

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2020

BOROUGH OF MONTVALE

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

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2020**



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, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, 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 provisions 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 as described in Note 1. 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 from 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 by the Borough of Montvale on the basis of the financial accounting and reporting provisions 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 financial reporting 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 matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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, 2020 and 2019, 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, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 22.3 percent and 17.8 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2020 and 2019.

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, 2020 and 2019, 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, 2020 in accordance with the financial accounting and reporting provisions 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 September 2, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Montvale's 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
September 2, 2021

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	A-4	\$ 8,483,644	\$ 8,955,892
Cash - Change Fund	A-5	400	400
Grants Receivable	A-7	<u>357,780</u>	<u>519,402</u>
		<u>8,841,824</u>	<u>9,475,694</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	201,712	205,582
Tax Title Liens Receivable	A-10	28,468	25,220
Property Acquired for Taxes at Assessed Valuation	A-11	29,400	29,400
Revenue Accounts Receivable	A-12	92,583	56,716
Due from Animal Control Fund	B-6	4,786	3,732
Due from Other Trust Fund	B-9	<u>5,058</u>	<u>144,193</u>
		<u>362,007</u>	<u>464,843</u>
Deferred Charges			
Special Emergency Authorization	A-13	<u>320,000</u>	<u>-</u>
Total Assets		<u>\$ 9,523,831</u>	<u>\$ 9,940,537</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-14	\$ 1,026,918	\$ 1,646,300
Encumbrances Payable	A-15	960,378	918,073
Accounts Payable	A-16	194,411	258,510
Due to Length of Service Award Program Fund	B	18,900	24,300
Fees Payable	A-24	9,634	32,866
Prepaid Taxes	A-17	529,722	316,650
County Taxes Payable - Added and Omitted Taxes	A-22	22,098	21,185
Prepaid Revenues - Sewer Fees	A-25	46,923	53,575
Due to General Capital Fund	C-4	9,020	
Due to State of New Jersey Senior Citizens' and Veterans' Deductions	A-8	11,096	9,596
Reserve for Tax Appeals	A-26	769,334	1,001,875
Miscellaneous Reserves	A-27	386,092	384,292
Reserve for Grants:			
Unappropriated	A-28	5,363	18,216
Appropriated	A-29	<u>195,062</u>	<u>77,082</u>
		4,184,951	4,762,520
Reserve for Receivables	A	362,007	464,843
Fund Balance	A-1	<u>4,976,873</u>	<u>4,713,174</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,523,831</u>	<u>\$ 9,940,537</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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 4,100,000	\$ 4,250,000
Miscellaneous Revenue Anticipated	A-2	3,334,836	3,922,013
Receipts from Delinquent Tax	A-2	205,012	239,398
Receipts from Current Taxes	A-2	49,605,358	48,046,233
Non-Budget Revenue	A-2	861,908	1,064,366
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	1,065,432	841,406
Special Emergency Authorization- COVID-19 Revenue Loss	A-13	320,000	
Tax Appeal Reserves Cancelled	A-26	250,000	
Accounts Payable Cancelled	A-16	187,128	
Appropriated Grant Reserves Cancelled	A-29	3,504	
Statutory Excess in Animal Control Fund	B-6	4,786	3,732
Outstanding Checks Voided	A-4	1,626	
Prior Year Interfunds Returned	A	<u>147,925</u>	<u>30,069</u>
 Total Income		 <u>60,087,515</u>	 <u>58,397,217</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	5,671,132	5,398,450
Other Expenses	A-3	9,190,518	9,100,166
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,279,470	1,268,157
Capital Improvements	A-3	324,050	937,606
Municipal Debt Service	A-3	1,627,025	1,776,820
County Taxes Payable	A-21	5,917,087	5,470,989
Due County for Added Taxes	A-22	22,098	21,185
Local District School Taxes Payable	A-19	17,245,537	16,771,966
Regional High School Tax Payable	A-20	14,329,352	13,790,303
Municipal Open Space Taxes	A-23	102,692	102,581
Prior Year Senior Citizen Deduction Disallowed	A-1		194
Refund Prior Year Revenue	A-4	5,011	4,951
Interfund Advances Originating	A	<u>9,844</u>	<u>147,925</u>
 Total Expenditures		 <u>55,723,816</u>	 <u>54,791,293</u>
 Excess in Revenue		 4,363,699	 3,605,924
 Fund Balance, January 1	A	 <u>4,713,174</u>	 <u>5,357,250</u>
		9,076,873	8,963,174
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,100,000</u>	<u>4,250,000</u>
 Fund Balance, December 31	A	 <u>\$ 4,976,873</u>	 <u>\$ 4,713,174</u>

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, 2020

	<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	\$ 4,100,000	-	\$ 4,100,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	17,000		17,590	\$ 590
Other	A-2	47,000		44,945	(2,055)
Fees and Permits	A-2	220,000		127,251	(92,749)
Fines and Costs - Municipal Court	A-12	181,000		76,257	(104,743)
Interest and Costs on Taxes	A-12	63,000		67,682	4,682
Interest on Investments and Deposits	A-12	5,000		3,170	(1,830)
Uniform Fire Safety Act Local Enforcement					
Fees	A-12	116,000		121,659	5,659
Uniform Construction Code Fees	A-12	510,000		739,388	229,388
Energy Receipts Tax	A-12	1,262,378		1,262,378	-
Municipal Court Shared Service	A-12	200,984		182,051	(18,933)
Uniform Fire Safety Act - LEA Rebate	A-12	10,000		18,129	8,129
Cable TV Franchise Fees	A-12	129,744		129,744	-
Sewer Agreement - Marriott Corporation	A-12	26,772		26,772	-
Pascack Valley - Special Police Shared Service	A-12	170,392		169,411	(981)
Hotel/Motel Tax	A-12	188,000		82,096	(105,904)
Reserve for Field Maintenance	C-4	5,000		5,000	-
Sloan Kettering Contribution - Municipal Services	A-12	72,000		72,000	-
Clothing Bin Fees - American Recycling	A-12	12,000		750	(11,250)
General Capital Fund Balance (Surplus)	C-4	52,000		52,000	-
Public and Private Revenues Offset With					
Appropriations					
Donation - Two Paragon Drive, LLC	A-7		\$ 100,000	100,000	-
Bullet Proof Vest - Federal	A-28	400		400	-
BCMJJIF - Safety Incentive	A-28	1,750		1,750	-
Alcohol Education and Rehabilitation	A-28	723		723	-
Body Armor Grant - State Share	A-7	2,598		2,598	-
Clean Communities Grant	A-7		17,029	17,029	-
Recycling Tonnage Grant	A-28	14,063	-	14,063	-
Total Miscellaneous Revenues	A-1	3,307,804	117,029	3,334,836	(89,997)
Receipts from Delinquent Taxes	A-1,A-2	200,000	-	205,012	5,012
Sub-Total General Revenues		7,607,804	117,029	7,639,848	(84,985)
Amount to be Raised by Taxes for Support					
of Municipal Budget					
Local Tax for Municipal Purposes		11,345,112		12,966,342	1,621,230
Minimum Library Tax		792,650	-	792,650	-
Total Amount to be Raised by Taxes	A-2	12,137,762	-	13,758,992	1,621,230
Total General Revenues	A-3	\$ 19,745,566	\$ 117,029	21,398,840	\$ 1,536,245
Non-Budget Revenue	A-1,A-2			861,908	
				<u>\$ 22,260,748</u>	

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, 2020

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-1, A-9	\$ 49,605,358
Allocated to School, County and Municipal		
Open Space Taxes	A-19,A-20,A-21,A-22,A-23	<u>37,616,766</u>
Balance for Support of Municipal Budget Appropriation		11,988,592
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,770,400</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 13,758,992</u>
Licenses - Other		
Board of Health	A-12	<u>\$ 44,945</u>
	A-2	<u>\$ 44,945</u>
Fees and Permits		
Borough Clerk	A-12	\$ 50
Registrar of Vital Statistics	A-12	284
Planning Board	A-12	34,133
Police	A-12	1,349
Tax Collector	A-12	206
Recreation	A-12	4,035
Construction Code Official - Zoning	A-12	<u>87,194</u>
	A-2	<u>\$ 127,251</u>
	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUE		
Excess Sewer Fees		\$ 233,706
Insurance Dividends		195,990
Traffic Control Reimbursements - PY		96,468
Police Outside Duty Vehicle Fee		78,076
Police Outside Duty Administration Fee		76,852
Sewer Fees - Interlocal Agreements		68,995
Cell Tower Fees		37,265
Rental of Borough Property		30,619
Police Testing Fees		15,300
Vacant Property Registration Fees		1,600
PILOT - Montvale Commons		6,255
Sewer Connection Fees		6,090
Miscellaneous		<u>14,692</u>
	A-2	<u>\$ 861,908</u>
Cash Receipts	A-4	\$ 621,947
Revenue Accounts Receivable	A-12	<u>239,961</u>
	A-2	<u>\$ 861,908</u>

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, 2020**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT FUNCTIONS				
Administrative and Executive				
Salaries and Wages	\$ 262,275	\$ 262,275	\$ 249,094	\$ 13,181
Other Expenses	187,122	184,622	135,264	49,358
Mayor and Council				
Salaries and Wages	54,408	54,408	51,558	2,850
Other Expenses	28,100	28,100	10,264	17,836
Borough Clerk				
Salaries and Wages	151,887	151,887	150,536	1,351
Other Expenses	20,650	20,650	5,479	15,171
Elections				
Salaries and Wages	2,500	2,500	1,028	1,472
Other Expenses	10,300	10,300	7,358	2,942
Financial Administration				
Salaries and Wages	211,010	213,510	212,637	873
Other Expenses	26,300	31,300	20,761	10,539
Audit Services				
Other Expenses	44,000	44,000	44,000	-
Assessment of Taxes				
Salaries and Wages	37,662	37,662	37,662	-
Other Expenses	37,200	37,200	21,705	15,495
Collection of Taxes				
Salaries and Wages	67,000	67,000	66,983	17
Other Expenses	22,800	22,800	18,646	4,154
Legal Services and Costs				
Other Expenses	345,000	345,000	334,246	10,754
Engineering Services and Costs				
Other Expenses	152,000	192,000	144,371	47,629
Cable TV Committee				
Salaries and Wages	7,500	7,500	3,627	3,873
Other Expenses	61,550	61,550	53,416	8,134

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, 2020

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Continued)				
GENERAL GOVERNMENT FUNCTIONS (Continued)				
Historic Preservation Commission				
Other Expenses	\$ 200	\$ 200	\$ 84	\$ 116
Historian				
Other Expenses	50	50		50
Municipal Land Use Law				
Planning Board				
Salaries and Wages	96,200	99,200	95,991	3,209
Other Expenses	133,750	83,250	27,982	55,268
Zoning Official				
Salaries and Wages	9,685	10,685	10,560	125
Code Enforcement and Administration				
Property Maintenance				
Salaries and Wages	3,528	4,028	3,903	125
Insurance				
Life Insurance	2,913	2,913	2,826	87
General Liability	239,041	239,041	227,693	11,348
Workers Compensation	164,148	164,148	161,448	2,700
Employee Group Health	708,132	673,132	595,550	77,582
Employee Group Health -Waiver	72,550	72,550	60,467	12,083
PUBLIC SAFETY FUNCTIONS				
Fire				
Other Expenses	160,050	160,050	143,436	16,614
Fire Hydrant Service	210,000	200,000	184,020	15,980
Police				
Salaries and Wages	3,755,103	3,755,103	3,742,733	12,370
Other Expenses	226,400	226,400	223,409	2,991
Purchase of Police Vehicles	75,000	75,000	74,705	295
Police Dispatch				
Other Expenses	55,000	55,000	48,539	6,461

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
PUBLIC SAFETY FUNCTIONS (Continued)				
First Aid Organization				
Other Expenses	\$ 34,000	\$ 34,000	\$ 28,102	\$ 5,898
Emergency Management				
Salaries and Wages	10,185	10,185	10,185	-
Other Expenses	12,100	12,100		12,100
Uniform Fire Safety Act				
Salaries and Wages	90,829	96,829	96,333	496
Other Expenses	8,900	8,900	8,898	2
Prosecutor				
Other Expenses	14,280	14,280	13,770	510
PUBLIC WORKS FUNCTIONS				
Road Repair and Maintenance				
Other Expenses	80,000	80,000	72,575	7,425
Sewer System				
Other Expenses	100,000	85,000	56,000	29,000
Snow Removal				
Other Expenses	50,000	50,000	50,000	-
Garbage and Trash Removal				
Other Expenses	625,000	695,000	689,238	5,762
Recycling				
Other Expenses	5,000	5,000		5,000
Public Buildings and Grounds				
Salaries and Wages	29,347	32,097	31,847	250
Other Expenses	205,814	193,064	150,259	42,805
Maintenance of All Vehicles				
Other Expenses	55,000	55,000	29,042	25,958
Municipal Services Act				
Other Expenses	19,000	19,000	12,833	6,167
Stormwater Management				
Other Expenses	50,000	50,000	50,000	-

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
HEALTH AND HUMAN SERVICES FUNCTIONS				
Public Health Services				
Salaries and Wages	\$ 2,950	\$ 3,950	\$ 3,355	\$ 595
Other Expenses	77,400	76,400	69,285	7,115
Environmental Commission				
Salaries and Wages	4,500	4,500	3,645	855
Other Expenses	13,400	13,400	7,802	5,598
Animal Regulation				
Other Expenses	13,000	13,000	10,740	2,260
Administration of Public Assistance				
Salaries and Wages	7,179	7,179	7,179	-
Other Expenses	450	450	303	147
PARK AND RECREATION FUNCTIONS				
Parks and Playgrounds				
Other Expenses	6,000	6,000	4,769	1,231
Recreation Services and Programs				
Salaries and Wages	58,350	58,350	58,350	-
Other Expenses	18,700	18,700	6,413	12,287
Senior Citizen Van				
Salaries and Wages	17,000	17,000	12,065	4,935
Senior Citizens				
Other Expenses	29,700	29,700	4,678	25,022
Celebration of Public Events				
Other Expenses	35,000	10,000		10,000
OTHER COMMON OPERATING FUNCTIONS				
PEOSHA Compliance				
Other Expenses	2,000	2,000		2,000
MUNICIPAL COURT FUNCTIONS				
Municipal Court Administration				
Salaries and Wages	121,114	121,114	107,919	13,195
Other Expenses	14,450	14,450	7,552	6,898

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
MUNICIPAL COURT FUNCTIONS (Continued)				
Public Defender				
Other Expenses	\$ 5,100	\$ 5,100	\$ 3,825	\$ 1,275
STATE UNIFORM CONSTRUCTION CODE				
Construction Code Officials				
Salaries and Wages	231,000	248,000	246,147	1,853
Other Expenses	46,500	44,500	24,481	20,019
Building Subcode Official				
Salaries and Wages	44,000	49,000	48,922	78
Plumbing Subcode Official				
Salaries and Wages	28,355	28,355	28,355	-
Fire Subcode Official				
Salaries and Wages	16,408	16,408	16,408	-
Electrical Subcode Official				
Salaries and Wages	44,044	44,044	44,044	-
Elevator Subcode Official				
Other Expenses	36,000	36,000	27,199	8,801
UNCLASSIFIED				
Utilities				
Gasoline	50,000	48,500	26,164	22,336
Electricity	175,700	175,700	77,333	98,367
Telephone	44,500	46,000	31,891	14,109
Natural Gas	46,064	46,064	21,241	24,823
Street Lighting	120,000	120,000	104,305	15,695
Total Operations Within "CAPS"	10,339,333	10,339,333	9,475,433	863,900
Detail:				
Salaries and Wages	5,364,019	5,402,769	5,341,066	61,703
Other Expenses	4,975,314	4,936,564	4,134,367	802,197
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"				
STATUTORY CHARGES				
Social Security System (O.A.S.I.)	195,891	195,891	186,367	9,524
Defined Contribution Retirement Plan (DCRP)	8,825	8,825	3,748	5,077
Public Employees Retirement System	164,311	164,311	164,311	-
Police and Fireman's Retirement System	910,443	910,443	910,443	-
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	1,279,470	1,279,470	1,264,869	14,601
Total General Appropriations for Municipal Purposes Within "CAPS"	11,618,803	11,618,803	10,740,302	878,501

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, 2020

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
Maintenance of Free Public Library				
Chap. 82, 541 P.L. 85 - Minimum	\$ 792,650	\$ 792,650	\$ 774,870	\$ 17,780
Chap. 82, 541 P.L. 85 - Addition	33,305	33,305	33,305	-
Sewerage Processing and Disposal (Sanitation Chap. 74, P.L. 87)				
Contractual	998,680	998,680	998,680	-
Reserve for Tax Appeals	50,000	50,000	50,000	-
Length of Service Award Program (LOSAP)	55,000	55,000	18,900	36,100
Police Dispatch/911				
Other Expenses	198,520	198,520	198,520	-
Interlocal Services Agreements				
Municipal Court Administration				
Salaries & Wages	116,363	116,363	103,687	12,676
Other Expenses	66,001	66,001	59,614	6,387
Prosecutor				
Other Expenses	13,720	13,720	13,230	490
Public Defender				
Other Expenses	4,900	4,900	3,675	1,225
Pascack Valley Regional School District				
Special Police				
Salaries and Wages	152,000	152,000	151,125	875
Other Expenses	18,392	18,392	18,392	-
Pascack Valley Department of Public Works				
Department of Public Works				
Other Expenses	1,886,223	1,886,223	1,886,223	-
Total Other Operations Excluded from "CAPS"	4,385,754	4,385,754	4,310,221	75,533
OPERATIONS - EXCLUDED FROM "CAPS"				
PUBLIC AND PRIVATE PROGRAMS				
OFFSET BY REVENUES				
Recycling Tonnage Grant	14,063	14,063		14,063
Bergen County Municipal JIF Safety Incentive Program	1,750	1,750	1,750	-
Clean Communities Grant		17,029		17,029
Alcohol Education and Rehab. Grant	723	723		723
Bullet Proof Vest Program - Federal	400	400		400
Body Armor Grant-State Share	2,598	2,598	25	2,573
Donation - 2 Paragon Drive (Passive Recreation)	-	100,000	100,000	-
Total Public and Private Programs Offset by Revenues	19,534	136,563	101,775	34,788
Total Operations Excluded from "CAPS"	4,405,288	4,522,317	4,411,996	110,321
Detail:				
Salaries and Wages	268,363	268,363	254,812	13,551
Other Expenses	4,136,925	4,253,954	4,157,184	96,770

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, 2020

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"				
Capital Improvement Fund	\$ 125,000	\$ 125,000	\$ 125,000	
Acquisition of Equipment - Police Department	31,500	31,500	14,650	\$ 16,850
Acquisition of Vehicles and Equipment - Fire Dept.	30,000	30,000	8,950	21,050
Various Improvements - Buildings and Grounds	<u>137,550</u>	<u>137,550</u>	<u>137,354</u>	<u>196</u>
Total Capital Improvements Excluded from "CAPS"	<u>324,050</u>	<u>324,050</u>	<u>285,954</u>	<u>38,096</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	1,270,000	1,270,000	1,270,000	
Interest on Bonds	322,525	322,525	322,525	
Interest on Notes	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,627,025</u>	<u>1,627,025</u>	<u>1,627,025</u>	<u>-</u>
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	<u>6,356,363</u>	<u>6,473,392</u>	<u>6,324,975</u>	<u>148,417</u>
Subtotal General Appropriations	17,975,166	18,092,195	17,065,277	1,026,918
Reserve for Uncollected Taxes	<u>1,770,400</u>	<u>1,770,400</u>	<u>1,770,400</u>	<u>-</u>
Total General Appropriations	<u>\$ 19,745,566</u>	<u>\$ 19,862,595</u>	<u>\$ 18,835,677</u>	<u>\$ 1,026,918</u>
	<u>Reference</u>	<u>A-2</u>	<u>A-3</u>	<u>A-1</u>
				<u>A,A-1</u>
Budget as Adopted	A-3	\$ 19,745,566		
Appropriation by 40A:4-87	A-2	<u>117,029</u>		
		<u>\$ 19,862,595</u>		
Cash Disbursed	A-4		\$ 15,783,233	
Encumbrances Payable	A-15		960,378	
Due to LOSAP Trust Fund	B		18,900	
Due to General Capital Fund	C-4		252,766	
Reserve for Tax Appeals	A-26		50,000	
Reserve for Uncollected Taxes	A-2		<u>1,770,400</u>	
			<u>\$ 18,835,677</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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 17,387	\$ 18,963
OTHER TRUST FUND			
Cash	B-3	2,542,835	2,876,018
UNEMPLOYMENT INSURANCE FUND			
Cash	B-3	286,869	280,642
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	175,822	176,666
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	848,496	699,622
Due from Current Fund	A	18,900	24,300
		867,396	723,922
Total Assets		\$ 3,890,309	\$ 4,076,211

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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to State of NJ - Fees Payable	B-4	\$ 18	\$ 18
Due to Current Fund	B-6	4,786	3,732
Reserve for Animal Control Expenditures	B-5	<u>12,583</u>	<u>15,213</u>
		<u>17,387</u>	<u>18,963</u>
OTHER TRUST FUND			
Due to Current Fund	B-9	5,058	144,193
Escrow Deposits	B-10	1,172,338	1,133,085
Payroll Deductions Payable	B-11	59,098	60,276
Miscellaneous Reserves and Deposits	B-12	<u>1,306,341</u>	<u>1,538,464</u>
		<u>2,542,835</u>	<u>2,876,018</u>
UNEMPLOYMENT INSURANCE FUND			
Due to State of NJ - Claims Payable	B-7	3,675	21
Reserve for Unemployment Compensation Insurance Claims	B-8	<u>283,194</u>	<u>280,621</u>
		<u>286,869</u>	<u>280,642</u>
OPEN SPACE PRESERVATION TRUST FUND			
Encumbrances Payable	B-16	58,335	35,820
Reserve for Open Space Preservation	B-15	<u>117,487</u>	<u>140,846</u>
		<u>175,822</u>	<u>176,666</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Contributions	B	<u>867,396</u>	<u>723,922</u>
Total Liabilities and Reserves		<u>\$ 3,890,309</u>	<u>\$ 4,076,211</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

		<u>Anticipated</u>		
	Budget	Budget After		Excess or
	(Memo)	Modifications	<u>Realized</u>	(Deficit)
		(Memo)		
Amount to be Raised by Taxation	\$ 102,309	\$ 102,309	\$ 102,692	\$ 383
Reserve Funds Anticipated	-	23,742	23,742	-
	<u>\$ 102,309</u>	<u>\$ 126,051</u>	<u>\$ 126,434</u>	<u>\$ 383</u>
<u>Reference</u>	B-2	B-2	B-15	

STATEMENT OF EXPENDITURES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

		<u>Appropriated</u>		<u>Expended</u>
	Budget	Budget After		
	(Memo)	Modification	Paid or	Reserved
		(Memo)	Charged	
Maintenance of Land for Recreation and Conservation				
Other Expenses	\$ 50,000	\$ 14,560	\$ 14,560	
Capital Outlay		111,491	111,491	
Reserve for Future Use	52,309	-	-	-
	<u>\$ 102,309</u>	<u>\$ 126,051</u>	<u>\$ 126,051</u>	<u>\$ -</u>
<u>Reference</u>	B-1	B-1	B-15	

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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	C-2,C-3	\$ 2,981,310	\$ 3,191,927
Grants Receivable	C-7	55,000	
Due from Current Fund	C-4	9,020	
Deferred Charges to Future Taxation			
Funded	C-5	8,350,000	9,620,000
Unfunded	C-6	<u>4,361,914</u>	<u>2,351,250</u>
 Total Assets		 <u>\$ 15,757,244</u>	 <u>\$ 15,163,177</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13	\$ 8,350,000	\$ 9,620,000
Bond Anticipation Notes	C-14	4,500,000	2,300,000
Encumbrances Payable	C-9	1,065,847	1,045,425
Improvement Authorizations			
Funded	C-8	536,387	1,140,721
Unfunded	C-8	746,710	675,620
Capital Improvement Fund	C-10	56,441	2,191
Reserve for Payment of Debt	C-11	200,785	109,480
Reserve for Improvement of Fields	C-12	126,520	117,495
Reserve for Grants Receivable	C-7	55,000	
Fund Balance	C-1	<u>119,554</u>	<u>152,245</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 15,757,244</u>	 <u>\$ 15,163,177</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$26,250 and \$51,250, respectively. (Exhibit C-15)

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1	C	\$ 152,245	\$ 149,784
Increased by:			
Premiums on Bonds and Notes Issued	C-2	<u>19,309</u>	<u>2,461</u>
		171,554	152,245
Decreased by:			
Due Current Fund as Anticipated Revenue	C-4	<u>52,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 119,554</u>	<u>\$ 152,245</u>

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	D-1	\$ 4,593	\$ 4,593
Total Assets		<u>\$ 4,593</u>	<u>\$ 4,593</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ 4,593	\$ 4,593
Total Liabilities and Reserves		<u>\$ 4,593</u>	<u>\$ 4,593</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Land and Land Improvements	\$ 19,231,603	\$ 19,058,038
Buildings and Building Improvements	16,737,717	15,476,881
Machinery and Equipment	<u>9,388,104</u>	<u>9,265,646</u>
	<u>\$ 45,357,424</u>	<u>\$ 43,800,565</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 45,357,424</u>	<u>\$ 43,800,565</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings 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 the 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, 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 the 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, 2020 AND 2019**

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. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019 balances to conform to the December 31, 2020 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, 2020 AND 2019**

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 December 31, 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, 2020 AND 2019**

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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 vacation and 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.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 1995 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General 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 the Open Space Preservation Trust Fund)
General Capital Fund
Public Assistance Fund

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 2020 and 2019 the Borough Council increased the original budget by \$117,029 and \$566,204. The increases in 2020 and 2019 were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2020 and 2019.

NOTE 3 CASH 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. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), 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 or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2020 and 2019, the book value of the Borough's deposits were \$14,488,267 and \$15,505,101 and bank and brokerage firm balances of the Borough's deposits amounted to \$15,182,948 and \$16,692,720, 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>2020</u>	<u>2019</u>
Insured	\$ 15,182,948	\$ 16,692,720

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, 2020 and 2019 none of the Borough's bank balances were exposed to custodial credit risk.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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, 2020 and 2019, the Borough had the following investments:

	Fair Value (LOSAP)	
	<u>2020</u>	<u>2019</u>
Investment:		
Lincoln Financial Group LOSAP		
Investment Fund (Unaudited)	\$ <u>848,496</u>	\$ <u>699,622</u>

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, 2020 and 2019, \$848,496 and \$699,622 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	<u>2020</u>	<u>2019</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department		
but not in the Borough's name (Unaudited)	\$ <u>848,496</u>	\$ <u>699,622</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2020 and 2019, the Borough's investment in Lincoln Financial Group a subsidiary of Lincoln National Life Insurance Company was rated Baa1 by Moody's Investor Service.

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 was based on information provided by Lincoln Financial Group.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2020 and 2019 consisted of the following:

<u>Current</u>	<u>2020</u>	<u>2019</u>
Property Taxes	\$ 201,712	\$ 205,582
Tax Title Liens	<u>28,468</u>	<u>25,220</u>
	<u>\$ 230,180</u>	<u>\$ 230,802</u>

In 2020 and 2019, the Borough collected \$205,012 and \$239,398 from delinquent taxes, which represented 89% and 92%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>		<u>2019</u>	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 9,844	\$ 27,920	\$ 147,925	\$ 24,300
Trust Funds				
Animal Control		4,786		3,732
Other Trust		5,058		144,193
LOSAP Fund	18,900		24,300	-
General Capital Fund	<u>9,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 37,764</u>	<u>\$ 37,764</u>	<u>\$ 172,225</u>	<u>\$ 172,225</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund on behalf of 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:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding Budgets
<u>2020</u>			
Special Emergency Authorization	<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ 320,000</u>

2019

There are none.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are 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:

	2020		2019	
	<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	\$ 4,299,093	\$ 3,650,000	\$ 4,193,772	\$ 4,100,000
Non-Cash Surplus	<u>677,780</u>	<u>-</u>	<u>519,402</u>	<u>-</u>
	<u>\$ 4,976,873</u>	<u>\$ 3,650,000</u>	<u>\$ 4,713,174</u>	<u>\$ 4,100,000</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, 2020 and 2019.

	<u>Balance December 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2020</u>
2020				
Land and Land Improvements	\$ 19,058,038	\$ 173,565		\$ 19,231,603
Buildings and Building Improvements	15,476,881	1,260,836		16,737,717
Machinery and Equipment	<u>9,265,646</u>	<u>126,208</u>	<u>(3,750)</u>	<u>9,388,104</u>
	<u>\$ 43,800,565</u>	<u>\$ 1,560,609</u>	<u>\$ (3,750)</u>	<u>\$ 45,357,424</u>
	<u>Balance December 31, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2019</u>
2019				
Land and Land Improvements	\$ 19,058,038			\$ 19,058,038
Buildings and Building Improvements	15,389,598	\$ 87,283		15,476,881
Machinery and Equipment	<u>8,980,023</u>	<u>497,139</u>	<u>\$ (211,516)</u>	<u>9,265,646</u>
	<u>\$ 43,427,659</u>	<u>\$ 584,422</u>	<u>\$ (211,516)</u>	<u>\$ 43,800,565</u>

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 projects. 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 and acquisitions or other purposes permitted by the Local Bond Law, 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>2020</u>	<u>2019</u>
Issued		
General		
Bonds and Notes	\$ 12,850,000	\$ 11,920,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>365,121</u>	<u>109,480</u>
Net Debt Issued	12,484,879	11,810,520
Authorized But Not Issued		
General		
Bonds and Notes	<u>26,250</u>	<u>51,250</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 12,511,129</u>	<u>\$ 11,861,770</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 .537% and .513% at December 31, 2020 and 2019, respectively.

<u>2020</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 12,876,250	\$ 365,121	\$ 12,511,129
School Debt	<u>5,239,543</u>	<u>5,239,543</u>	<u>-</u>
Total	<u>\$ 18,115,793</u>	<u>\$ 5,604,664</u>	<u>\$ 12,511,129</u>
 <u>2019</u>	 <u>Gross Debt</u>	 <u>Deductions</u>	 <u>Net Debt</u>
General Debt	\$ 11,971,250	\$ 109,480	\$ 11,861,770
School Debt	<u>6,200,948</u>	<u>6,200,948</u>	<u>-</u>
Total	<u>\$ 18,172,198</u>	<u>\$ 6,310,428</u>	<u>\$ 11,861,770</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 81,517,897	\$ 80,997,756
Net Debt	<u>12,511,129</u>	<u>11,861,770</u>
Remaining Borrowing Power	<u>\$ 69,006,768</u>	<u>\$ 69,135,986</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>2020</u>	<u>2019</u>
\$3,695,000, 2011 Bonds, due in annual installments of \$425,000 to \$430,000 due December, 2021, interest at 2.50%	\$ 430,000	\$ 855,000
\$9,305,000, 2018 Bonds, due in annual installments of \$760,000 to \$905,000 through August, 2030, interest at 3.00% to 5.00%	<u>7,920,000</u>	<u>8,765,000</u>
	<u>\$ 8,350,000</u>	<u>\$ 9,620,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 is as follows:

Calendar Year	<u>Principal</u>	<u>General</u> <u>Interest</u>	<u>Total</u>
2021	\$ 1,275,000	\$ 286,550	\$ 1,561,550
2022	905,000	250,450	1,155,450
2023	760,000	223,300	983,300
2024	760,000	200,500	960,500
2025-2029	3,855,000	497,650	4,352,650
2030	795,000	23,850	818,850
	<u>\$ 8,350,000</u>	<u>\$ 1,482,300</u>	<u>\$ 9,832,300</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within One Year
<u>2020</u>					
General Capital Fund					
Bonds Payable	<u>\$ 9,620,000</u>	<u>\$ -</u>	<u>\$ 1,270,000</u>	<u>\$ 8,350,000</u>	<u>\$ 1,275,000</u>
	Balance, December 31, <u>2018</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within One Year
<u>2019</u>					
General Capital Fund					
Bonds Payable	<u>\$ 11,035,000</u>	<u>\$ -</u>	<u>\$ 1,415,000</u>	<u>\$ 9,620,000</u>	<u>\$ 1,270,000</u>

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2019</u>	Renewals/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2020</u>
<u>2020</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.25%	8/20/2021	\$ 2,300,000	\$ 2,325,000	\$ 2,300,000	\$ 2,325,000
Various Capital Improvements	0.46%	8/20/2021	-	2,175,000	-	2,175,000
			<u>\$ 2,300,000</u>	<u>\$ 4,500,000</u>	<u>\$ 2,300,000</u>	<u>\$ 4,500,000</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2018</u>	Renewals/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.50%	8/21/2020	-	\$ 2,300,000	-	\$ 2,300,000
			<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$ -</u>	<u>\$ 2,300,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>		
Various Road Improvements	\$ 696,281	2021
Municipal Complex HVAC Upgrades	243,002	2021
Restoration of Huff Pond	268,042	2021
<u>2019</u>		
Various Road Improvements	\$ 286,478	2020
Sanitary and Storm Sewer Repairs	43,942	2020
Municipal Complex HVAC Upgrades	180,992	2020
LaTrenta Field Synthetic Turf	567,569	2020

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 retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$878,772 and \$627,035 at December 31, 2020 and 2019, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences/Terminal Leave	\$ 627,035	\$ 251,737		\$ 878,772	
Net Pension Liability - PERS	4,272,581		\$ 269,604	4,002,977	
Net Pension Liability - PFRS	<u>11,030,313</u>	<u>656,527</u>	<u>910,443</u>	<u>10,776,397</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 15,929,929</u>	<u>\$ 908,264</u>	<u>\$ 1,180,047</u>	<u>\$ 15,658,146</u>	<u>\$ -</u>
	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences/Terminal Leave	\$ 760,624		\$ 133,589	\$ 627,035	
Net Pension Liability - PERS	4,633,623		361,042	4,272,581	
Net Pension Liability - PFRS	<u>11,782,802</u>	<u>\$ 98,806</u>	<u>851,295</u>	<u>11,030,313</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 17,177,049</u>	<u>\$ 98,806</u>	<u>\$ 1,345,926</u>	<u>\$ 15,929,929</u>	<u>\$ -</u>

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 December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 for 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2020, 2019 and 2018 were equal to the required contributions.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, 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>
2020	\$ 910,443	\$ 230,651	\$ 3,748
2019	851,295	234,082	4,556
2018	725,274	229,268	10,782

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

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$651, \$343 and \$1,054, respectively for PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of \$4,002,977 and \$4,272,581, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .02455 percent, which was an increase of .00084 percent from its proportionate share measured as of June 30, 2019 of .02371 percent.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough's pension benefit to be \$ 8,895 and \$15,166, respectively, for PERS based on the actuarial valuations which are less than the actual contribution reported in the Borough's financial statements of \$230,651 and \$234,082, respectively. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 72,888	\$ 14,156	\$ 76,687	\$ 18,874
Changes of Assumptions	129,861	1,676,084	426,633	1,482,999
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	136,825			67,444
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>248,986</u>	<u>128,012</u>	<u>200,399</u>	<u>371,916</u>
Total	<u>\$ 588,560</u>	<u>\$ 1,818,252</u>	<u>\$ 703,719</u>	<u>\$ 1,941,233</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (437,179)
2022	(449,902)
2023	(248,799)
2024	(75,621)
2025	<u>(18,191)</u>
	<u>\$ (1,229,692)</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00%
	Based on Years of Service
Thereafter	3.00%-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

	1% Decrease (<u>6.00%</u>)	Current Discount Rate (<u>7.00%</u>)	1% Increase (<u>8.00%</u>)
<u>2020</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,039,080</u>	<u>\$ 4,002,977</u>	<u>\$ 3,123,815</u>
	1% Decrease (<u>5.28%</u>)	Current Discount Rate (<u>6.28%</u>)	1% Increase (<u>7.28%</u>)
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,396,964</u>	<u>\$ 4,272,581</u>	<u>\$ 3,325,129</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of \$10,776,397 and \$11,030,313, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .08340 percent, which was a decrease of .00673 percent from its proportionate share measured as of June 30, 2019 of .09013 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$825,842 and \$1,553,586, respectively, for PFRS based on the actuarial valuations which are less for 2020 and more for 2019 than the actual contributions reported in the Borough's financial statements of \$910,443 and \$851,295, respectively. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2020		2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 108,644	\$ 38,675	\$ 93,110	\$ 69,835
Changes of Assumptions	27,119	2,889,088	377,959	3,564,896
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	631,871			149,457
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>844,929</u>	<u>889,843</u>	<u>1,256,113</u>	<u>-</u>
Total	<u>\$ 1,612,563</u>	<u>\$ 3,817,606</u>	<u>\$ 1,727,182</u>	<u>\$ 3,784,188</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (858,005)
2022	(611,205)
2023	(299,690)
2024	(215,935)
2025	(220,208)
	<u>\$ (2,205,043)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
<u>2020</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 14,330,390</u>	<u>\$ 10,776,397</u>	<u>\$ 7,824,534</u>
	<u>1% Decrease (5.85%)</u>	<u>Current Discount Rate (6.85%)</u>	<u>1% Increase (7.85%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 14,908,964</u>	<u>\$ 11,030,313</u>	<u>\$ 7,820,171</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,672,448 and \$1,741,707, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$189,538 and \$202,372, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$128,694 and \$117,355, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .08340 percent, which was a decrease of .00673 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .09013 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. 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, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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 the above Fund. The financial reports may be assessed 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, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2020 was not available and for June 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which was rolled forward to June 30, 2019.

- Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$346.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough is not required to make contributions to the State Plan under the special funding situation. The State, as a non-employer contributing entity, makes contributions to the Plan under a special funding situation.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension* (GASB No. 75) their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,672,692. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$88,448. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .12076 percent, which was a decrease of .00593 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .12669 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

Calendar

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. 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, 2020 AND 2019

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 (BCMJIF), Bergen Municipal Employee Benefit Fund (BMED) and the Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability, worker's compensation and medical, prescription and dental coverages. The Funds are risk-sharing public entity pools. The BCMJIF, BMED and MEL 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.

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>
2020	None	\$ 7,502	\$ 4,929	\$ 283,194
2019	None	7,665	2,200	280,621
2018	None	6,598	3,829	275,156

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019. 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, 2020 and 2019, the Borough reserved \$769,334 and \$1,001,875, 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, 2020 and 2019, 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.

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, 2020 and 2019, 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.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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 \$1,350 and \$1,350 for 2020 and 2019, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough contributed a total of \$18,900 and \$24,300 for 2020 and 2019, respectively into the Plan.

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.

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, 2020 and 2019 were \$10,798 and \$12,308, 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.

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, the Borough provided property tax abatements through certain programs authorized under State statutes. This program includes the New Jersey Housing and Mortgage Financing Act (NJHMFA).

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 18 TAX ABATEMENTS (Continued)

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2020 and 2019 the Borough abated property taxes totaling \$74,875 and \$72,780, respectively, under the NJHMFA program. The Borough received \$6,255 and \$8,600 in PILOT payments under this program for both years ended December 31, 2020 and 2019, respectively.

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

NOTE 20 SUBSEQUENT EVENTS

Debt Authorized

On April 13, 2021 the Borough adopted a bond ordinance authorizing the issuance of \$2,161,900 in bonds or bond anticipation notes to fund various capital improvements. On July 28, 2021 the Borough included the sale of said bonds in the serial bond issue listed below.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 20 SUBSEQUENT EVENTS (Continued)

Serial Bonds

On June 29, 2021 the Borough adopted a resolution for the issuance of \$6,465,000 General Improvement Bonds for the purpose of funding various capital improvements of the Borough. On July 28, 2021 the Borough awarded the sale of said bonds in the principal amount \$6,160,000 plus a premium on bonds of \$307,357 to Roosevelt & Cross, Inc. at an interest rate of 0.50% to 2.00%. These bonds dated July 28, 2021 will mature over 10 years with the first maturity due August 15, 2022.

CURRENT FUND

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

Balance, December 31, 2019		\$ 8,955,892
Increased by:		
Taxes Receivable	\$ 49,456,470	
Non-Budget Revenue	621,947	
Prepaid Revenues	20,120	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	38,750	
Revenue Accounts Receivable	3,353,481	
Grants Receivable	274,877	
Receipts for Other Trust Fund	139,218	
Receipts from Other Trust Fund	157,246	
Receipts from Animal Control Fund	3,732	
Fees Payable	51,544	
Tax Overpayments	147,274	
Prepaid Taxes	529,722	
Miscellaneous Reserves	1,800	
Reserve for Grants - Unappropriated	4,083	
Outstanding Checks Coided	1,626	
Petty Cash	800	
		<u>54,802,690</u>
		63,758,582
Decreased by Disbursements:		
2020 Budget Appropriations	15,783,233	
2019 Appropriation Reserves	502,545	
County Taxes Payable	5,917,087	
Due to County for Added and Omitted Taxes	21,185	
Local School District Tax Payable	17,245,537	
Regional High School Taxes Payable	14,329,352	
Reserve for Tax Appeals	32,541	
Payments to General Capital Fund	186,746	
Payments to Other Trust Fund	156,348	
Payments to Open Space Preservation Trust Fund	102,692	
Payments to LOSAP Fund	24,300	
Accounts Payable	13,130	
Encumbrances Payable	730,646	
Petty Cash	800	
Reserve for Grants - Appropriated	1,735	
Tax Overpayments Refunded	147,274	
Fees Payable	74,776	
Refund Prior Year Revenue	5,011	
		<u>55,274,938</u>
Balance, December 31, 2020		<u>\$ 8,483,644</u>

**BOROUGH OF MONTVALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2019</u>	Balance, December 31, <u>2020</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>2019</u>	Revenue <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
NJ Department of Transportation -					
Various Street Improvements - 2018	\$ 92,392				\$ 92,392
Various Street Improvements - 2019	207,000		\$ 155,250		51,750
Municipal Alliance Program	6,372			\$ 6,372	-
Clean Communities		17,029	17,029		-
Donation - 2 Paragon Drive, LLC		100,000	100,000		-
Bergen County Open Space - Field Improvements	178,538				178,538
County of Bergen - County Prosecutor	35,100				35,100
Body Armor Grant - State Share	-	2,598	2,598	-	-
	<u>\$ 519,402</u>	<u>\$ 119,627</u>	<u>\$ 274,877</u>	<u>\$ 6,372</u>	<u>\$ 357,780</u>
				<u>\$ 6,372</u>	

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

Balance, December 31, 2019	\$ 9,596
Increased by:	
Payment from State of New Jersey	\$ 38,750
Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2020	<u>2,250</u>
	<u>41,000</u>
	50,596
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	1,500
Veterans' Deductions Per Tax Billings	37,250
Veterans'/Senior Citizen's Deductions Allowed by Tax Collector - 2020	<u>750</u>
	<u>39,500</u>
Balance, December 31, 2020	<u>\$ 11,096</u>

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

<u>Year</u>	Balance, December 31, <u>2019</u>	2020 <u>Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	Cash <u>Collections</u> <u>2019</u>	<u>2020</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Transferred to Tax Title Liens	Balance, December 31, <u>2020</u>
2018	\$ 114								\$ 114
2019	<u>205,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 205,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>456</u>
	205,582	-	-	-	205,012	-	-	-	570
2020	<u>-</u>	<u>\$ 49,928,858</u>	<u>\$ 2,250</u>	<u>\$ 316,650</u>	<u>49,251,458</u>	<u>\$ 39,500</u>	<u>\$ 119,110</u>	<u>\$ 3,248</u>	<u>201,142</u>
	<u>\$ 205,582</u>	<u>\$ 49,928,858</u>	<u>\$ 2,250</u>	<u>\$ 316,650</u>	<u>\$ 49,456,470</u>	<u>\$ 39,500</u>	<u>\$ 119,110</u>	<u>\$ 3,248</u>	<u>\$ 201,712</u>

Analysis of 2020 Property Tax Levy

ANALYSIS OF 2020 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 49,742,725
Added Taxes (54:4-63.1 et. seq.)	<u>186,133</u>
	<u>\$ 49,928,858</u>

TAX LEVY

Local District School Tax	\$ 17,245,537
Regional High School Tax	14,329,352

County Taxes:

County Taxes	\$ 5,678,259
County Open Space	238,828
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>22,098</u>
	5,939,185

Municipal Open Space Tax	102,309
Municipal Open Space Added Taxes	<u>383</u>
	102,692

Local Tax for Municipal Purposes	11,345,112
Minimum Library Tax	792,650
Additional Tax Levied	<u>174,330</u>
	<u>12,312,092</u>

\$ 49,928,858

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

Balance, December 31, 2019	\$ 25,220
Increased by:	
Transfers from Taxes Receivable	<u>3,248</u>
Balance, December 31, 2020	<u>\$ 28,468</u>

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

Balance, December 31, 2019	<u>\$ 29,400</u>
Balance, December 31, 2020	<u>\$ 29,400</u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2019</u>	Accrued in <u>2020</u>	<u>Collected</u>	Balance, December 31, <u>2020</u>
Borough Clerk				
Licenses - Alcoholic Beverages		\$ 17,590	\$ 17,590	
Fees and Permits - Parking Permits		50	50	
Board of Health				
Licenses		44,945	44,945	
Register of Vital Statistics				
Fees and Permits		284	284	
Construction Code Official				
Uniform Construction Code Fees		739,388	739,388	
Fees and Permits - Other		87,194	87,194	
Police				
Fees and Permits		1,349	1,349	
Tax Collector				
Fees and Permits - Tax Search Fees		206	206	
Planning Board				
Fees and Permits		34,133	34,133	
Recreation				
Fees and Permits		4,035	4,035	
Municipal Court				
Fines and Costs	\$ 4,101	73,199	76,257	\$ 1,043
Interest and Costs on Taxes	3,786	65,758	67,682	1,862
Interest on Investments and Deposits		3,170	3,170	
Municipal Court Shared Service	48,171	179,516	182,051	45,636
Pascack Valley Regional School District				
Special Police Shared Service		169,411	169,411	
Energy Receipts Tax		1,262,378	1,262,378	
Cable TV Franchise Fees		129,744	129,744	
Sewer Agreement - Marriott Corporation		26,772	26,772	
Hotel/Motel Tax		82,096	82,096	
Uniform Fire Safety Act:				
Local Enforcement Fees		121,659	121,659	
LEA Rebate		18,129	18,129	
Sloan Kettering Contribution - Municipal Services		72,000	72,000	-
Clothing Bin Fees - American Recycling		1,500	750	750
Excess Sewer User Fees (MRNA)	658	274,346	233,706	41,298
Pilot Montvale Commons (MRNA)	-	8,249	6,255	1,994
	<u>\$ 56,716</u>	<u>\$ 3,417,101</u>	<u>\$ 3,381,234</u>	<u>\$ 92,583</u>
Cash Received			\$ 3,353,153	
Prepaid Revenues Applied			26,772	
Due from Other Trust Fund			981	
			<u>\$ 3,381,234</u>	

BOROUGH OF MONTVALE
STATEMENT OF DEFERRED CHARGES

	Balance December 31, <u>2019</u>	Added in <u>2020</u>	Raised in 2020 <u>Budget</u>	Balance, December 31, <u>2020</u>
Special Emergency Authorization (40A:4-53)				
COVID-19 Revenue Loss	\$ -	\$ 320,000	\$ -	\$ 320,000
	<u>\$ -</u>	<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ 320,000</u>

BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2019	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Transfers	Balance Lapsed
SALARIES AND WAGES						
Administrative and Executive	\$ 2,813		\$ 2,813			\$ 2,813
Mayor and Council	74		74			74
Borough Clerk	1,856		1,856			1,856
Elections	1,229		1,229			1,229
Financial Administration	5,114		5,114			5,114
Assessment of Taxes	35		35			35
Collection of Taxes	68		68			68
Cable TV Committee	5,792		5,792			5,792
Planning Board	1,720		1,720			1,720
Zoning Official	47		47			47
Code Enforcement and Administration Property Maint.	75		75			75
Police	89,225		89,225	\$ 28,441		60,784
Emergency Management	12		12			12
Uniform Fire Safety Act	8,694		8,694			8,694
Public Buildings and Grounds	8		8			8
Public Health Services	1,300		1,300			1,300
Environmental Commission	550		550			550
Public Assistance	30		30			30
Recreation Services and Programs	350		350			350
Senior Citizen Van	6,633		6,633			6,633
Municipal Court	5,681		5,681			5,681
Municipal Court - Shared Services	5,980		5,980			5,980
Special Police - Shared Services	76		76			76
Salary Adjustment Account	9,500		9,500			9,500
Construction Code Official	915		915			915
Building Subcode Official	229		229			229
Plumbing Subcode Official	71		71			71
Fire Subcode Official	167		167			167
Electrical Subcode Official	39	-	39	-	-	39
	<u>148,283</u>	<u>-</u>	<u>148,283</u>	<u>28,441</u>	<u>-</u>	<u>119,842</u>
OTHER EXPENSES						
Administrative and Executive	\$ 15,429		\$ 15,429	2,626		12,803
Mayor and Council	6,438		6,438	643		5,795
Borough Clerk	9,895		9,895	723		9,172
Elections	2,825		2,825			2,825
Financial Administration	14,443		14,443	13,155		1,288
Audit Services	28,800		28,800	28,800		-
Assessment of Taxes	28,211		28,211			28,211
Collection of Taxes	3,614		3,614	6		3,608
Legal Services and Costs	2,403	\$ 148,107	150,510			150,510
Engineering Services & Costs	9,311		9,311	7,095		2,216
Cable TV Commission	5,322		5,322			5,322
Historic Preservation Commission	900		900			900
Historian	100		100			100
Planning Board	93,219		93,219	5,196		88,023
Fire	16,531		16,531	2,425		14,106
Fire Hydrant Service	36,688		36,688			36,688
Police	1,059	25,243	26,302			26,302
Purchase of Police Vehicles	3,882	130	4,012			4,012
Police Dispatch	28,027		28,027	27,082		945
First Aid Organization	4,147		4,147	343		3,804
Emergency Management	16,454		16,454			16,454
Uniform Fire Safety Act	846		846			846
Municipal Prosecutor	142		142			142
Road Repair and Maintenance	24,298		24,298	17,300		6,998
Sewer System		6,000	6,000			6,000

BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2019	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Transfers	Balance Lapsed
OTHER EXPENSES (Continued)						
Snow Removal	\$ 150,000		\$ 150,000	\$ 150,000		
Garbage and Trash Removal	15,033		15,033			\$ 15,033
Recycling Tax	10,000		10,000			10,000
Recycling	5,000		5,000			5,000
Public Buildings and Grounds	10,070		10,070	10,004		66
Maintenance of All Vehicles	30,158		30,158			30,158
Municipal Services Act	19,539		19,539	16,006		3,533
Public Health Services	26,462		26,462	1,341		25,121
Environmental Commission	2,000		2,000	48		1,952
Administration of Public Assistance	215		215			215
Animal Regulation	2,200	\$ 180	2,380			2,380
Parks and Playgrounds	3,472		3,472			3,472
Recreation Services and Programs	5,670		5,670	154		5,516
Senior Citizens	81	226	307	300		7
Celebration of Public Events	536		536			536
PEOSHA Compliance	2,000		2,000			2,000
Utilities:						
Gasoline	21,962		21,962	7,465		14,497
Electricity	33,264		33,264	10,378		22,886
Telephone	7,568		7,568	2,444		5,124
Natural Gas	29,995		29,995	12,011		17,984
Street Lighting	27,097		27,097	8,853		18,244
Contingent	2,000		2,000	1,973		27
Social Security System	23,371		23,371			23,371
Defined Contribution Retirement Plan	6,444		6,444			6,444
Construction Code	7,839		7,839	741		7,098
Elevator Sub-Code		7,469	7,469			7,469
Maintenance of Free Public Library	69		69			69
Sewerage Processing and Disposal	7,376		7,376			7,376
Insurance						
Life Insurance	460	5	465			465
General Liability	11,770		11,770			11,770
Workers Compensation	9,458		9,458			9,458
Employee Group Health	220,469		220,469			220,469
Employee Group Health - Waiver	11,084		11,084			11,084
Length of Service Award Program	30,700		30,700	12,308		18,392
Municipal Court	4,837		4,837	38		4,799
Municipal Court - Shared Services	1,918		1,918	40		1,878
Municipal Prosecutor - Shared Services	107		107			107
Department of Public Works - Shared Services		67	67			67
Municipal Alliance						
County Share	9,876		9,876		9,876	
Local Share	2,469		2,469			2,469
Clean Communities	20,440		20,440	5,273	\$ 15,167	-
Body Armor Grant - State Share	2,775		2,775	2,775		-
Bullet Proof Vest	2,000		2,000		2,000	-
Alcohol Education	1,391		1,391		1,391	-
Recycling Tonnage	8,498		8,498	6,669	1,829	-
Bergen County Municipal JIF Safety Incentive Program	197		197	197		-
Drunk Driving Enforcement Grant	9,805		9,805		9,805	-
Donation - Park, Pond & Trail Improvements	134,975		134,975	45,452	89,523	-
Open Space - LaTrenta Improvements	2,684		2,684	2,684		-
Acquisition of Equipment - UCC	1,296		1,296			1,296
Acquisition of Equipment - Fire Dept.	1,000		1,000	715		285
Various Improvements - Buildings and Grounds	403		403			403
NJDOT - Improvements to Various Streets	207,000	-	207,000	207,000	-	-
	1,498,017	187,427	1,685,444	610,263	129,591	945,590
	<u>\$ 1,646,300</u>	<u>\$ 187,427</u>	<u>\$ 1,833,727</u>	<u>\$ 638,704</u>	<u>\$ 129,591</u>	<u>\$ 1,065,432</u>
Cash Disbursed				\$ 502,545		
Accounts Payable				136,159		
Transfer to Appropriated Grant Reserves				-	\$ 129,591	
				<u>\$ 638,704</u>	<u>\$ 129,591</u>	

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2019	\$ 918,073
Increased by:	
Charges to 2020 Budget Appropriations	<u>960,378</u>
	1,878,451
Decreased by:	
Cash Payments	\$ 730,646
Cancellation Restored to Appropriation Reserves	<u>187,427</u>
	<u>918,073</u>
Balance, December 31, 2020	<u><u>\$ 960,378</u></u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2019	\$ 258,510
Increased by:	
Transferred from Appropriation Reserves	<u>136,159</u>
	394,669
Decreased by:	
Cash Payments	\$ 13,130
Cancelled to Operations	<u>187,128</u>
	<u>200,258</u>
Balance, December 31, 2020	<u><u>\$ 194,411</u></u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2019	\$ 316,650
Increased by:	
2021 Prepaid Taxes Received	<u>529,722</u>
	846,372
Decreased by:	
Application to 2020 Taxes Receivable	<u>316,650</u>
Balance, December 31, 2020	<u><u>\$ 529,722</u></u>

**BOROUGH OF MONTVALE
STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Overpayments in 2020	\$	147,274
Decreased by:		
Overpayments Refunded	\$	<u>147,274</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
2020 Levy	\$	17,245,537
Decreased by:		
Payments	\$	<u>17,245,537</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:		
2020 Levy	\$	14,329,352
Decreased by:		
Payments	\$	<u>14,329,352</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
2020 Levy:			
General County Tax	\$	5,678,259	
County Open Space Tax		<u>238,828</u>	
	\$		5,917,087
Decreased by:			
Payments	\$		<u>5,917,087</u>

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

Balance, December 31, 2019	\$ 21,185
Increased by:	
2020 Added Tax Levy	<u>22,098</u>
	43,283
Decreased by:	
Payments	<u>21,185</u>
Balance, December 31, 2020	<u>\$ 22,098</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAXES

Increased by:	
2020 Levy	\$ 102,309
2020 Added Levy	<u>383</u>
	\$ 102,692
Decreased by:	
Due to Open Space Preservation Trust Fund	<u>\$ 102,692</u>

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2019</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2020</u>
Marriage Licenses	\$ 100	\$ 400	\$ 350	\$ 150
BOCA Fees	<u>32,766</u>	<u>51,144</u>	<u>74,426</u>	<u>9,484</u>
	<u>\$ 32,866</u>	<u>\$ 51,544</u>	<u>\$ 74,776</u>	<u>\$ 9,634</u>

**BOROUGH OF MONTVALE
STATEMENT OF PREPAID REVENUE**

	Balance, December 31, <u>2019</u>	<u>Receipts</u>	Applied to Current Year <u>Revenue</u>	Balance, December 31, <u>2020</u>
Sewer Fees - Marriott	\$ 53,575	\$ 20,120	\$ 26,772	\$ 46,923
	<u>\$ 53,575</u>	<u>\$ 20,120</u>	<u>\$ 26,772</u>	<u>\$ 46,923</u>

EXHIBIT A-26

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2019	\$ 1,001,875
Increased by:	
Charges to 2020 Budget Appropriations	<u>50,000</u>
	1,051,875
Decreased by:	
Cancelled to Operations	\$ 250,000
Tax Appeal Refunds	<u>32,541</u>
	<u>282,541</u>
Balance, December 31, 2020	<u>\$ 769,334</u>

EXHIBIT A-27

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2019</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
Arbitrage Rebate	\$ 60,000		\$ 60,000
Sale of Municipal Assets	20,326		20,326
Sale of Property - Affordable Housing (CDBG)	300,000		300,000
Security Deposit	<u>3,966</u>	<u>\$ 1,800</u>	<u>5,766</u>
	<u>\$ 384,292</u>	<u>\$ 1,800</u>	<u>\$ 386,092</u>

**BOROUGH OF MONTVALE
STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2019</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2020</u>
Alcohol Education and Rehab Fund	\$ 723	\$ 833	\$ 723	\$ 833
Bergen County Municipal JIF - Safety Incentive	1,750	1,750	1,750	1,750
Federal DOJ - Police Bulletproof Vest Program	1,680	1,500	400	2,780
Recycling Tonnage Grant	<u>14,063</u>	<u>-</u>	<u>14,063</u>	<u>-</u>
	<u>\$ 18,216</u>	<u>\$ 4,083</u>	<u>\$ 16,936</u>	<u>\$ 5,363</u>

EXHIBIT A-29

STATEMENT OF RESERVES FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2019</u>	Transfer from Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Drunk Driving Enforcement Fund	\$ 1,505	\$ 9,805	\$ 399		\$ 10,911
Alcohol Education and Rehab. Fund	4,664	1,391	752		5,303
Clean Communities Grant		15,167			15,167
Donation Police - KPMG	10,000				10,000
Donation Police - Wegmans	7,680				7,680
Donation - Park, Pond, & Trail Improvements		89,523	584		88,939
Bullet Proof Vest		2,000			2,000
NJDOT - Various Street Improvements	50,523				50,523
Recycling Tonnage Grant	2,710	1,829			4,539
Municipal Alliance Program	<u>-</u>	<u>9,876</u>	<u>-</u>	<u>9,876</u>	<u>-</u>
	<u>\$ 77,082</u>	<u>\$ 129,591</u>	<u>\$ 1,735</u>	<u>\$ 9,876</u>	<u>\$ 195,062</u>

Cash Disbursed \$ 1,735

Grants Receivable \$ 6,372
Cancelled to Operations 3,504
\$ 9,876

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, 2019	\$ 18,963	\$ 2,876,018	\$ 280,642	\$ 176,666
Increased by Receipts:				
State Dog License Fees	\$ 583			
Borough Dog License Fees	5,817			
Borough Cat License Fees	795			
Late Fees	40			
Interest Earned on Deposits		\$ 3,478		
Escrow Deposits		408,085		
Miscellaneous Reserves and Deposits		1,410,720		
Payroll Deductions Payable		2,530,478		
Net Payroll Deposits		4,442,326		
Receipts from Current Fund		156,348		\$ 102,692
Employee Contributions-Unemployment	-	-	\$ 7,502	-
	<u>7,235</u>	<u>8,951,435</u>	<u>7,502</u>	<u>102,692</u>
	26,198	11,827,453	288,144	279,358
Decreased by Disbursements:				
Animal Control Expenditures Under				
R.S. 4:19-15.11	4,496			
Payments to State for Dog License Fees	583			
Payments to State for Unemployment Claims			1,275	
Payments to Current Fund	3,732	157,246		
Escrow Deposits		371,329		
Miscellaneous Reserves and Deposits		1,782,061		
Reserve for Open Space Preservation				71,516
Encumbrances Payable				32,020
Payroll Deductions Payable		2,531,656		
Net Payroll	-	4,442,326	-	-
	<u>8,811</u>	<u>9,284,618</u>	<u>1,275</u>	<u>103,536</u>
Balance, December 31, 2020	<u>\$ 17,387</u>	<u>\$ 2,542,835</u>	<u>\$ 286,869</u>	<u>\$ 175,822</u>

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

Balance, December 31, 2019	\$ 18
Increased by:	
State Fees Collected	<u>583</u>
	601
Decreased by:	
Payments	<u>583</u>
Balance, December 31, 2020	<u>\$ 18</u>

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2019	\$ 15,213
Increased by:	
Dog License Fees Collected	\$ 5,817
Cat License Fees Collected	795
Late Fees	<u>40</u>
	<u>6,652</u>
	21,865
Decreased by:	
Expenditures Under R.S.4:19-15.11	
Cash Disbursements	4,496
Statutory Excess Due Current Fund	<u>4,786</u>
	<u>9,282</u>
Balance, December 31, 2020	<u>\$ 12,583</u>

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

Balance, December 31, 2019	\$ 3,732
Increased by:	
Statutory Excess in Reserve for Animal Control Expenditures	<u>4,786</u>
	8,518
Decreased by:	
Payments to Current Fund	<u>3,732</u>
Balance, December 31, 2020	<u><u>\$ 4,786</u></u>

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

Balance, December 31, 2019	\$ 21
Increased by:	
Unemployment Claims Charged to Reserve	<u>4,929</u>
	4,950
Decreased by:	
Cash Disbursements	<u>1,275</u>
Balance, December 31, 2020	<u><u>\$ 3,675</u></u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT INSURANCE FUND**

Balance, December 31, 2019	\$ 280,621
Increased by:	
Employee Contributions	<u>7,502</u>
	288,123
Decreased by:	
Unemployment Claims Due to State	<u>4,929</u>
Balance, December 31, 2020	<u><u>\$ 283,194</u></u>

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

Balance, December 31, 2019		\$ 144,193
Increased by:		
Receipts from Current Fund	\$ 156,348	
Interest on Deposits	<u>981</u>	
		<u>157,329</u>
		301,522
Decreased by:		
Payments to Current Fund	157,246	
Receipts Deposited in Current Fund - Miscellaneous Reserves and Deposits	<u>139,218</u>	
		<u>296,464</u>
Balance, December 31, 2020		<u><u>\$ 5,058</u></u>

Analysis of Balance

Due to Current Fund - Developers' Accutrak Trust Account-Interest	\$ 58
Due to Current Fund - Flex Spending Account	<u>5,000</u>
	<u><u>\$ 5,058</u></u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2019		\$ 1,133,085
Increased by:		
Developers' Deposits	\$ 408,085	
Developers' Interest Earned	<u>2,497</u>	
		<u>410,582</u>
		1,543,667
Decreased by:		
Cash Disbursements		<u>371,329</u>
Balance, December 31, 2020		<u><u>\$ 1,172,338</u></u>

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

Balance, December 31, 2019	\$ 60,276
Increased by:	
Deposits:	
Payroll Deductions	<u>2,530,478</u>
	2,590,754
Decreased by:	
Disbursements:	
Payroll Deductions	<u>2,531,656</u>
Balance, December 31, 2020	<u>\$ 59,098</u>

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

	Balance, December 31, 2019	Receipts	Disbursements	Balance, December 31, 2020
Engineering Fee Deposits	\$ 24,309	\$ 6,625	\$ 5,953	\$ 24,981
Planning Board Deposits	20,944			20,944
Affordable Housing Trust Fees	1,080,556	109,766	550,724	639,598
POAA Fees	657	66		723
Special Police Outside Duty Fees	35,042	1,024,858	950,368	109,532
Tax Sale Premiums	167,500	176,600	89,100	255,000
Outside Lien Holder Deposits		75,909	75,909	-
Celebration of Public Events Donations	83			83
Public Defender Fees	1,793	49		1,842
Performance Bond Deposits	42,559		1,800	40,759
DARE Program Donations	1,202			1,202
Uniform Fire Safety Act Penalty Monies	17,029	3,014		20,043
Fire Training/Equipment UFSA Penalty Monies	3,864			3,864
Historic Preservation Donations	1,621			1,621
Flex Spending Account Deposits	1,381	4,013	2,508	2,886
Vision Benefit Deposits	3,241	10,000	6,739	6,502
Retirement Dinner Deposits	1,342		63	1,279
Recreation Fees	63,343	88,307	98,007	53,643
Self Insurance - Employee Health Ins. Deductibles	50,000			50,000
North/South Park-Improvement Donations	12,867			12,867
Miscellaneous Deposits		116		116
Storm Recovery Reserves		50,615		50,615
Community Policing Program Donations	9,131	-	890	8,241
	<u>\$ 1,538,464</u>	<u>\$ 1,549,938</u>	<u>\$ 1,782,061</u>	<u>\$ 1,306,341</u>

Cash Receipts	\$ 1,410,720
Due from Current Fund	139,218
Cash Disbursed	<u>-</u>
	<u>\$ 1,549,938</u>
	<u>\$ 1,782,061</u>

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

Increased by:	
Net Payroll Deposits	\$ 4,442,326
Decreased by:	
Disbursements - Net Payroll	<u>\$ 4,442,326</u>

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

Increased by:	
2020 Levy	\$ 102,309
2020 Added Levy	<u>383</u>
	\$ 102,692
Decreased by:	
Receipts from Current Fund	<u>\$ 102,692</u>

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

Balance, December 31, 2019	\$ 140,846
Increased by:	
Due from Current Fund	
2020 Levy	\$ 102,309
2020 Added Levy	<u>383</u>
	<u>102,692</u>
	243,538
Decreased by:	
Cash Disbursements for Expenditures	71,516
Encumbrances Payable	<u>54,535</u>
	<u>126,051</u>
Balance, December 31, 2020	<u>\$ 117,487</u>

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE
OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2019	\$ 35,820
Increased by:	
Charges to Reserve for Open Space Preservation	<u>54,535</u>
	90,355
Decreased by:	
Cash Disbursements	<u>32,020</u>
Balance, December 31, 2020	<u><u>\$ 58,335</u></u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2019		\$ 3,191,927
Increased by:		
Premium on Serial Bonds Issued	\$ 19,309	
Grant Receivable	165,000	
Receipts from Current Fund	186,746	
Reserve for Improvement of Fields	16,475	
Bond Anticipation Notes Issued	<u>2,200,000</u>	
		<u>2,587,530</u>
		5,779,457
Decreased by Disbursements:		
Payments Made for Current Fund	127,766	
Improvement Authorizations	2,089,121	
Encumbrances Payable	578,810	
Reserve for Improvement of Fields	<u>2,450</u>	
		<u>2,798,147</u>
Balance, December 31, 2020		<u><u>\$ 2,981,310</u></u>

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

Fund Balance	\$ 119,554
Encumbrances Payable	1,065,847
Capital Improvement Fund	56,441
Due from Current Fund	(9,020)
Reserve for Payment of Debt	200,785
Reserve for Improvement of Fields	126,520
Excess Note Proceeds	164,336

Ord.

<u>No.</u>	<u>Improvement Description</u>	
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1413	Various Capital Improvements - 2016	187,016
1425	Various Capital Improvements - 2017	92,118
1430	Acquisition of Property	15,118
1447	Various Capital Improvements - 2018	242,135
1470	Various Capital Improvements - 2019	285,831
1482	Various Capital Improvements - 2020	434,629

\$ 2,981,310

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

Increased by:

Payments Made for Current Fund	\$ 127,766	
Budget Appropriation - Capital Improvement Fund	<u>125,000</u>	
		\$ 252,766

Decreased by:

Anticipated Revenue - Capital Surplus	52,000	
Anticipated Revenue - Reserve for Field Maintenance	5,000	
Cash Received from Current Fund	<u>186,746</u>	
		<u>243,746</u>

Balance, December 31, 2020	<u><u>\$ 9,020</u></u>
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STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2019	\$ 9,620,000
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Decreased by:

2020 Budget Appropriations to Pay Bonds	<u>1,270,000</u>
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Balance, December 31, 2020	<u><u>\$ 8,350,000</u></u>
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BOROUGH OF MONTVALE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Analysis of Balance, December 31, 2020							
		Balance December 31, 2019	2020 Authorizations	Grant Receipts	Cancelled Improvement Authorizations	Balance December 31, 2020	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1470	2019 Various Capital Improvements	\$ 2,351,250				\$ 2,351,250	\$ 2,325,000		\$ 26,250
1482	2020 Various Capital Improvements	-	\$ 2,179,250	\$ 165,000	\$ 3,586	2,010,664	2,010,664	-	-
		<u>\$ 2,351,250</u>	<u>\$ 2,179,250</u>	<u>\$ 165,000</u>	<u>\$ 3,586</u>	<u>\$ 4,361,914</u>	<u>\$ 4,335,664</u>	<u>\$ -</u>	<u>\$ 26,250</u>
Bond Anticipation Notes							\$ 4,500,000		
Less: Excess Note Proceeds									
Ord. 2020-1482							164,336		
							<u>\$ 4,335,664</u>		
Improvement Authorizations - Unfunded									\$ 746,710
Less: Unexpended Proceeds									
Ord. 2019-1470							\$ 285,831		
Ord. 2020-1482							434,629		
									<u>720,460</u>
									<u>\$ 26,250</u>

STATEMENT OF GRANTS RECEIVABLE

Ord. No.	Grantor	Balance,			Balance,			Balance Pledged to:	
		December 31, 2019	Grant Awards	Grant Receipts	December 31, 2020	Improvement Authorization	Reserve		
1482	NJ Dept. of Transportation - Edgrens Way	-	\$ 220,000	\$ 165,000	\$ 55,000	-	\$ 55,000		
		<u>\$ -</u>	<u>\$ 220,000</u>	<u>\$ 165,000</u>	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>		

BOROUGH OF MONTVALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ord. Amount	Balance December 31, 2019		2020 Authorizations				Improvement Authorizations Cancelled	Balance December 31, 2020	
			Funded	Unfunded	Deferred Charges Unfunded	Capital Improvement Fund	Cancelled Encumbrances	Expended		Funded	Unfunded
	General Improvements										
1269	Road Improvement Program - 2007	\$ 380,000					\$ 32,964		\$ 32,964		
1413	Various Capital Improvements - 2016	1,500,000	\$ 187,016				58,341		58,341	\$ 187,016	
1425	Various Capital Improvements - 2017	1,250,000	97,584				732	\$ 6,198		92,118	
1430	Acquisition of Property	700,000	613,986					598,868		15,118	
1447	Various Capital Improvements - 2018	1,750,000	242,135							242,135	
1470	Various Capital Improvements - 2019	2,475,000		\$ 675,620				363,539			\$ 312,081
1482	Various Capital Improvements - 2020	2,250,000	-	-	\$ 2,179,250	\$ 70,750	-	1,811,785	3,586	-	434,629
			<u>\$ 1,140,721</u>	<u>\$ 675,620</u>	<u>\$ 2,179,250</u>	<u>\$ 70,750</u>	<u>\$ 92,037</u>	<u>\$ 2,780,390</u>	<u>\$ 94,891</u>	<u>\$ 536,387</u>	<u>\$ 746,710</u>
					Cash Disbursements		\$ 2,089,121				
					Encumbrances Payable		691,269				
					Deferred Charges - Unfunded			\$ 3,586			
					Reserve for Payment of Debt		-	91,305			
							<u>\$ 2,780,390</u>	<u>\$ 94,891</u>			

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2019		\$ 1,045,425
Increased by:		
Charges to Improvement Authorizations		<u>691,269</u>
		1,736,694
Decreased by:		
Payments	\$ 578,810	
Cancelled Encumbrances Restored to Improvement Authorizations	<u>92,037</u>	
		<u>670,847</u>
Balance, December 31, 2020		<u>\$ 1,065,847</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2019		\$ 2,191
Increased by:		
Budget Appropriation Due from Current Fund		<u>125,000</u>
		127,191
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>70,750</u>
Balance, December 31, 2020		<u>\$ 56,441</u>

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

Balance, December 31, 2019	\$ 109,480
Increased by:	
Funded Improvement Authorizations Cancelled	<u>91,305</u>
Balance, December 31, 2020	<u>\$ 200,785</u>

STATEMENT OF RESERVE FOR IMPROVEMENT OF FIELDS

Balance, December 31, 2019	\$ 117,495
Increased by:	
Cash Receipts - Field Use Fees	<u>16,475</u>
	133,970
Decreased by:	
Cash Disbursements - Refunds	\$ 2,450
Due to Current Fund as Anticipated Revenue	<u>5,000</u>
	<u>7,450</u>
Balance, December 31, 2020	<u>\$ 126,520</u>

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2019</u>	<u>Decrease</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement	12/16/2011	\$ 3,695,000	12/15/2021	\$ 430,000	2.50 %	\$ 855,000	\$ 425,000	\$ 430,000
General Improvement	8/23/2018	9,305,000	8/18/2021	845,000	3.00			
			8/15/2022	905,000	3.00			
			8/15/2023	760,000	3.00			
			8/15/2024	760,000	5.00			
			8/15/2025	765,000	5.00			
			8/15/2026	770,000	4.00			
			8/15/2027	770,000	3.00			
			8/15/2028-29	775,000	3.00			
			8/15/2030	795,000	3.00			
						<u>8,765,000</u>	<u>845,000</u>	<u>7,920,000</u>
						<u>\$ 9,620,000</u>	<u>\$ 1,270,000</u>	<u>\$ 8,350,000</u>
Paid by Budget Apr						<u>\$ 1,270,000</u>		

**BOROUGH OF MONTVALE
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2020</u>
1470	Various Capital Improvements	8/21/2019	8/21/2019 8/21/2020	8/21/2020 8/20/2021	1.50% 1.25%	\$ 2,300,000	\$ 2,325,000	\$ 2,300,000	\$ 2,325,000
1482	Various Capital Improvements	9/25/2020	9/25/2020	8/20/2021	0.46%	-	2,175,000	-	2,175,000
						<u>\$ 2,300,000</u>	<u>\$ 4,500,000</u>	<u>\$ 2,300,000</u>	<u>\$ 4,500,000</u>
						Renewals Issued for Cash	\$ 2,300,000 2,200,000	\$ 2,300,000 -	
							<u>\$ 4,500,000</u>	<u>\$ 2,300,000</u>	

BOROUGH OF MONTVALE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord.</u> <u>No.</u>	<u>Purpose</u>	Balance December 31, <u>2019</u>	2020 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Grant <u>Receipts</u>	Balance December 31, <u>2020</u>
1470	2019 Various Capital Improvements	\$ 51,250		\$ 25,000		\$ 26,250
1482	2020 Various Capital Improvements	<u>-</u>	<u>\$ 2,179,250</u>	<u>2,175,000</u>	<u>\$ 4,250</u>	<u>-</u>
		<u>\$ 51,250</u>	<u>\$ 2,179,250</u>	<u>\$ 2,200,000</u>	<u>\$ 4,250</u>	<u>\$ 26,250</u>

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, 2019	\$ <u>35</u>	\$ <u>4,558</u>	\$ <u>4,593</u>
Balance, December 31, 2020	\$ <u><u>35</u></u>	\$ <u><u>4,558</u></u>	\$ <u><u>4,593</u></u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Balance, December 31, 2019	\$ <u>35</u>	\$ <u>4,558</u>	\$ <u>4,593</u>
Balance, December 31, 2020	\$ <u><u>35</u></u>	\$ <u><u>4,558</u></u>	\$ <u><u>4,593</u></u>

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

PART II

**GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2020**

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
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, CPA

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, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared 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 financial reporting 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.

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.

Leach, 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
September 2, 2021

BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	State Account Number	CFDA Number	Grant Period	Grant Award Amount	2020 Grant Receipts	Balance, January 1, 2020	Revenue Realized	Expenditures	Balance, December 31, 2020	(Memo) Cumulative Expenditures
<u>Federal Funding Department</u>										
U.S. Department of Justice										
Police Bulletproof Vest Partnership Program	N/A	16.607	2020	\$ 1,500	\$ 1,500					
			2019	2,080		\$ 400	\$ 400		\$ 800	
			2018	1,600		<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	
						<u>\$ 2,000</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 2,400</u>	

Note - The Federal Award Programs were not subject to an audit in accordance with U.S. Uniform Guidance

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, 2020

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2020 Grant Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Refunds (Cancellations)</u>	<u>Balance, December 31, 2020</u>	<u>(Memo) Cumulative Expenditures</u>
Clean Communities Grant	042-4900-765-004	2020	\$ 17,029	\$ 17,029		\$ 17,029			\$ 17,029	
		2019	18,887		\$ 18,887		\$ 3,720		15,167	\$ 3,720
		2018	16,921		1,553		1,553		-	16,921
Recycling Tonnage Grant	042-4900-752-001	2019	22,561		8,498	14,063	6,669		15,892	6,669
		2017	9,898		148				148	9,750
		2016	7,462		2,562				2,562	4,900
Municipal Drug and Alcohol Alliance Program (Passed Through County of Bergen)	N/A	2019	9,876		9,876			\$ (9,876)		
Body Armor Grant	066-1020-718-001	2020	2,598	2,598		2,598	25		2,573	25
		2019	2,775		2,775		2,775		-	2,775
Alcohol Education and Rehabilitation Fund	098-9735-760-001	2020	834	833					-	
		2019	723			723			723	-
		2018	1,391		1,391				1,391	-
		2017	772		772				772	-
		2016	2,037		1,875				1,875	162
		2015	1,965		1,965		700		1,265	700
		2014	236		36		36		-	236
		2013	580		16		16		-	580
Drunk Driving Enforcement Fund	1110-448-031020-22	2019	9,805		9,805				9,805	-
		2016	4,452		1,505		399		1,106	3,346
Dept. of Human Services General Assistance	054-7500-150-100-121/250	2017	6,300		4,558				4,558	1,742
Department of Transportation Municipal Aid Edgrens Way	078-6320-480-AN8	2020	220,000	165,000		220,000			220,000	
Various Streets	078-6320-480-ANP	2019	207,000	155,250	207,000		207,000		-	207,000
Various Streets	078-6320-480-XXX	2018	218,000		50,523	-	-	-	50,523	167,477
					<u>\$ 323,745</u>	<u>\$ 254,413</u>	<u>\$ 222,893</u>	<u>\$ (9,876)</u>	<u>\$ 345,389</u>	

Note - The State Financial Assistance Programs were not subject to an audit in accordance with New Jersey OMB 15-08

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, 2020

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	\$ 400	\$ 34,413	\$ 34,813
General Capital Fund	<u>-</u>	<u>220,000</u>	<u>220,000</u>
	<u>\$ 400</u>	<u>\$ 254,413</u>	<u>\$ 254,813</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.

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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, 2020

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

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

	<u>Year 2020</u>			<u>Year 2019</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 4,100,000	6.83 %	\$	4,250,000	7.29 %
Miscellaneous - From Other Than Local					
Property Tax Levies	4,196,744	6.98		4,986,379	8.54
Collection of Delinquent Taxes					
Tax and Tax Title Liens	205,012	0.34		239,398	0.41
Collection of Current Tax Levy	49,605,358	82.55		48,046,233	82.26
Other Credits to Income	<u>1,980,401</u>	<u>3.30</u>		<u>875,207</u>	<u>1.50</u>
 Total Income	 <u>60,087,515</u>	 <u>100.00 %</u>		 <u>58,397,217</u>	 <u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	18,092,195	32.47 %		18,481,199	33.73 %
County Taxes	5,939,185	10.66		5,492,174	10.02
Local & Regional School Taxes	31,574,889	56.66		30,562,269	55.78
Municipal Open Space Taxes	102,692	0.18		102,581	0.19
Other Expenditures	<u>14,855</u>	<u>0.03</u>		<u>153,070</u>	<u>0.28</u>
 Total Expenditures	 <u>55,723,816</u>	 <u>100.00 %</u>		 <u>54,791,293</u>	 <u>100.00 %</u>
 Excess in Revenue	 4,363,699			 3,605,924	
 Fund Balance, January 1	 <u>4,713,174</u>			 <u>5,357,250</u>	
	9,076,873			8,963,174	
 Less: Utilization as Anticipated Revenue	 <u>4,100,000</u>			 <u>4,250,000</u>	
 Fund Balance, December 31	 <u>\$ 4,976,873</u>			 <u>\$ 4,713,174</u>	

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	\$ <u>2.431</u>	\$ <u>2.363</u>	\$ <u>2.334</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.554	\$ 0.557	\$ 0.559
Library	0.039	0.037	0.037
Municipal Open Space	0.005	0.005	0.005
County	0.278	0.257	0.265
County Open Space	0.011	0.010	0.011
Local School	0.843	0.821	0.794
Regional High School	0.701	0.676	0.663
<u>Assessed Valuation</u>			
2020	\$ <u>2,046,183,586</u>		
2019		\$ <u>2,043,681,222</u>	
2018			\$ <u>2,059,761,422</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>
2020	\$ 49,928,858	\$ 49,605,358	99.35%
2019	48,479,680	48,046,233	99.11%
2018	48,310,658	48,040,440	99.44%

**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>
2020	\$ 201,712	\$ 28,468	\$ 230,180	0.46%
2019	205,582	25,220	230,802	0.48%
2018	241,187	20,196	261,383	0.54%

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>
2020	\$29,400
2019	29,400
2018	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	2020	\$4,976,873	\$3,650,000
	2019	4,713,174	4,100,000
	2018	5,357,250	4,250,000
	2017	5,768,520	4,175,000
	2016	5,763,258	4,075,000

**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>
Michael Ghassali	Mayor
Doug Arendacs	Council President
Rose Curry	Councilwoman
Dieter Koelling	Councilman
Timothy Lane	Councilman
Christopher Roche	Councilman
Annamarie Russo-Vogelsang	Councilwoman
Maureen Iarossi-Alwan	Borough Clerk/Administrator
Kenneth Sesholtz	Chief Financial Officer (7/16/20 to Present)
Rebecca Overgaard	Chief Financial Officer (1/1/20 to 7/30/20)
Boggia & Boggia, Esqs.	Attorney
Christine Kalafut	Treasurer
Fran Scordo	Tax Collector
Ray Tighe	Assessor
Jeffrey Fette	Building Code Official
Joseph Sanfilippo	Chief of Police
Katherine Bowen	Director of Welfare
Paul Shaver	Library Director (1/1/20 to 8/21/20)
Giulia Bombace	Library Director (10/22/20 to Present)
Harry D. Norton, Jr.	Magistrate
Ann Levitzki	Court Administrator
Brian Eyerman	Prosecutor
Maser Consulting, PA	Engineer

There is a statutory bond limit in the Municipal Excess Liability 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. All other employees are covered for up to \$50,000 under the Municipal Joint Insurance Fund and up to \$950,000 under the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF MONTVALE LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Current Year Findings

- **Finding** - Our audit of the Borough's purchasing found the following:
 - a) A contract awarded through a National Purchasing Co-op had an increasing change order which exceeded 20% of the original contract award, and there was no publication in the Borough's official newspaper(s) indicating the original contract award, the additional work that was to be performed, and why the additional work is/was necessary.
 - b) The Borough awarded a contract to a vendor for solid waste/recycling collection that exceeded the Office of Comptroller's notification threshold; however, notification of such contract award was not made within 20 business days of the contract award, as required by N.J.S.A. 52:15C-10.
 - c) Three (3) Political Contribution Disclosure Forms were not initially available at the time of audit.
- **Recommendation** – It is recommended that purchasing procedures be reviewed and revised to ensure all contract awards and purchases are made in accordance with the Local Public Contracts Law and State procurement guidelines.

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 2020. The Borough has adopted a resolution increasing the threshold to \$44,000 and has 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:

Solid Waste and Recycling Collection
Restoration of Huff Pond
2020 Road Improvement Program

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. In as much 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 (Continued)

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

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 1, 2020 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 2020, 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.

BOROUGH OF MONTVALE
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 22, 2020 .

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>
2020	4
2019	3
2018	2

Management Suggestions

- The payout of unused sick leave should be reviewed by the Borough Attorney for compliance with current statutes.

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 purchasing procedures be reviewed and revised to ensure all contract awards and purchases are made in accordance with the Local Public Contracts Law and State procurement guidelines.


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