,685,000</u>
Total Assets		<u>\$ 8,971,131</u>	<u>\$ 10,836,939</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-12	\$ 8,155,000	\$ 9,685,000
Encumbrances Payable	C-6	226,637	164,934
Improvement Authorizations Funded	C-11	162,284	525,624
Capital Improvement Fund	C-7	350,241	294,741
Reserve for Payment of Debt	C-8	5,059	5,059
Reserve for Improvement of Field	C-9	48,445	35,395
Reserve for Preliminary Expenses	C-10	700	
Fund Balance	C-1	<u>22,765</u>	<u>126,186</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,971,131</u>	<u>\$ 10,836,939</u>

There were no bonds and notes authorized but not issued on December 31, 2014 and 2013.

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 126,186	\$ 163,798
Increased by:			
Cancellation of Funded Improvement Authorizations	C-11	<u>3,082</u>	<u>58,825</u>
		129,268	222,623
Decreased by:			
Appropriated to Finance Improvement Authorization	C-11	65,000	52,000
Due Current Fund as Anticipated Revenue	C-4	<u>41,503</u>	<u>44,437</u>
Balance, December 31	C	<u>\$ 22,765</u>	<u>\$ 126,186</u>

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	D-1	<u>\$ 16,083</u>	<u>\$ 6,066</u>
Total Assets		<u>\$ 16,083</u>	<u>\$ 6,066</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	<u>\$ 16,083</u>	<u>\$ 6,066</u>
Total Liabilities and Reserves		<u>\$ 16,083</u>	<u>\$ 6,066</u>

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Land and Land Improvements	\$ 18,227,722	\$ 18,227,722
Buildings and Building Improvements	14,647,491	14,624,626
Machinery and Equipment	<u>7,298,056</u>	<u>7,365,592</u>
	<u>\$ 40,173,269</u>	<u>\$ 40,217,940</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 40,173,269</u>	<u>\$ 40,217,940</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Montvale (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and six councilpersons are elected at large to serve staggered three-year terms. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings, provides leadership in the development of community projects and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by State law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Montvale have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

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

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Montvale has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

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

General fixed assets purchased after December 31, 1995 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Fixed Assets purchased prior to December 31, 1995 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Borough Council increased the original budget by \$252,818 and \$169,830. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$12,899,966 and \$11,020,370 and bank and brokerage firm balances of the Borough's deposits amounted to \$13,394,631 and \$11,521,009, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 13,336,251	\$ 11,462,663
Uninsured and Collateralized	<u>58,380</u>	<u>58,346</u>
	<u>\$ 13,394,631</u>	<u>\$ 11,521,009</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the Borough's bank balances of \$58,380 and \$58,346 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust		
department not in the Borough's name	\$ <u>58,380</u>	\$ <u>58,346</u>

B. Investments

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

As of December 31, 2014 and 2013, the Borough had the following investments:

	<u>2014</u>	<u>2013</u>
Investment:		
Lincoln Financial Group LOSAP		
Investment Fund (Unaudited)	\$ <u>440,868</u>	\$ <u>395,275</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2014 and 2013, \$440,868 and \$395,275 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (Unaudited)	\$ 440,868	\$ 395,275

Interest 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2014 and 2013, the Borough's investment in Lincoln Financial Group, a subsidiary of Lincoln National Life Insurance Company, was rated Baa1 by Moody's Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial Group. These investments are 100% of the Borough's total investments.

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$ 254,638	\$ 368,739
Tax Title Liens	15,320	14,151
	<u>\$ 269,958</u>	<u>\$ 382,890</u>

In 2014 and 2013, the Borough collected \$364,103 and \$587,019 from delinquent taxes, which represented 95% and 91%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 9,780	\$ 28,750	\$ 8,685	\$ 23,000
Trust Funds				
Animal Control		4,756		3,663
Other Trust		5,024		5,022
LOSAP Fund	<u>28,750</u>	<u>-</u>	<u>23,000</u>	<u>-</u>
Total	<u>\$ 38,530</u>	<u>\$ 38,530</u>	<u>\$ 31,685</u>	<u>\$ 31,685</u>

The above balances are the result of revenues earned in one fund on behalf of another or appropriations raised in one fund which are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 66,000</u>	<u>\$ 22,000</u>	<u>\$ 44,000</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 88,000</u>	<u>\$ 22,000</u>	<u>\$ 66,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2014		2013	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,339,540	\$ 4,750,000	\$ 5,372,883	\$ 2,800,000
Non-Cash Surplus	<u>368,085</u>	<u>-</u>	<u>314,005</u>	<u>-</u>
	<u>\$ 6,707,625</u>	<u>\$ 4,750,000</u>	<u>\$ 5,686,888</u>	<u>\$ 2,800,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	<u>Balance December 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2014</u>
2014				
Land and Land Improvements	\$ 18,227,722			\$ 18,227,722
Buildings and Building Improvements	14,624,626	\$ 22,865		14,647,491
Machinery and Equipment	<u>7,365,592</u>	<u>148,245</u>	<u>\$ (215,781)</u>	<u>7,298,056</u>
	<u>\$ 40,217,940</u>	<u>\$ 171,110</u>	<u>\$ (215,781)</u>	<u>\$ 40,173,269</u>
	<u>Balance December 31, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2013</u>
2013				
Land and Land Improvements	\$ 18,077,602	\$ 150,120		\$ 18,227,722
Buildings and Building Improvements	13,940,746	683,880		14,624,626
Machinery and Equipment	<u>7,320,437</u>	<u>45,155</u>	<u>-</u>	<u>7,365,592</u>
	<u>\$ 39,338,785</u>	<u>\$ 879,155</u>	<u>\$ -</u>	<u>\$ 40,217,940</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 8,155,000	\$ 9,685,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>5,059</u>	<u>5,059</u>
Net Debt Issued	8,149,941	9,679,941
Authorized But Not Issued		
General		
Bonds and Notes	<u>-</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 8,149,941</u>	<u>\$ 9,679,941</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .361% and .424% at December 31, 2014 and 2013, respectively.

<u>2014</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 8,155,000	\$ 5,059	\$ 8,149,941
School Debt	<u>10,463,195</u>	<u>10,463,195</u>	<u>-</u>
Total	<u>\$ 18,618,195</u>	<u>\$ 10,468,254</u>	<u>\$ 8,149,941</u>
 <u>2013</u>	 <u>Gross Debt</u>	 <u>Deductions</u>	 <u>Net Debt</u>
General Debt	\$ 9,685,000	\$ 5,059	\$ 9,679,941
School Debt	<u>11,194,344</u>	<u>11,194,344</u>	<u>-</u>
Total	<u>\$ 20,879,344</u>	<u>\$ 11,199,403</u>	<u>\$ 9,679,941</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 79,103,937 8,149,941	\$ 79,918,415 9,679,941
Remaining Borrowing Power	<u>\$ 70,953,996</u>	<u>\$ 70,238,474</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2014</u>	<u>2013</u>
\$3,775,000, 2010 Refunding Bonds, due in annual installments of \$450,000 to \$465,000 through August, 2019, interest at 2.00% to 4.375%	\$ 2,290,000	\$ 2,750,000
\$3,695,000, 2011 Bonds, due in annual installments of \$320,000 to \$430,000 through December, 2021, interest at 2.00% to 2.50%	2,895,000	3,215,000
\$3,745,000, 2012 Refunding Bonds, due in annual installments of \$740,000 to \$750,000 through October, 2018, interest at 3.00% to 4.00%	<u>2,970,000</u>	<u>3,720,000</u>
	<u>\$ 8,155,000</u>	<u>\$ 9,685,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 1,575,000	\$ 249,100	\$ 1,824,100
2016	1,595,000	200,950	1,795,950
2017	1,630,000	152,450	1,782,450
2018	1,625,000	105,900	1,730,900
2019	875,000	47,563	922,563
2020-2021	<u>855,000</u>	<u>32,125</u>	<u>887,125</u>
	<u>\$ 8,155,000</u>	<u>\$ 788,088</u>	<u>\$ 8,943,088</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within One Year
<u>2014</u>					
General Capital Fund Bonds Payable	<u>\$ 9,685,000</u>	<u>\$ -</u>	<u>\$ 1,530,000</u>	<u>\$ 8,155,000</u>	<u>\$ 1,575,000</u>
	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within Year
<u>2013</u>					
General Capital Fund Bonds Payable	<u>\$ 11,175,000</u>	<u>\$ -</u>	<u>\$ 1,490,000</u>	<u>\$ 9,685,000</u>	<u>\$ 1,530,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
Various Road Improvements	\$ 195,135	2015
Sanitary Sewer System	91,011	2015
Engineering - County Road Improvements	24,515	2015
<u>2013</u>		
Engineering - County Road Improvements	\$ 75,858	2014

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$498,077 and \$547,658 at December 31, 2014 and 2013, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	\$ 547,658	\$ 419	\$ 50,000	\$ 498,077	\$ -
Other Long-Term Liabilities	\$ 547,658	\$ 419	\$ 50,000	\$ 498,077	\$ -
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 532,041	\$ 94,212	\$ 78,595	\$ 547,658	\$ 50,000
Other Long-Term Liabilities	\$ 532,041	\$ 94,212	\$ 78,595	\$ 547,658	\$ 50,000

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

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

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2014	\$ 491,648	\$ 226,509	\$ 4,344
2013	504,902	222,687	6,457
2012	561,667	227,692	4,285

(1) Includes Municipal Library's portion of contribution for the year.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The Borough does not provide employee paid post retirement medical benefits to its active or retired employees.

NOTE 14 RISK MANAGEMENT

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

The Borough of Montvale is a member of the Bergen County Municipal Joint Insurance Fund (BJIF), Municipal Excess Liability Joint Insurance Fund (MEL) and the Bergen Municipal Employees Fund (BMED). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation (BJIF and MEL) and employee health benefits (BMED). The Funds are risk-sharing public entity pools. The BJIF, MEL and BMED coverage amounts are on file with the Borough.

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

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 14 RISK MANAGEMENT (Continued)

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

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014	\$ 50,000	\$ 6,083	\$ 66,733	\$ 215,917
2013	50,000	6,518	4,444	226,567
2012	115,000	6,249	26,866	174,493

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the Borough reserved \$420,118 and \$309,958, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Montvale Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 10, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Montvale approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Montvale has contributed \$1,250 and \$1,150 for 2014 and 2013, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$28,750 and \$23,000 for 2014 and 2013, respectively.

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

Interlocal Services Agreement

The Boroughs of Park Ridge, Woodcliff Lake and Montvale entered into an interlocal service agreement for the purposes of reimbursing the Borough of Park Ridge as sponsoring agency for a length of service awards program for the Tri-Borough Volunteer Ambulance Corps., a volunteer organization which services each of the Boroughs.

The contributions are made in accordance with the plan established by the Borough of Park Ridge pursuant to N.J.S.A.40A:14-183 et seq. Montvale's share of the Tri-Borough Volunteer Ambulance Corps. LOSAP contributions for the year ended December 31, 2014 and 2013 were \$10,632 and \$13,454, respectfully.

Since the Borough of Park Ridge is the sponsoring agency, all contributions and financial transactions related to the Tri-Borough Volunteer Ambulance Corps. are reported on the financial statements of the Borough of Park Ridge's length of Service Awards Program and are not included in this report.

CURRENT FUND

BOROUGH OF MONTVALE
STATEMENT OF CASH - COLLECTOR - TREASURER

Balance, December 31, 2013		\$ 7,723,416
Increased by:		
Taxes Receivable	\$ 44,709,436	
Nonbudget Revenue	537,452	
Prepaid Revenues	59,305	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	55,500	
Revenue Accounts Receivable	2,567,652	
Grants Receivable	163,671	
Receipts from Other Trust Fund	459	
Receipts from Animal Control Fund	6,130	
Fees Payable	17,485	
Prepaid Taxes	203,198	
Miscellaneous Reserves	8,308	
Reserve for Grants - Unappropriated	22,266	
Petty Cash	800	
Tax Overpayments	129,040	
Voided Prior Year Outstanding Checks	47	
		<u>48,480,749</u>
		56,204,165
Decreased by Disbursements:		
2014 Budget Appropriations	13,667,815	
2013 Appropriation Reserves	67,876	
County Taxes Payable	5,290,972	
Due to County for Added and Omitted Taxes	4,513	
Local School District Tax Payable	15,070,904	
Regional High School Taxes Payable	11,841,134	
Payments to Open Space Preservation Trust Fund	102,903	
Payments to General Capital Fund	58,497	
Accounts Payable	6,806	
Encumbrances Payable	393,934	
Petty Cash	800	
Reserve for Grants - Appropriated	1,141	
Payments to Other Trust Fund	219	
Payments to Animal Control Fund	2,467	
Payments to LOSAP Fund	23,000	
Tax Overpayments Refunded	19,956	
Fees Payable	16,827	
Tax Appeal Refunds	39,840	
		<u>46,609,604</u>
Balance, December 31, 2014		<u>\$ 9,594,561</u>

**BOROUGH OF MONTVALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Tax Collector/Borough Clerk	\$ 100	\$ 100
Dog/Cat License Registrar	50	50
Municipal Court	200	200
Police Department	<u>50</u>	<u>50</u>
	<u>\$ 400</u>	<u>\$ 400</u>

STATEMENT OF PETTY CASH FUND

<u>Office</u>	Received From <u>Treasurer</u>	Returned To <u>Treasurer</u>
Borough Clerk	<u>\$ 800</u>	<u>\$ 800</u>

**BOROUGH OF MONTVALE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	Revenue <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
BCCD - Senior Citizens Activities	\$ 3,274		\$ 3,274		
Municipal Alliance Program - 2013	9,876		4,231	\$ 5,645	
NJ Department of Transportation- Akers Ave	36,625		29,203	7,422	
NJ Department of Transportation- Magnolia	49,005				\$ 49,005
Alcohol Ed Rehabilitation		\$ 236	236		
Clean Communities Grant	-	14,984	14,984		
County of Bergen - Curb Program		237,598			237,598
County Open Space Fieldstone Improvements	<u>127,225</u>	<u>-</u>	<u>111,743</u>	<u>-</u>	<u>15,482</u>
	<u>\$ 226,005</u>	<u>\$ 252,818</u>	<u>\$ 163,671</u>	<u>\$ 13,067</u>	<u>\$ 302,085</u>
Reserve for Appropriated Grants				\$ 7,422	
Cancelled to Operations				<u>5,645</u>	
				<u>\$ 13,067</u>	

EXHIBIT A-8

**STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2013	\$ 6,868
Increased by:	
Payment from State of New Jersey	\$ 55,500
Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2014	2,500
Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2013	<u>750</u>
	<u>58,750</u>
	65,618
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	3,750
Veterans' Deductions Per Tax Billings	51,625
Veterans' Deductions Allowed by Tax Collector-2014	<u>250</u>
	<u>55,625</u>
Balance, December 31, 2014	<u>\$ 9,993</u>

**BOROUGH OF MONTVALE
STATEMENT OF TAXES RECEIVABLE AND
ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2013	2014 Levy	Senior Citizens' and Veterans' Deductions Disallowed	<u>Collections</u>		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2014
				2013	2014				
2010	\$ 903				\$ 903				
2011	1,783				1,783				
2012	21,138				21,138				
2013	<u>344,915</u>	<u>-</u>	<u>\$ 750</u>	<u>-</u>	<u>340,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 5,386</u>
	368,739	-	750	-	364,103	-	-	-	5,386
2014	<u>-</u>	<u>\$ 44,886,245</u>	<u>2,500</u>	<u>\$ 217,800</u>	<u>44,345,333</u>	<u>\$ 55,625</u>	<u>\$ 19,566</u>	<u>\$ 1,169</u>	<u>249,252</u>
	<u>\$ 368,739</u>	<u>\$ 44,886,245</u>	<u>\$ 3,250</u>	<u>\$ 217,800</u>	<u>\$ 44,709,436</u>	<u>\$ 55,625</u>	<u>\$ 19,566</u>	<u>\$ 1,169</u>	<u>\$ 254,638</u>

Analysis of 2014 Property Tax Levy

ANALYSIS OF 2014 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 43,822,800
Added Taxes (54:4-63.1 et. seq.)	<u>1,063,445</u>
	<u>\$ 44,886,245</u>

Local District School Tax	\$ 15,070,904
Regional High School Tax	11,841,134

County Taxes:

County Taxes	\$ 5,234,160
County Open Space	56,812
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>128,725</u>
	5,419,697

Municipal Open Space Tax	100,465
Municipal Open Space Added Taxes	<u>2,438</u>
	102,903

Local Tax for Municipal Purposes	10,744,494
Minimum Library Tax	755,424
Additional Tax Levied	<u>951,689</u>
	<u>12,451,607</u>
	<u>\$ 44,886,245</u>

**BOROUGH OF MONTVALE
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2013	\$ 14,151
Increased by:	
Transfers from Taxes Receivable - 2014	<u>1,169</u>
Balance, December 31, 2014	<u>\$ 15,320</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

Balance, December 31, 2013	<u>\$ 29,400</u>
Balance, December 31, 2014	<u>\$ 29,400</u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Accrued in <u>2014</u>	<u>Collected</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses - Alcoholic Beverages		\$ 17,590	\$ 17,590	
Licenses - Other		23,990	23,990	
Fees and Permits		4,412	4,412	
Board of Health				
Fees and Permits		672	672	
Construction Code Official				
Uniform Construction Code Fees		235,186	235,186	
Fees and Permits - Other		110,148	110,148	
Police				
Fees and Permits		2,064	2,064	
Tax Collector				
Fees and Permits		303	303	
Planning Board				
Fees and Permits		21,892	21,892	
Recreation				
Fees and Permits		75,995	75,995	
Municipal Court				
Fines and Costs	\$ 5,724	159,216	164,940	
Municipal Court Shared Service	36,876	160,105	157,538	\$ 39,443
Interest and Costs on Taxes	12,347	67,808	73,302	6,853
Interest Earned on Investments and Deposits		34	34	
Energy Receipts Tax		1,262,378	1,262,378	
Cable TV Franchise Fees		112,789	112,789	
Sewer Agreement - Marriott		4,241	4,241	
Hotel/Motel Tax		195,271	195,271	
Uniform Fire Safety Act:				
Local Enforcement Fees		93,976	93,976	
LEA Rebate	-	15,172	15,172	-
	<u>\$ 54,947</u>	<u>\$ 2,563,242</u>	<u>\$ 2,571,893</u>	<u>\$ 46,296</u>
Cash Received			\$ 2,567,652	
Prepaid Revenues Applied			<u>4,241</u>	
			<u>\$ 2,571,893</u>	

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

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2013</u>	<u>Raised in</u> <u>2014</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
4/10/2012	Reassessment of Real Property	\$ 110,000	\$ 22,000	<u>\$ 88,000</u>	<u>\$ 22,000</u>	<u>\$ 66,000</u>

BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2013	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Transfers	Balance Lapsed
SALARIES AND WAGES						
Administrative and Executive	\$ 18,643	\$ 1,941	\$ 20,584			\$ 20,584
Mayor and Council	68		68			68
Borough Clerk	454		454			454
Elections	214		214			214
Financial Administration	7,856		7,856			7,856
Assessment of Taxes	78		78			78
Cable TV Committee	1,357		1,357			1,357
Environmental Commission	690		690			690
Planning Board	1,919	120	2,039			2,039
Zoning Official	20		20			20
Code Enforcement and Administration Property Maint	6		6			6
Police	50,171		50,171	\$ 22,851		27,320
Emergency Management	29		29			29
Uniform Fire Safety Act	478		478			478
Road Repair and Maintenance	36,654	1,770	38,424			38,424
Recycling	754		754			754
Public Buildings and Grounds	18,146		18,146			18,146
Public Health Services	635		635			635
Administration of Public Assistance	2		2			2
Recreation Services and Programs	10,950		10,950			10,950
Salary Adjustment Account	3,400		3,400			3,400
Senior Citizen Van	4,486		4,486			4,486
Municipal Court Administration	3,404		3,404			3,404
Municipal Court	3,404		3,404			3,404
Construction Code Official	21,345		21,345			21,345
Building Subcode Official	12,596		12,596			12,596
Plumbing Subcode Official	349		349			349
Fire Subcode Official	201		201			201
Electrical Subcode Official	160		160			160
Elevator Subcode Official	2,694	-	2,694	-	-	2,694
	<u>201,163</u>	<u>3,831</u>	<u>204,994</u>	<u>22,851</u>	<u>-</u>	<u>182,143</u>
OTHER EXPENSES						
Administrative and Executive	6,385		6,385	20		6,365
Mayor and Council	1,945		1,945	560		1,385
Borough Clerk	7,116		7,116			7,116
Elections	3,402		3,402			3,402
Financial Administration	5,881		5,881			5,881
Audit Services	1,800		1,800			1,800
Assessment of Taxes	874		874			874
Collection of Taxes	6,183		6,183			6,183
Legal Services and Costs	3,258	1,046	4,304			4,304
Engineering Services & Costs	6,124	208	6,332			6,332
Cable TV Committee	891	2,212	3,103			3,103
Historic Preservation Commission	161		161			161
Historian	269		269			269
Environmental Commission	521		521	91		430
Planning Board	30,479		30,479	667		29,812
Fire	4,877	1,156	6,033			6,033
Fire Hydrant Service	18,382		18,382	15,830		2,552
Police	2,444		2,444	2,324		120

BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	<u>Transfers</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)						
Purchase of Police Vehicles	\$ 10,410	\$ 850	\$ 11,260			\$ 11,260
Police Dispatch	20,722		20,722	\$ 773		19,949
Police Dispatch/911	368		368			368
First Aid Organization	6,471		6,471	5,093		1,378
Emergency Management	5,780		5,780	465		5,315
Uniform Fire Safety Act	4,829		4,829			4,829
Road Repair and Maintenance	19,856	4,321	24,177			24,177
Garbage and Trash Removal		12,825	12,825			12,825
Sewer System	1,569	575	2,144			2,144
Recycling Tax	3,660		3,660	701		2,959
Recycling	77,039		77,039			77,039
Public Buildings and Grounds	22,102	2,802	24,904			24,904
Maintenance of All Vehicles	11,847		11,847	653		11,194
Municipal Services Act	3,087		3,087	2,612		475
Public Health Services	7,042		7,042	77		6,965
Administration of Public Assistance	76		76			76
Animal Regulation	380		380			380
Parks and Playgrounds	958	667	1,625			1,625
Recreation Services and Programs	6,713		6,713			6,713
Senior Citizens	6,323	95	6,418			6,418
PEOSHA Compliance	2,000		2,000			2,000
Utilities:						
Gasoline	28,514		28,514	5,277		23,237
Electricity	39,120		39,120	20,423		18,697
Telephone	16,419		16,419	4,996		11,423
Natural Gas	43,418		43,418	11,095		32,323
Street Lighting	27,505		27,505			27,505
Contingent	1,000		1,000			1,000
Social Security System	21,293		21,293			21,293
Defined Contribution Retirement Plan	2,543	594	3,137			3,137
Construction Code	1,526	20	1,546			1,546
Maintenance of Free Public Library	7,472		7,472	7,472		
Sewerage Processing and Disposal	12,582		12,582			12,582
Insurance						
Life Insurance	743	21	764			764
General Liability	16,543		16,543			16,543
Workers Compensation	4,765		4,765			4,765
Employee Group Health	53,403	2,092	55,495			55,495
Employee Group Health-Waiver	525		525			525
Length of Service Award Program	27,000		27,000	15,154		11,846
Municipal Court Administration	3,020		3,020	96		2,924
Municipal Court	5,226		5,226	100		5,126
Public Defender	-	300	300			300
Municipal Alliance						
State Share	5,019		5,019	946	\$ 4,073	
Local Share	1,255		1,255	237		1,018
Alcohol Education	580		580	59	521	
CDBG Sr. Citizen Activities	3,274		3,274	3,274		
NJDOT - Magnolia Ave	14,040	14,575	28,615		28,615	
Body Armor-State Share	1,108	-	1,108	1,108	-	-
	<u>650,117</u>	<u>44,359</u>	<u>694,476</u>	<u>100,103</u>	<u>33,209</u>	<u>561,164</u>
	<u>\$ 851,280</u>	<u>\$ 48,190</u>	<u>\$ 899,470</u>	<u>\$ 122,954</u>	<u>\$ 33,209</u>	<u>\$ 743,307</u>
Cash Disbursed				\$ 67,876		
Accounts Payable				55,078		
Transfer To Appropriated Grant Reserves				-	\$ 33,209	
				<u>\$ 122,954</u>	<u>\$ 33,209</u>	

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 442,124
Increased by:		
Charges to 2014 Budget Appropriations		<u>519,207</u>
		961,331
Decreased by:		
Cash Payments	\$ 393,934	
Cancellation Restored to Appropriation Reserves	<u>48,190</u>	
		<u>442,124</u>
Balance, December 31, 2014		<u>\$ 519,207</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013		\$ 64,493
Increased by:		
Transferred from Appropriation Reserves		<u>55,078</u>
		119,571
Decreased by:		
Payments	\$ 6,806	
Cancelled to Operations	<u>4,512</u>	
		<u>11,318</u>
Balance, December 31, 2014		<u>\$ 108,253</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2013		\$ 217,800
Increased by:		
2015 Prepaid Taxes Received		<u>203,198</u>
		420,998
Decreased by:		
Application to 2014 Taxes Receivable		<u>217,800</u>
Balance, December 31, 2014		<u>\$ 203,198</u>

**BOROUGH OF MONTVALE
STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Overpayments Received	\$	129,040
Decreased by:		
Refunded		<u>19,956</u>
Balance, December 31, 2014	\$	<u>109,084</u>

EXHIBIT A-19

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
2014 Levy	\$	15,070,904
Decreased by:		
Payments	\$	<u>15,070,904</u>

EXHIBIT A-20

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:		
2014 Levy	\$	11,841,134
Decreased by:		
Payments	\$	<u>11,841,134</u>

EXHIBIT A-21

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2014 Levy:		
General County Tax	\$	5,234,160
County Open Space Tax		<u>56,812</u>
	\$	5,290,972
Decreased by:		
Payments	\$	<u>5,290,972</u>

**BOROUGH OF MONTVALE
STATEMENT OF DUE COUNTY FOR ADDED AND OMITTED TAXES**

Balance, December 31, 2013	\$ 4,513
Increased by:	
2014 Levy Added Taxes	<u>128,725</u>
	133,238
Decreased by:	
Payments	<u>4,513</u>
Balance, December 31, 2014	<u>\$ 128,725</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAXES

Increased by:	
2014 Levy	\$ 100,465
2014 Added Levy	<u>2,438</u>
	\$ 102,903
Decreased by:	
Due to Open Space Preservation Trust Fund	<u>\$ 102,903</u>

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2014</u>
Marriage Licenses	\$ 175	\$ 600	\$ 700	\$ 75
BOCA Fees	<u>3,966</u>	<u>16,885</u>	<u>16,127</u>	<u>4,724</u>
	<u>\$ 4,141</u>	<u>\$ 17,485</u>	<u>\$ 16,827</u>	<u>\$ 4,799</u>

**BOROUGH OF MONTVALE
STATEMENT OF PREPAID REVENUE**

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	Applied to Current Year <u>Revenue</u>	Balance, December 31, <u>2014</u>
Sewer Fees - Marriott	\$ 4,241	\$ 59,305	\$ 4,241	\$ 59,305
	<u>\$ 4,241</u>	<u>\$ 59,305</u>	<u>\$ 4,241</u>	<u>\$ 59,305</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2013	\$ 309,958
Increased by:	
Charges to 2014 Budget Appropriations	<u>150,000</u>
	459,958
Decreased by:	
Tax Appeal Refunds	<u>39,840</u>
Balance, December 31, 2014	<u>\$ 420,118</u>

**BOROUGH OF MONTVALE
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2014</u>
Arbitrage Rebate	\$ 60,000		\$ 60,000
Sale of Municipal Assets	12,019	\$ 8,307	20,326
Sale of Property - Affordable Housing (CDBG)	300,000		300,000
Security Deposit	<u>3,964</u>	<u>1</u>	<u>3,965</u>
	<u>\$ 375,983</u>	<u>\$ 8,308</u>	<u>\$ 384,291</u>

EXHIBIT A-28

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2013</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2014</u>
Recycling Tonnage Grant	\$ 10,627	\$ 10,508	\$ 10,627	\$ 10,508
Drunk Driving Enforcement Fund		9,402		9,402
Body Armor Fund	<u>3,012</u>	<u>2,356</u>	<u>3,012</u>	<u>2,356</u>
	<u>\$ 13,639</u>	<u>\$ 22,266</u>	<u>\$ 13,639</u>	<u>\$ 22,266</u>

EXHIBIT A-29

STATEMENT OF RESERVES FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2013</u>	Transfer from Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
Drunk Driving Enforcement Fund	\$ 6,156		\$ 766		\$ 5,390
Alcohol Education		\$ 521			521
NJDOT - Akers	10,880			\$ 10,880	
NJDOT - Magnolia		28,615			28,615
Open Space Fieldstone Improvements	15,857		375		15,482
Municipal Alliance	<u>-</u>	<u>4,073</u>	<u>-</u>	<u>4,073</u>	<u>-</u>
	<u>\$ 32,893</u>	<u>\$ 33,209</u>	<u>\$ 1,141</u>	<u>\$ 14,953</u>	<u>\$ 50,008</u>
		Grants Receivable		\$ 7,422	
		Cancelled to Operations		<u>7,531</u>	
				<u>\$ 14,953</u>	

TRUST FUNDS

**BOROUGH OF MONTVALE
STATEMENT OF TRUST CASH - TREASURER**

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Unemployment Insurance <u>Fund</u>	Open Space Preservation Trust <u>Fund</u>
Balance, December 31, 2013	\$ 20,694	\$ 1,507,774	\$ 227,815	\$ 382,266
Increased by Receipts:				
State Dog License Fees	\$ 697			
Borough Dog License Fees	5,450			
Prepaid Borough Dog License Fees - 2015	1,475			
Borough Cat License Fees	994			
Late Fees	220			
Interest Earned on Investments		\$ 626		
Escrow Deposits		1,156,563		
Miscellaneous Reserves and Deposits		579,068		
Payroll Deductions Payable		2,496,545		
Net Payroll Deposits		3,432,568		
Receipts from Current Fund	2,467	219		\$ 102,903
Budget Appropriation			\$ 50,000	
Employee Contributions-Unemployment	-	-	6,083	-
	<u>11,303</u>	<u>7,665,589</u>	<u>56,083</u>	<u>102,903</u>
	31,997	9,173,363	283,898	485,169
Decreased by Disbursements:				
Animal Control Expenditures Under R.S. 4:19-15.11	5,013			
Payments to State for Dog License Fees	703			
Payments to State for Unemployment Claims			65,951	
Payments to Current Fund	6,130	459		
Escrow Deposits		1,042,823		
Miscellaneous Reserves and Deposits		442,536		
Reserve for Open Space Preservation				11,547
Payroll Deductions Payable		2,493,906		
Net Payroll	-	3,432,568	-	-
	<u>11,846</u>	<u>7,412,292</u>	<u>65,951</u>	<u>11,547</u>
Balance, December 31, 2014	<u>\$ 20,151</u>	<u>\$ 1,761,071</u>	<u>\$ 217,947</u>	<u>\$ 473,622</u>

**BOROUGH OF MONTVALE
STATEMENT OF DUE TO STATE OF NEW JERSEY - FEES PAYABLE
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 27
Increased by:	
State Fees Collected	<u>697</u>
	724
Decreased by:	
Payments	<u>703</u>
Balance, December 31, 2014	<u>\$ 21</u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 15,114
Increased by:	
Dog License Fees Collected - 2014	\$ 5,450
Dog License Fees Collected - 2013 Prepaids Applied	1,890
Cat License Fees Collected	994
Late Fees	<u>220</u>
	<u>8,554</u>
	23,668
Decreased by:	
Expenditures Under R.S.4:19-15.11	
Cash Disbursements	5,013
Statutory Excess Due Current Fund	<u>4,756</u>
	<u>9,769</u>
Balance, December 31, 2014	<u>\$ 13,899</u>

**BOROUGH OF MONTVALE
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 3,663
Increased by:	
Statutory Excess in Reserve for Animal Control Expenditures	\$ 4,756
Receipts from Current Fund	<u>2,467</u>
	<u>7,223</u>
	10,886
Decreased by:	
Cash Disbursements	<u>6,130</u>
Balance, December 31, 2014	<u>\$ 4,756</u>

**STATEMENT OF PREPAID LICENSE FEES
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 1,890
Increased by:	
Dog License Fees Collected for 2015	<u>1,475</u>
	3,365
Decreased by:	
Dog License Fees Revenue Realized 2014	<u>1,890</u>
Balance, December 31, 2014	<u>\$ 1,475</u>

BOROUGH OF MONTVALE
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT INSURANCE FUND

Balance, December 31, 2013	\$ 226,567
Increased by:	
Employee Contributions	\$ 6,083
Budget Appropriation	<u>50,000</u>
	<u>56,083</u>
	282,650
Decreased by:	
Unemployment Claims Due to State	<u>66,733</u>
Balance, December 31, 2014	<u>\$ 215,917</u>

EXHIBIT B-9

STATEMENT OF DUE TO STATE OF NEW JERSEY - CLAIMS PAYABLE
UNEMPLOYMENT INSURANCE FUND

Balance, December 31, 2013	\$ 1,248
Increased by:	
Unemployment Claims Charged to Reserve	<u>66,733</u>
	67,981
Decreased by:	
Cash Disbursements	<u>65,951</u>
Balance, December 31, 2014	<u>\$ 2,030</u>

**BOROUGH OF MONTVALE
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 5,022
Increased by:	
Receipts from Current Fund	\$ 219
Interest on Investments	<u>242</u>
	<u>461</u>
	5,483
Decreased by:	
Payments to Current Fund	<u>459</u>
Balance, December 31, 2014	<u>\$ 5,024</u>

Analysis of Balance

Due to Current Fund - Developers' Accutrak Trust Account-Interest	\$ 24
Due to Current Fund - Flex Spending Account	<u>5,000</u>
	<u>\$ 5,024</u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 981,636
Increased by:	
Developers' Deposits	\$ 1,156,563
Developers' Interest Earned	<u>384</u>
	<u>1,156,947</u>
	2,138,583
Decreased by:	
Cash Disbursements	<u>1,042,823</u>
Balance, December 31, 2014	<u>\$ 1,095,760</u>

**BOROUGH OF MONTVALE
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND**

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2014</u>
Engineering Fee Deposits	\$ 14,171	\$ 16,190	\$ 10,992	\$ 19,369
Planning Board Deposits	27,925	-	-	27,925
Affordable Housing Trust Fees	286,395	47,675	28,992	305,078
POAA Fees	780	587	940	427
Special Police Outside Duty Fees	25,742	141,153	115,617	51,278
Tax Title Lien Premiums	69,000	171,400	97,500	142,900
Celebration of Public Events Donations	1,081	5,591	2,991	3,681
Public Defender Fees	290	575	500	365
Performance Bond Deposits	23,672	11,390	7,700	27,362
Tax Title Liens - Outside Lienholder Deposits	-	157,237	157,237	-
DARE Program Donations	3,377	30	2,205	1,202
Uniform Fire Safety Act Penalty Monies	6,787	3,304	-	10,091
Fire Training/Equipment UFSA Penalty Monies	3,388	1,399	-	4,787
Historic Preservation Donations	1,596	-	-	1,596
Flex Spending Account Deposits	1,361	10,880	9,835	2,406
Vision Benefit Deposits	-	11,655	7,927	3,728
Miscellaneous Deposits	100	-	100	-
North/South Park-Improvement Donations	12,901	2	-	12,903
	<u>\$ 478,566</u>	<u>\$ 579,068</u>	<u>\$ 442,536</u>	<u>\$ 615,098</u>

EXHIBIT B-13

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 42,550
Increased by:	
Deposits:	
Payroll Deductions	<u>2,496,545</u>
	2,539,095
Decreased by:	
Disbursements:	
Payroll Deductions	<u>2,493,906</u>
Balance, December 31, 2014	<u>\$ 45,189</u>

**BOROUGH OF MONTVALE
STATEMENT OF NET PAYROLL PAYABLE
OTHER TRUST FUND**

Increased by:	
Net Payroll Deposits	\$ 3,432,568
Decreased by:	
Disbursements - Net Payroll	<u>\$ 3,432,568</u>

**STATEMENT OF DUE FROM CURRENT FUND
OPEN SPACE PRESERVATION TRUST FUND**

Increased by:	
2014 Levy	\$ 100,465
2014 Added Levy	<u>2,438</u>
	\$ 102,903
Decreased by:	
Receipts from Current Fund	<u>\$ 102,903</u>

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

Balance, December 31, 2013	\$ 382,266
Increased by:	
Due from Current Fund	
2014 Levy	\$ 100,465
2014 Added Levy	<u>2,438</u>
	<u>102,903</u>
	485,169
Decreased by:	
Cash Disbursements for Expenditures	<u>11,547</u>
Balance, December 31, 2014	<u>\$ 473,622</u>

GENERAL CAPITAL FUND

**BOROUGH OF MONTVALE
STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2013		\$	1,151,939
Increased by:			
Reserve for Improvement of Field	\$	13,050	
Receipts from Current Fund		<u>58,497</u>	
			<u>71,547</u>
			1,223,486
Decreased by Disbursements:			
Improvement Authorizations		212,687	
Reserve for Preliminary Expense		31,000	
Encumbrances Payable		<u>163,668</u>	
			<u>407,355</u>
Balance, December 31, 2014		\$	<u><u>816,131</u></u>

**BOROUGH OF MONTVALE
ANALYSIS OF GENERAL CAPITAL CASH**

Fund Balance	\$ 22,765
Encumbrances Payable	226,637
Capital Improvement Fund	350,241
Reserve for Payment of Debt	5,059
Reserve for Preliminary Expenses	700
Reserve for Improvement of Field	48,445

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	
1348	Various Capital Improvements-2011	36,381
1370	Engineering County Roads	1,021
1386	Various Road Improvements	112,104
1389	Sanitary Sewer System	<u>12,778</u>
		<u>\$ 816,131</u>

**BOROUGH OF MONTVALE
STATEMENT OF DUE FROM CURRENT FUND**

Increased by:

Budget Appropriation - Capital Improvement Fund	\$ 100,000
---	------------

Decreased by:

Cash Receipts	\$ 58,497	
Fund Balance Anticipated as Budget Revenue	41,503	
		\$ <u>100,000</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	\$ 9,685,000
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Decreased by:

2014 Budget Appropriations to Pay Bonds	<u>1,530,000</u>
---	------------------

Balance, December 31, 2014	<u>\$ 8,155,000</u>
----------------------------	---------------------

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 164,934
Increased by:		
Charges to Improvement Authorizations	\$ 213,837	
Charges to Reserve for Preliminary Expense	<u>12,800</u>	
		<u>226,637</u>
		391,571
Decreased by:		
Cancellations Restored to Improvement Authorizations	1,266	
Payments	<u>163,668</u>	
		<u>164,934</u>
Balance, December 31, 2014		<u><u>\$ 226,637</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013		\$ 294,741
Increased by:		
Budget Appropriation Due from Current Fund		<u>100,000</u>
		394,741
Decreased by:		
Transferred to Reserve for Preliminary Expenses		<u>44,500</u>
Balance, December 31, 2014		<u><u>\$ 350,241</u></u>

**BOROUGH OF MONTVALE
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2013	\$ 5,059
Balance, December 31, 2014	<u>\$ 5,059</u>

STATEMENT OF RESERVE FOR IMPROVEMENT OF FIELD

Balance, December 31, 2013	\$ 35,395
Increased by:	
Cash Receipts	<u>13,050</u>
Balance, December 31, 2014	<u>\$ 48,445</u>

STATEMENT OF RESERVE FOR PRELIMINARY EXPENSES

Increased by:		
Transfer from Capital Improvement Fund	\$	44,500
Decreased by:		
Encumbrances Payable	\$ 12,800	
Cash Disbursements	<u>31,000</u>	
		<u>43,800</u>
Balance, December 31, 2014	\$	<u>700</u>

**BOROUGH OF MONTVALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ord. Amount	Balance December 31, 2013		2014 Authorizations		Encumbrances Cancelled	Expended	Authorizations Cancellation	Balance December 31, 2014	
			Funded	Unfunded	Reallocated	Capital Surplus				Funded	Unfunded
General Improvements											
1153/1177/											
1199	Purchase and Renovation of Municipal Building	\$ 8,714,897	\$ 10,000					\$ 10,000			
1178	Various Improvements - Recreation Fields	1,400,000	1,527						\$ 1,527		
1201	Various Capital Improvements - 2003	2,000,000	10,820		\$ (12,086)		\$ 1,266				
1305	Various Capital Improvements-2009	153,000	10,633					10,633			
1347	Sanitary Sewer System & Gabion Walls	190,435	160,285		(160,285)						
1348	Various Capital Improvements - 2011	2,100,000	308,804		(213,080)			59,343		\$ 36,381	
1370	Engineering County Roads	150,000	22,000					20,979		1,021	
1380	Various Equipment for Volunteer Fire Department	52,000	1,555						1,555		
1386	Various Road Improvements	385,451			385,451			273,347		112,104	
1389	Sanitary Sewer System	65,000	-	-	-	\$ 65,000	-	52,222	-	12,778	-
			<u>\$ 525,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 1,266</u>	<u>\$ 426,524</u>	<u>\$ 3,082</u>	<u>\$ 162,284</u>	<u>\$ -</u>

**BOROUGH OF MONTVALE
STATEMENT OF GENERAL SERIAL BONDS**

Issue	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2014		Interest Rate	Balance, December 31, 2013	Increase	Decrease	Balance, December 31, 2014
			Date	Amount					
Refunding Bonds	5/11/2010	\$ 3,775,000	8/15/15-16	\$ 460,000					
			8/15/2017	465,000					
			8/15/2018	455,000					
			8/15/2019	450,000	2.00-4.375 %	\$ 2,750,000		\$ 460,000	\$ 2,290,000
General Improvement	12/16/2011	3,695,000	12/15/2015	370,000					
			12/15/2016	395,000					
			12/15/17-20	425,000					
			12/15/2021	430,000	2.00-2.50	3,215,000		320,000	2,895,000
Refunding Bonds	7/26/2012	3,745,000	10/1/2015	745,000	3.00				
			10/1/16-17	740,000	3.00				
			10/1/2018	745,000	4.00	3,720,000	\$ -	750,000	2,970,000
						\$ 9,685,000	\$ -	\$ 1,530,000	\$ 8,155,000
Paid by Budget Appropriation								\$ 1,530,000	

PUBLIC ASSISTANCE FUND

**BOROUGH OF MONTVALE
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Balance, December 31, 2013	\$ 35	\$ 6,031	\$ 6,066
Increased by: Receipts	<u>-</u>	<u>28,047</u>	<u>28,047</u>
	35	34,078	34,113
Decreased by: Disbursements	<u>-</u>	<u>18,030</u>	<u>18,030</u>
Balance, December 31, 2014	<u>\$ 35</u>	<u>\$ 16,048</u>	<u>\$ 16,083</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Balance, December 31, 2013	\$ 35	\$ 6,031	\$ 6,066
Increased by: Revenues	<u>-</u>	<u>28,047</u>	<u>28,047</u>
	35	34,078	34,113
Decreased by: Expenditures	<u>-</u>	<u>18,030</u>	<u>18,030</u>
Balance, December 31, 2014	<u>\$ 35</u>	<u>\$ 16,048</u>	<u>\$ 16,083</u>

**BOROUGH OF MONTVALE
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
State Aid Payments		\$ 27,900	\$ 27,900
Prior Year Outstanding Check Voided - State Matched Assistance	<u>-</u>	<u>147</u>	<u>147</u>
Total Revenues/Receipts	<u>\$ -</u>	<u>\$ 28,047</u>	<u>\$ 28,047</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Current Year Assistance (Reported):			
Maintenance Payments		\$ 4,080	\$ 4,080
Temporary Rental Assistance	<u>-</u>	<u>13,950</u>	<u>13,950</u>
Total Expenditures/Disbursements	<u>\$ -</u>	<u>\$ 18,030</u>	<u>\$ 18,030</u>

**BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY**

PART II

**GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2014**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA

GARY J. VINCI, CPA, RMA, PSA

GARY W. HIGGINS, CPA, RMA, PSA

JEFFREY C. BLISS, CPA, RMA, PSA

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DONNA L. JAPHET, CPA, PSA

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KEVIN LOMSKI, CPA

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ANDREW PARENTE, CPA, RMA, PSA

ROBERT W. HAAG, CPA, PSA

DEBORAH K. LERCH, CPA, PSA

RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Montvale as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Montvale in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Montvale's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Montvale's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
June 16, 2015

BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Federal Funding Department</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustments/ (Cancellations)</u>	<u>Balance, December 31, 2014</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Department of Housing and Urban Development (Passed Through the County Dept. of Community Development)											
Community Development Block Grants		14.218									
Public Services - Senior Citizens	N/A		2013	\$ 3,274	\$ 3,274	\$ 3,274		\$ 3,274			\$ 3,274
Occupancy Protection/Impaired Driving Countermeasure (Passed Through State Department of Law and Public Safety)		20.616									
Occupancy Protection Grant	066-1160-100-157		2014	4,000	4,000		\$ 4,000	4,000			4,000
Drunk Driving Prevention	066-1160-100-157		2014	9,225	9,225	-	9,225	9,225	-	-	9,225
						<u>\$ 3,274</u>	<u>\$ 13,225</u>	<u>\$ 16,499</u>	<u>\$ -</u>	<u>\$ -</u>	

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Refunds/ (Cancellations)</u>	<u>Balance, December 31, 2014</u>	<u>(Memo) Cumulative Expenditures</u>
Clean Communities Grant	042-4900-765-004	2014	\$ 14,984	\$ 14,984		\$ 14,984	\$ 14,984			\$ 14,984
Recycling Tonnage Grant	042-4900-752-001	2014	10,508	10,508						
		2013	10,627			10,627	10,566		\$ 61	10,566
Municipal Drug and Alcohol Alliance Program(Passed Through County of Bergen)	N/A	2013	9,876	4,231	\$ 5,019		946	\$ (4,073)	-	9,876
Body Armor Grant	066-1020-718-001	2014	2,356	2,356						
		2013	3,012			3,012	3,012			3,012
		2012	2,339		1,108		1,108			1,108
Alcohol Education and Rehabilitation Fund	098-9735-760-001	2014	236	236		236			236	
		2013	580		580		59		521	59
Drunk Driving Enforcement Fund	1110-448-031020-22	2014	9,402	9,402					-	
		2011	4,837		2,418				2,418	2,419
		2009	4,082		2,040				2,040	2,042
		2007	3,363		1,681		749		932	2,431
		2004	3,217		17		17		-	3,217
Dept. of Human Services General Assistance	054-7500-150-100-121/250	2014	27,900		6,031	27,900	18,030	147	16,048	18,030
Department of Transportation Municipal Aid Akers Ave.	078-6320-480-ALC	2012	146,500	29,203	10,880			(10,880)		
Magnolia Ave	078-6320-480-ALL	2013	150,000		14,040	-	-	14,575	28,615	
					<u>\$ 43,814</u>	<u>\$ 56,759</u>	<u>\$ 49,471</u>	<u>\$ (231)</u>	<u>\$ 50,871</u>	

Note - This schedule was not subject to an audit in accordance with New Jersey OMB 04-04.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

**BOROUGH OF MONTVALE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 13,225	\$ 28,859	\$ 42,084
Public Assistance Fund	<u>-</u>	<u>27,900</u>	<u>27,900</u>
	<u>\$ 13,225</u>	<u>\$ 56,759</u>	<u>\$ 69,984</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to the financial
statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There were none.

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>			<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 2,800,000	5.39 %	\$	2,100,000	4.28 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,417,547	6.58		3,714,039	7.58
Collection of Delinquent Taxes					
Tax and Tax Title Liens	364,103	0.70		587,019	1.20
Collection of Current Tax Levy	44,616,258	85.85		41,812,770	85.29
Other Credits to Income	<u>768,838</u>	<u>1.48</u>		<u>808,010</u>	<u>1.65</u>
 Total Income	 <u>51,966,746</u>	 <u>100.00 %</u>		 <u>49,021,838</u>	 <u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	15,695,196	32.60 %		14,690,710	32.16 %
County Taxes	5,419,697	11.26		4,964,843	10.87
Local & Regional School Taxes	26,912,038	55.90		25,916,598	56.73
Municipal Open Space Taxes	102,903	0.21		100,714	0.22
Other Expenditures	<u>16,175</u>	<u>0.03</u>		<u>10,685</u>	<u>0.02</u>
 Total Expenditures	 <u>48,146,009</u>	 <u>100.00 %</u>		 <u>45,683,550</u>	 <u>100.00 %</u>
 Excess in Revenue	 3,820,737			 3,338,288	
 Fund Balance, January 1	 <u>5,686,888</u>			 <u>4,448,600</u>	
	9,507,625			7,786,888	
Less: Utilization as Anticipated Revenue	<u>2,800,000</u>			<u>2,100,000</u>	
 Fund Balance, December 31	 <u>\$ 6,707,625</u>			 <u>\$ 5,686,888</u>	

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	\$ <u>2.181</u>	\$ <u>2.097</u>	\$ <u>1.726</u>
<u>Apportionment of Tax Rate</u>			
Municipal	0.534	0.517	0.422
Library	0.038	0.038	0.031
Municipal Open Space	0.005	0.005	0.004
County	0.261	0.244	0.207
County Open Space	0.003	0.003	0.003
Local School	0.750	0.729	0.599
Regional High School	0.590	0.561	0.460
<u>Assessed Valuation</u>			
2014	\$ <u>2,009,298,401</u>		
2013		\$ <u>2,010,945,912</u>	
2012			\$ <u>2,375,245,724</u>

Comparison of Tax Levies and Collection

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 44,886,245	\$ 44,616,258	99.39%
2013	42,207,847	41,812,770	99.06%
2012	41,257,864	40,557,327	98.30%

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31, Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$ 254,638	\$ 15,320	\$ 269,958	0.60%
2013	368,739	14,151	382,890	0.91%
2012	621,678	21,497	643,175	1.56%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2014	\$29,400
2013	29,400
2012	29,400

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2014	\$6,707,625	\$4,750,000
	2013	5,686,888	2,800,000
	2012	4,448,600	2,100,000
	2011	3,672,643	1,800,000
	2010	2,955,738	1,800,000

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Roger Fyfe	Mayor
Leah LaMonica	Councilwoman
Rose Curry	Councilwoman
Theresa Cudequest	Councilwoman
Michael Ghassali	Councilman
Timothy Lane	Councilman
Salvatore Talarico	Councilman
Maureen Iarossi-Alwan	Borough Clerk/Administrator
Kenneth Sesholtz	Chief Financial Officer
Phillip Boggia	Attorney
Carl Bello	Treasurer
Fran Scordo	Tax Collector
Michael Leposky	Assessor
Jeffrey Fette	Building Code Official
Jeremy Abrams	Chief of Police
Katherine Bowen	Director of Welfare
Susan Ruttenber	Library Director
Harry D. Norton, Jr.	Magistrate
Catherine Cullen	Court Administrator and Violations Clerk
Maria Rotolo	Deputy Court Clerk
Christopher Botta	Prosecutor
Maser Consulting, PA	Engineer

There is a statutory bond limit in the Municipal Joint Insurance Fund that covers the Treasurer, Tax Collector, Library Treasurer and any assistant or deputy "in title to" these positions, Magistrates, Court Administrators and Court Clerk up to \$1,000,000 with a member deductible of \$1,000.

**BOROUGH OF MONTVALE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Current Year

We noted certain vendors awarded contracts in excess of the bid threshold through State contracts that were not approved by resolution. It is recommended that State contract awards in excess of the bid threshold be approved by resolution.

Our audit of the Building Department revealed pre-numbered receipts were not issued for monies collected. It is recommended that duplicate pre-numbered receipt tickets be issued for monies collected in the Building Department.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of the bid threshold except by contract or agreement."

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for 2014. The Borough has not adopted a resolution increasing the threshold to \$36,000 and has not appointed a qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

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

- 2014 Road Improvements
- 2014 Street Sweeping Services
- Memorial and LaTrerta Sports Court Improvement
- Fieldstone School Athletic Field Improvements

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear violations existed.

**BOROUGH OF MONTVALE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

The New Jersey statutes provide the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent. The Governing Body on January 2, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Montvale, County of Bergen, State of New Jersey, that the rate of interest on delinquent taxes for the year 2014, shall be computed at the rate of eight (8%) percent per annum and,

BE IT FURTHER RESOLVED, that the rate of interest on delinquent taxes in excess of \$1,500 shall be computed at eighteen (18%) percent per annum, and

BE IT FURTHER RESOLVED, that a grace period of ten (10) days be given on delinquent taxes without interest."

BE IT FURTHER RESOLVED, in connection with any delinquency of taxes, assessments or municipal charges in excess of \$10,000 which has not been paid prior to the end of a calendar year, there shall be imposed a penalty in a sum equal to six (6%) percent of the delinquency in excess of \$10,000.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolutions.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 23, 2014.

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

<u>December 31,</u>	<u>Number of Liens</u>
2014	2
2013	2
2012	2

Suggestions to Management

- A written policy be approved on the use of the Borough's store card.

APPRECIATION

We desire to express our appreciation to the Borough Clerk/Administrator, Chief Financial Officer, Tax Collector and other Borough staff who assisted us during the course of our audit.

**BOROUGH OF MONTVALE
LETTER OF COMMENTS AND RECOMMENDATIONS**

RECOMMENDATIONS

It is recommended that:

1. State contract awards in excess of the bid threshold be approved by resolution.
2. Duplicate pre-numbered receipt tickets be issued for monies collected in the Building Department.

* * * * *

A review was performed on all prior year recommendations and corrective action was taken on all.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429