

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

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, 2015



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
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Montvale on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the 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, 2015 and 2014, 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 12.9 percent and 16.0 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

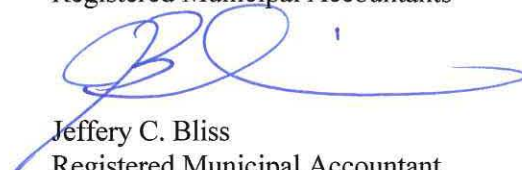
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2016 on our consideration of the Borough of Montvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Montvale's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
June 2, 2016

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	A-4	\$ 8,699,075	\$ 9,594,561
Cash - Change Fund	A-5	400	400
Grants Receivable	A-7	<u>1,303,361</u>	<u>302,085</u>
		<u>10,002,836</u>	<u>9,897,046</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	239,956	254,638
Tax Title Liens Receivable	A-10	16,500	15,320
Property Acquired for Taxes at Assessed Valuation	A-11	29,400	29,400
Revenue Accounts Receivable	A-12	47,611	46,296
Due from Animal Control Fund	B-6	5,097	4,756
Due from Other Trust Fund	B-10	<u>5,033</u>	<u>5,024</u>
		<u>343,597</u>	<u>355,434</u>
Deferred Charges			
Special Emergency Authorizations	A-13	44,000	66,000
Emergency Authorizations	A-14	<u>50,000</u>	<u>-</u>
		<u>94,000</u>	<u>66,000</u>
Total Assets		<u>\$ 10,440,433</u>	<u>\$ 10,318,480</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-15	\$ 1,596,378	\$ 1,207,424
Encumbrances Payable	A-16	892,302	519,207
Accounts Payable	A-17	214,634	108,253
Due to Length of Service Award Program Fund	B	29,700	28,750
Fees Payable	A-25	14,890	4,799
Prepaid Taxes	A-18	313,649	203,198
Tax Overpayments	A-19	15,071	109,084
County Taxes Payable - Added and Omitted Taxes	A-23	47,390	128,725
Prepaid Revenues- Sewer Fees	A-26	54,426	59,305
Due to State of New Jersey Senior Citizens' and Veterans' Deductions	A-8	10,618	9,993
Reserve for Tax Appeals	A-27	1,284,768	420,118
Miscellaneous Reserves	A-28	384,292	384,291
Reserve for Grants:			
Unappropriated	A-29	3,080	22,266
Appropriated	A-30	<u>60,405</u>	<u>50,008</u>
		<u>4,921,603</u>	<u>3,255,421</u>
Reserve for Receivables	A	343,597	355,434
Fund Balance	A-1	<u>5,175,233</u>	<u>6,707,625</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,440,433</u>	<u>\$ 10,318,480</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, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 4,750,000	\$ 2,800,000
Miscellaneous Revenue Anticipated	A-2	4,030,857	2,880,095
Receipts from Delinquent Tax	A-2	247,461	364,103
Receipts from Current Taxes	A-2	44,605,293	44,616,258
Non-Budget Revenue	A-2	622,196	537,452
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	872,416	743,307
Outstanding Checks Voided	A-1		47
Statutory Excess in Animal Control Fund	B-6	5,097	4,756
Cancelled Accounts Payable	A-17	12,819	4,512
Cancelled Appropriated Grant Reserves	A-30	14,548	7,531
Prior Year Interfunds Returned	A	4,780	8,685
Total Income		<u>55,165,467</u>	<u>51,966,746</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,422,512	4,245,485
Other Expenses	A-3	8,013,203	7,888,112
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	952,956	952,199
Capital Improvements	A-3	3,330,365	786,100
Municipal Debt Service	A-3	1,824,100	1,823,300
County Taxes Payable	A-22	5,426,898	5,290,972
Due County for Added Taxes	A-23	47,390	128,725
Local District School Taxes Payable	A-20	15,355,756	15,070,904
Regional High School Tax Payable	A-21	12,515,347	11,841,134
Municipal Open Space Taxes	A-24	103,702	102,903
Prior Year Senior Citizen Deduction Disallowed	A-8	500	750
Cancelled Grant Receivables	A-1		5,645
Interfund Advances Originating	A	5,130	9,780
Total Expenditures		<u>51,997,859</u>	<u>48,146,009</u>
Excess in Revenue		3,167,608	3,820,737
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-14	<u>50,000</u>	<u>-</u>
Statutory Excess to Fund Balance		3,217,608	3,820,737
Fund Balance, January 1	A	<u>6,707,625</u>	<u>5,686,888</u>
		9,925,233	9,507,625
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>4,750,000</u>	<u>2,800,000</u>
Fund Balance, December 31	A	<u>\$ 5,175,233</u>	<u>\$ 6,707,625</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, 2015

	<u>Reference</u>	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 4,750,000	-	\$ 4,750,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	16,250		17,590	\$ 1,340
Other	A-2	20,000		26,340	6,340
Fees and Permits	A-2	180,000		235,612	55,612
Fines and Costs - Municipal Court	A-12	145,000		158,984	13,984
Interest and Costs on Taxes	A-12	55,000		69,728	14,728
Interest on Investments and Deposits	A-2	200		535	335
Uniform Fire Safety Act Local Enforcement					
Fees	A-12	70,000		102,624	32,624
Uniform Construction Code Fees	A-12	210,000		467,579	257,579
Energy Receipts Tax	A-12	1,262,378		1,262,378	
Municipal Court Shared Service	A-12	166,427		162,704	(3,723)
Uniform Fire Safety Act - LEA Rebate	A-12	10,000		13,014	3,014
Cable TV Franchise Fees	A-12	90,000		122,092	32,092
Sewer Agreement - Marriott Corporation	A-12	59,305		59,305	
Hotel/Motel Tax	A-12	170,000		218,919	48,919
Public and Private Revenues Offset With					
Appropriations					
Alcohol Education	A-7		\$ 1,238	1,238	
Clean Communities	A-7		18,208	18,208	
County of Bergen - Curb Program	A-7		110,407	110,407	
FEMA - Gabion Wall/Sanitary Sewer	A-7	199,458		199,458	
Municipal Alliance on Alcoholism and					
Drug Abuse	A-7	9,876		9,876	
NJDOT - Safe Routes to School Program	A-7	450,000		450,000	
NJDOT - Magnolia Ave	A-7		149,000	149,000	
NJDOT - Tekuile Road	A-7		149,000	149,000	
Senior Citizens Activities	A-7	4,000		4,000	
Body Armor Grant - State Share	A-29	2,356		2,356	
Drunk Driving Enforcement	A-29	9,402		9,402	
Recycling Tonnage Grant	A-29	10,508	-	10,508	-
Total Miscellaneous Revenues	A-1	3,140,160	427,853	4,030,857	462,844
Receipts from Delinquent Taxes	A-1,A-9	210,000	-	247,461	37,461
Sub-Total General Revenues		8,100,160	427,853	9,028,318	500,305
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes		11,104,946		12,001,018	896,072
Minimum Library Tax		734,161	-	734,161	-
Total Amount to be Raised by Taxes	A-2	11,839,107	-	12,735,179	896,072
Total General Revenues	A-3	\$ 19,939,267	\$ 427,853	21,763,497	\$ 1,396,377
Non-Budget Revenue	A-1,A-2			622,196	
				\$ 22,385,693	

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, 2015

Reference

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections		
Revenue from Current Taxes	A-9	\$ 45,255,293
Transferred to Reserve for Tax Appeals	A-27	<u>650,000</u>
Revenue Realized	A-1	44,605,293
Allocated to School, County and Municipal		
Open Space Taxes	A-20,A-21,A-22,A-23, A-24	<u>33,449,093</u>
Balance for Support of Municipal Budget Appropriation		11,156,200
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,578,979</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 12,735,179</u>
Licenses - Other		
Borough Clerk	A-12	<u>\$ 26,340</u>
	A-2	<u>\$ 26,340</u>
Fees and Permits		
Health Officer	A-12	\$ 476
Planning Board	A-12	45,534
Police	A-12	1,960
Tax Collector - Tax Search Fees	A-12	296
Recreation	A-12	75,927
Borough Clerk - Parking Permits	A-12	4,300
Construction Code Official	A-12	<u>107,119</u>
	A-2	<u>\$ 235,612</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 217
Due from Other Trust Fund	B-10	<u>318</u>
	A-2	<u>\$ 535</u>

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Reference

ANALYSIS OF NON-BUDGET REVENUE

Excess Sewer Fees	\$ 336,204
Sewer Fees	74,609
Refunds	24,393
Traffic Control	50,034
Traffic Control Admin Fee	21,281
Police Equipment & Vehicles	20,738
Cell Tower	27,487
Rental of Borough Property	24,000
US Department of Transportation-Drive Sober Reimbursement	12,500
Miscellaneous	24,896
US Department of Transportation-Click it Or Ticket Reimbursement	4,000
Administration Fee - N.J. Seniors' and Veterans' Deductions	1,040
Copies and Duplication Fees	<u>1,014</u>
A-2,A-4	<u>\$ 622,196</u>

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After</u>	<u>Balance</u>	
		<u>Modification</u>	<u>Cancelled</u>	
		<u>Paid or</u>	<u>Reserved</u>	
		<u>Charged</u>		
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT FUNCTIONS				
Administrative and Executive				
Salaries and Wages	\$ 175,775	\$ 175,775	\$ 175,303 \$ 472	
Other Expenses	140,921	140,921	114,064 26,857	
Mayor and Council				
Salaries and Wages	45,100	45,100	44,569 531	
Other Expenses	13,550	13,550	10,177 3,373	
Borough Clerk				
Salaries and Wages	133,300	133,300	132,208 1,092	
Other Expenses	20,900	20,900	9,807 11,093	
Elections				
Salaries and Wages	2,000	2,000	993 1,007	
Other Expenses	8,850	8,850	6,690 2,160	
Financial Administration				
Salaries and Wages	204,968	204,968	202,398 2,570	
Other Expenses	27,000	27,000	11,913 15,087	
Audit Services				
Other Expenses	41,700	41,700	41,700	
Assessment of Taxes				
Salaries and Wages	34,600	34,600	34,587 13	
Other Expenses	53,250	46,750	15,228 31,522	
Collection of Taxes				
Salaries and Wages	58,800	58,800	58,774 26	
Other Expenses	22,800	22,800	16,054 6,746	
Legal Services and Costs				
Other Expenses	230,000	330,000	305,081 24,919	
Engineering Services and Costs				
Other Expenses	132,000	132,000	124,939 7,061	
Cable TV Committee				
Salaries and Wages	7,000	7,000	2,096 4,904	
Other Expenses	13,475	13,475	12,301 1,174	

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, 2015**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
GENERAL GOVERNMENT FUNCTIONS (Continued)					
Historic Preservation Commission					
Other Expenses	\$ 350	\$ 350	\$ 120	\$ 230	
Historian					
Other Expenses	200	200		200	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	78,650	78,650	74,583	4,067	
Other Expenses	107,225	87,225	22,557	64,668	
Zoning Official					
Salaries and Wages	8,500	8,500	8,498	2	
Code Enforcement and Administration					
Property Maintenance					
Salaries and Wages	3,100	3,100	3,096	4	
Insurance					
Life Insurance	3,000	3,000	2,322	678	
General Liability	162,000	162,000	158,993	3,007	
Workers Compensation	179,000	179,000	174,050	4,950	
Employee Group Health	964,600	964,600	894,701	69,899	
Employee Group Health -Waiver	36,000	37,500	26,960	10,540	
Unemployment Insurance	50,000	50,000	50,000	-	
PUBLIC SAFETY FUNCTIONS					
Fire					
Other Expenses	125,800	125,800	116,563	9,237	
Fire Hydrant Service	200,000	205,500	189,542	15,958	
Police					
Salaries and Wages	3,061,975	3,038,475	2,986,801	51,674	
Other Expenses	102,603	105,603	96,397	9,206	
Purchase of Police Vehicles	70,000	70,000	64,837	5,163	
Police Dispatch					
Other Expenses	40,000	40,000	31,981	8,019	

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, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Continued)					
First Aid Organization					
Other Expenses	\$ 30,500	\$ 30,500	\$ 30,406	\$ 94	
Emergency Management					
Salaries and Wages	3,025	3,025	2,488	537	
Other Expenses	9,950	9,950	5,074	4,876	
Uniform Fire Safety Act					
Salaries and Wages	45,900	45,900	45,037	863	
Other Expenses	10,300	10,300	8,101	2,199	
Prosecutor					
Other Expenses	12,240	12,240	12,240		
PUBLIC WORKS FUNCTIONS					
Road Repair and Maintenance					
Other Expenses	10,000	10,000	2,313	7,687	
Sewer System					
Other Expenses	10,000	10,000		10,000	
Garbage and Trash Removal					
Other Expenses	490,000	490,000	485,377	4,623	
Recycling					
Other Expenses	5,000	5,000	519	4,481	
Public Buildings and Grounds					
Salaries and Wages	25,800	25,800	25,750	50	
Other Expenses	49,402	49,402	38,090	11,312	
Maintenance of All Vehicles					
Other Expenses	35,000	35,000	13,341	21,659	
Municipal Services Act					
Other Expenses	17,000	17,000	15,674	1,326	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	\$ 2,550	\$ 2,550	\$ 2,167	\$ 383	
Other Expenses	82,015	82,015	70,645	11,370	
Environmental Commission					
Salaries and Wages	1,300	1,300	375	925	
Other Expenses	950	950	467	483	
Animal Regulation					
Other Expenses	12,000	12,000	12,000		
Administration of Public Assistance					
Salaries and Wages	6,300	6,300	6,299	1	
Other Expenses	370	370	232	138	
PARK AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Salaries & Wages	5,175	5,175	5,150	25	
Other Expenses	1,000	1,000		1,000	
Recreation Services and Programs					
Salaries and Wages	91,210	91,210	68,021	23,189	
Other Expenses	15,500	15,500	12,085	3,415	
Senior Citizen Van					
Salaries and Wages	16,000	16,000	13,634	2,366	
Senior Citizens					
Other Expenses	11,800	11,800	3,972	7,828	
Celebration of Public Events					
Other Expenses	27,500	27,500	26,500	1,000	
OTHER COMMON OPERATING FUNCTIONS					
PEOSHA Compliance					
Other Expenses	2,000	2,000		2,000	
Salary Adjustment Account	5,000	4,000		4,000	
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	94,817	94,817	92,694	2,123	
Other Expenses	8,036	9,536	7,690	1,846	

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, 2015**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Balance</u>
			<u>Charged</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
MUNICIPAL COURT FUNCTIONS (Continued)				
Public Defender				
Other Expenses	\$ 3,360	\$ 3,360	\$ 3,120	\$ 240
STATE UNIFORM CONSTRUCTION CODE				
Construction Code Officials				
Salaries and Wages	129,050	131,050	129,988	1,062
Other Expenses	8,250	8,250	5,130	3,120
Building Subcode Official				
Salaries and Wages	38,450	38,450	38,430	20
Plumbing Subcode Official				
Salaries and Wages	24,900	24,900	24,880	20
Fire Subcode Official				
Salaries and Wages	14,850	14,850	14,829	21
Electrical Subcode Official				
Salaries and Wages	24,200	24,200	24,155	45
Elevator Subcode Official				
Other Expenses	22,000	22,000	22,000	
UNCLASSIFIED				
Utilities				
Gasoline	80,000	55,000	39,450	15,550
Electricity	165,000	165,000	135,254	29,746
Telephone	45,000	45,000	33,051	11,949
Natural Gas	58,000	58,000	32,699	25,301
Street Lighting	125,000	125,000	108,658	16,342
Total Operations Within "CAPS"	8,434,692	8,472,192	7,797,168	675,024
Contingent	1,000	1,000	-	1,000
Total Operations including Contingent - Within "CAPS"	8,435,692	8,473,192	7,797,168	676,024
Detail:				
Salaries and Wages	4,342,295	4,319,795	4,217,803	101,992
Other Expenses	4,093,397	4,153,397	3,579,365	574,032

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
DEFERRED CHARGES					
Prior Year Bills:					
Planning Board	\$ 1,215	\$ 1,215	\$ 1,215		\$ -
STATUTORY CHARGES					
Social Security System (O.A.S.I.)	200,000	160,000	146,609	13,391	
Defined Contribution Retirement Plan (DCRP)	9,000	9,000	3,932	5,068	
Public Employees Retirement System	194,787	194,787	194,787	-	
Police and Fireman's Retirement System	565,954	565,954	565,954	-	-
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	970,956	930,956	912,497	18,459	-
Total General Appropriations for Municipal Purposes Within "CAPS"	9,406,648	9,404,148	8,709,665	694,483	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Employee Group Health Insurance	8,400	8,400		8,400	
Maintenance of Free Public Library Chap. 82, 541 P.L. 85	773,139	773,139	765,847	7,292	
Sewerage Processing and Disposal (Sanitation Chap. 74, P.L. 87) Contractual	935,000	935,000	932,331	2,669	
Reserve for Tax Appeals	250,000	250,000	250,000		
Recycling Tax	12,000	12,000	6,454	5,546	
Length of Service Award Program (LOSAP)	50,000	50,000	29,700	20,300	
Police Dispatch/911					
Other Expenses	185,000	185,000	181,587	3,413	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
(Continued)					
Interlocal Services Agreements					
Municipal Court Administration					
Salaries & Wages	\$ 102,717	\$ 102,717	\$ 100,419	\$ 2,298	
Other Expenses	46,810	49,310	48,686	624	
Prosecutor					
Other Expenses	13,260	13,260	13,260		
Public Defender					
Other Expenses	3,640	3,640	3,380	260	
Pascack Valley Department of Public Works					
Department of Public Works					
Other Expenses	<u>1,522,000</u>	<u>1,522,000</u>	<u>1,520,284</u>	<u>1,716</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>3,901,966</u>	<u>3,904,466</u>	<u>3,851,948</u>	<u>52,518</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage	10,508	10,508	6,500	4,008	
Clean Communities		18,208		18,208	
Municipal Alliance Program					
State Share	9,876	9,876	3,553	6,323	
Local Share	2,469	2,469	888	1,581	
Alcohol Education		1,238		1,238	
Drunk Driving Enforcement	9,402	9,402	4,701	4,701	
CDBG-Senior Citizen Activities	4,000	4,000	4,000		
Body Armor-State Share	<u>2,356</u>	<u>2,356</u>	<u>2,275</u>	<u>81</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>38,611</u>	<u>58,057</u>	<u>21,917</u>	<u>36,140</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>3,940,577</u>	<u>3,962,523</u>	<u>3,873,865</u>	<u>88,658</u>	<u>-</u>
Detail:					
Salaries and Wages	102,717	102,717	100,419	2,298	
Other Expenses	<u>3,837,860</u>	<u>3,859,806</u>	<u>3,773,446</u>	<u>86,360</u>	<u>-</u>

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 300,000	\$ 300,000	\$ 300,000		
Road Improvement Program	1,000,000	1,000,000	995,564	\$ 4,436	
Acquisition of Equipment - Administration					
Acquisition of Equipment - Police Department	50,000	50,000	50,000		
Acquisition of Vehicle & Equipment - Fire Department	725,000	725,000	724,498	502	
Acquisition of Vehicle - Triboro Ambulance	12,500	12,500	1,166	11,334	
Acquisition of Van - Senior Citizen Van	35,000	35,000	35,000	-	
Improvements to Buildings and Grounds	50,000	50,000	49,360	640	
Improvements to Pascack Brook	345,000	345,000	50,000		\$ 295,000
Improvements to Swim Pool Complex		50,000	35,950	14,050	
ADA Curbs (Construction)		110,407		110,407	
FEMA-Federal (Gabion Walls)	199,458	199,458		199,458	
NJDOT - Terkuile Road		149,000	149,000	-	
NJDOT - Magnolia Avenue		149,000	126,590	22,410	
NJDOT - Safe Routes to School Program	450,000	450,000	-	450,000	-
Total Capital Improvements Excluded from "CAPS"	3,166,958	3,625,365	2,517,128	813,237	295,000
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,575,000	1,575,000	1,575,000		
Interest on Bonds	249,105	249,105	249,100	-	5
Total Municipal Debt Service Excluded from "CAPS"	1,824,105	1,824,105	1,824,100	-	5
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations- 5 years (N.J.S.40A4-55)	22,000	22,000	22,000	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	22,000	22,000	22,000	-	-
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	8,953,640	9,433,993	8,237,093	\$ 901,895	295,005
Subtotal General Appropriations	18,360,288	18,838,141	16,946,758	1,596,378	295,005
Reserve for Uncollected Taxes	1,578,979	1,578,979	1,578,979	-	-
Total General Appropriations	\$ 19,939,267	\$ 20,417,120	\$ 18,525,737	\$ 1,596,378	\$ 295,005

Reference

A-2

A-1

A,A-1

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, 2015**

		<u>Appropriated</u> Budget After <u>Modification</u>	<u>Expended</u> Paid or <u>Charged</u>
Budget as Adopted	A-3	\$ 19,939,267	
Appropriation by 40A:4-87	A-2	427,853	
Emergency Appropriation	A-14	<u>50,000</u>	
		<u>\$ 20,417,120</u>	
Cash Disbursed	A-4		\$ 15,452,756
Encumbrances Payable	A-16		892,302
Due to LOSAP Fund	B		29,700
Due to General Capital Fund	C-4		300,000
Deferred Charges			
Special Emergency Authorization	A-13		22,000
Reserve for Tax Appeals	A-27		250,000
Reserve for Uncollected Taxes	A-2		<u>1,578,979</u>
			<u>\$ 18,525,737</u>

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 20,313	\$ 20,151
OTHER TRUST FUND			
Cash	B-3	2,341,878	1,761,071
UNEMPLOYMENT INSURANCE FUND			
Cash	B-3	266,642	217,947
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	551,265	473,622
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	441,593	440,868
Due from Current Fund	A	29,700	28,750
		471,293	469,618
Total Assets		\$ 3,651,391	\$ 2,942,409

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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to State of NJ - Fees Payable	B-4	\$ 33	\$ 21
Due to Current Fund	B-6	5,097	4,756
Prepaid License Fees	B-7	1,046	1,475
Reserve for Animal Control Expenditures	B-5	<u>14,137</u>	<u>13,899</u>
		<u>20,313</u>	<u>20,151</u>
OTHER TRUST FUND			
Due to Current Fund	B-10	5,033	5,024
Escrow Deposits	B-11	1,672,527	1,095,760
Payroll Deductions Payable	B-12	46,845	45,189
Miscellaneous Reserves and Deposits	B-13	<u>617,473</u>	<u>615,098</u>
		<u>2,341,878</u>	<u>1,761,071</u>
UNEMPLOYMENT INSURANCE FUND			
Due to State of NJ - Claims Payable	B-8	115	2,030
Reserve for Unemployment Compensation Insurance Claims	B-9	<u>266,527</u>	<u>215,917</u>
		<u>266,642</u>	<u>217,947</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-16	<u>551,265</u>	<u>473,622</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Contributions	B	<u>471,293</u>	<u>469,618</u>
Total Liabilities and Reserves		<u>\$ 3,651,391</u>	<u>\$ 2,942,409</u>

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> <u>(Memo)</u>	<u>Anticipated</u> Budget After Modifications <u>(Memo)</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Amount to be Raised by Taxation	\$ 102,808	\$ 102,808	\$ 103,702	\$ 894
	<u>\$ 102,808</u>	<u>\$ 102,808</u>	<u>\$ 103,702</u>	<u>\$ 894</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, 2015**

	<u>Budget</u> <u>(Memo)</u>	<u>Appropriated</u> Budget After Modification <u>(Memo)</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>
Maintenance of Land for Recreation and Conservation				
Other Expenses		\$ 26,059	\$ 26,059	
Reserve for Future Use	\$ 102,808	76,749	-	\$ 76,749
	<u>\$ 102,808</u>	<u>\$ 102,808</u>	<u>\$ 26,059</u>	<u>\$ 76,749</u>
<u>Reference</u>	B-1	B-1	B-16	

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	C-2,C-3	\$ 813,615	\$ 816,131
Deferred Charges to Future Taxation			
Funded	C-5	6,580,000	8,155,000
Unfunded	C-6	<u>4,855,000</u>	<u>-</u>
 Total Assets		 <u>\$ 12,248,615</u>	 <u>\$ 8,971,131</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13	\$ 6,580,000	\$ 8,155,000
Encumbrances Payable	C-8	204,072	226,637
Improvement Authorizations			
Funded	C-7	411,883	162,284
Unfunded	C-7	4,855,000	
Capital Improvement Fund	C-9	105,241	350,241
Reserve for Payment of Debt	C-10	5,059	5,059
Reserve for Improvement of Field	C-11	63,895	48,445
Reserve for Preliminary Expenses	C-12	700	700
Fund Balance	C-1	<u>22,765</u>	<u>22,765</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 12,248,615</u>	 <u>\$ 8,971,131</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$4,855,000 and \$0, respectively. (Exhibit C-14)

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 22,765	\$ 126,186
Increased by:			
Cancellation of Funded Improvement Authorizations	C-1	<u>-</u>	<u>3,082</u>
		22,765	129,268
Decreased by:			
Appropriated to Finance Improvement Authorization	C-1		65,000
Due Current Fund as Anticipated Revenue	C-1	<u>-</u>	<u>41,503</u>
Balance, December 31	C	<u>\$ 22,765</u>	<u>\$ 22,765</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	D-1	\$ <u>9,922</u>	\$ <u>16,083</u>
Total Assets		\$ <u>9,922</u>	\$ <u>16,083</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ <u>9,922</u>	\$ <u>16,083</u>
Total Liabilities and Reserves		\$ <u>9,922</u>	\$ <u>16,083</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Land and Land Improvements	\$ 17,905,722	\$ 18,227,722
Buildings and Building Improvements	13,966,991	14,647,491
Machinery and Equipment	<u>8,067,595</u>	<u>7,298,056</u>
	<u>\$ 39,940,308</u>	<u>\$ 40,173,269</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 39,940,308</u>	<u>\$ 40,173,269</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, provides leadership in the development of community projects and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of 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, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

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

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2014 balances to conform to the December 31, 2015 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, 2015 AND 2014**

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, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated 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.

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

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.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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 2015 and 2014 the Borough Council increased the original budget by \$477,853 and \$252,818. The increase in 2015 was attributable to an emergency appropriation of \$50,000 for improvements to the swim pool complex and additional aid allotted to the Borough in the amount of \$427,853. The increase in 2014 was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2015 and 2014.

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$12,703,110 and \$12,899,966 and bank and brokerage firm balances of the Borough's deposits amounted to \$13,315,538 and \$13,394,631, 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>2015</u>	<u>2014</u>
Insured	\$ 13,315,538	\$ 13,336,251
Uninsured and Collateralized	<u>-</u>	<u>58,380</u>
	<u>\$ 13,315,538</u>	<u>\$ 13,394,631</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014, the Borough's bank balances of \$0 and \$58,380 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department not in the Borough's name	\$ -	\$ 58,380

B. Investments

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

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>2015</u>	Fair Value (<u>LOSAP</u>)	<u>2014</u>
Investment:			
Lincoln Financial Group LOSAP			
Investment Fund (Unaudited)	\$ 441,593		\$ 440,868

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2015 and 2014, \$441,593 and \$440,868 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (Unaudited)	\$ 441,593	\$ 440,868

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Borough's investment in Lincoln Financial Group, a subsidiary of Lincoln National Life Insurance Company, was rated Baa1 by Moody's Investor Services.

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

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

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, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 239,956	\$ 254,638
Tax Title Liens	16,500	15,320
	<u>\$ 256,456</u>	<u>\$ 269,958</u>

In 2015 and 2014, the Borough collected \$247,461 and \$364,103 from delinquent taxes, which represented 92% and 95%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>2015</u>		<u>2014</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 10,130	\$ 29,700	\$ 9,780	\$ 28,750
Trust Funds				
Animal Control		5,097		4,756
Other Trust		5,033		5,024
LOSAP Fund	<u>29,700</u>	<u>-</u>	<u>28,750</u>	<u>-</u>
Total	<u>\$ 39,830</u>	<u>\$ 39,830</u>	<u>\$ 38,530</u>	<u>\$ 38,530</u>

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 44,000	\$ 22,000	\$ 22,000
Emergency Authorizations	<u>50,000</u>	<u>50,000</u>	<u>-</u>
	<u>94,000</u>	<u>72,000</u>	<u>22,000</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 66,000</u>	<u>\$ 22,000</u>	<u>\$ 44,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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:

	2015		2014	
	<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	\$ 3,777,872	\$ 3,500,000	\$ 6,339,540	\$ 4,750,000
Non-Cash Surplus	1,397,361	-	368,085	-
	<u>\$ 5,175,233</u>	<u>\$ 3,500,000</u>	<u>\$ 6,707,625</u>	<u>\$ 4,750,000</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, 2015 and 2014.

	<u>Balance December 31, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2015</u>
2015				
Land and Land Improvements	\$ 18,227,722		\$ (322,000)	\$ 17,905,722
Buildings and Building Improvements	14,647,491		(680,500)	13,966,991
Machinery and Equipment	7,298,056	\$ 769,539	-	8,067,595
	<u>\$ 40,173,269</u>	<u>\$ 769,539</u>	<u>\$ (1,002,500)</u>	<u>\$ 39,940,308</u>
	<u>Balance December 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2014</u>
2014				
Land and Land Improvements	\$ 18,227,722			\$ 18,227,722
Buildings and Building Improvements	14,624,626	22,865		14,647,491
Machinery and Equipment	7,365,592	148,245	(215,781)	7,298,056
	<u>\$ 40,217,940</u>	<u>\$ 171,110</u>	<u>\$ (215,781)</u>	<u>\$ 40,173,269</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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 fund 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, 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>2015</u>	<u>2014</u>
Issued		
General		
Bonds and Notes	\$ 6,580,000	\$ 8,155,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>5,059</u>	<u>5,059</u>
Net Debt Issued	6,574,941	8,149,941
Authorized But Not Issued		
General		
Bonds and Notes	<u>4,855,000</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,429,941</u>	<u>\$ 8,149,941</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .516% and .361% at December 31, 2015 and 2014, respectively.

<u>2015</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 11,435,000	\$ 5,059	\$ 11,429,941
School Debt	<u>9,597,349</u>	<u>9,597,349</u>	<u>-</u>
Total	<u>\$ 21,032,349</u>	<u>\$ 9,602,408</u>	<u>\$ 11,429,941</u>
 <u>2014</u>	 <u>Gross Debt</u>	 <u>Deductions</u>	 <u>Net Debt</u>
General Debt	\$ 8,155,000	\$ 5,059	\$ 8,149,941
School Debt	<u>10,463,195</u>	<u>10,463,195</u>	<u>-</u>
Total	<u>\$ 18,618,195</u>	<u>\$ 10,468,254</u>	<u>\$ 8,149,941</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 77,564,180 <u>11,429,941</u>	\$ 79,103,937 <u>8,149,941</u>
Remaining Borrowing Power	<u>\$ 66,134,239</u>	<u>\$ 70,953,996</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>2015</u>	<u>2014</u>
\$3,775,000, 2010 Refunding Bonds, due in annual installments of \$460,000 to \$465,000 through August, 2019, interest at 2.00% to 4.375%	\$ 1,830,000	\$ 2,290,000
\$3,695,000, 2011 Bonds, due in annual installments of \$370,000 to \$430,000 through December, 2021, interest at 2.00% to 2.50%	2,525,000	2,895,000
\$3,745,000, 2012 Refunding Bonds, due in annual installments of \$740,000 to \$745,000 through October, 2018, interest at 3.00% to 4.00%	<u>2,225,000</u>	<u>2,970,000</u>
	<u>\$ 6,580,000</u>	<u>\$ 8,155,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 is as follows:

Calendar Year	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,595,000	\$ 200,950	\$ 1,795,950
2017	1,630,000	152,450	1,782,450
2018	1,625,000	105,900	1,730,900
2019	875,000	47,563	922,563
2020	425,000	21,375	446,375
2021	430,000	10,750	440,750
	<u>\$ 6,580,000</u>	<u>\$ 538,988</u>	<u>\$ 7,118,988</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>Year</u>
<u>2015</u>					
General Capital Fund Bonds Payable	<u>\$ 8,155,000</u>	<u>\$ -</u>	<u>\$ 1,575,000</u>	<u>\$ 6,580,000</u>	<u>\$ 1,595,000</u>
	Balance, December 31, <u>2013</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund Bonds Payable	<u>\$ 9,685,000</u>	<u>\$ -</u>	<u>\$ 1,530,000</u>	<u>\$ 8,155,000</u>	<u>\$ 1,575,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>2015</u>		
Various Road Improvements	\$ 410,323	2016
Fire House Construction	116,800	2016
Fire Truck	119,156	2016
<u>2014</u>		
Various Road Improvements	\$ 195,135	2015
Sanitary Sewer System	91,011	2015
Engineering - County Road Improvements	24,515	2015

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, 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 \$603,806 and \$498,077 at December 31, 2015 and 2014, 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, 2015 AND 2014**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation

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, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>	
<u>2015</u>						
Compensated Absences	\$ 498,077	\$ 108,941	\$ 3,212	\$ 603,806	\$ 5,000	
Net Pension Liability - PERS	5,669,404		680,660	4,988,744		
Net Pension Liability - PFRS	<u>9,268,927</u>	<u>4,284,136</u>	<u>630,625</u>	<u>12,922,438</u>	<u>-</u>	
Other Long-Term Liabilities	<u>\$ 15,436,408</u>	<u>\$ 4,393,077</u>	<u>\$ 1,314,497</u>	<u>\$ 18,514,988</u>	<u>\$ 5,000</u>	
	Balance, December 31, <u>2013</u>	Prior Period <u>Adjustment</u> (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>						
Compensated Absences	\$ 547,658		\$ 419	\$ 50,000	\$ 498,077	\$ 3,200
Net Pension Liability - PERS		\$ 5,745,394	173,641	249,631	5,669,404	
Net Pension Liability - PFRS	<u>-</u>	<u>8,958,629</u>	<u>876,252</u>	<u>565,954</u>	<u>9,268,927</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 547,658</u>	<u>\$ 14,704,023</u>	<u>\$ 1,050,312</u>	<u>\$ 865,585</u>	<u>\$ 15,436,408</u>	<u>\$ 3,200</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

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 with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

Basis of Accounting

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on, 10.0% for PFRS, 5.50% for DCRP and 6.92 % for fiscal year 2015 for PERS of employee's annual compensation

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2015, 2014 and 2013, 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 December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2015	\$ 565,954	\$ 249,631	\$ 3,932
2014	491,648	226,509	4,344
2013	504,902	222,687	6,457

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

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

Public Employees Retirement System (PERS)

At December 31, 2015 and 2014, the Borough had a liability of \$4,988,744 and \$5,669,404, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .02222 percent, which was a decrease of .00806 percent from its proportionate share measured as of June 30, 2014 of .03028 percent.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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)

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$63,821 and \$297,982, respectively, for PERS based on the actuarial valuation which is less in 2015 and more in 2014 than the actual contributions reported in the Borough's financial statements of \$249,631 and \$226,509, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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	\$ 119,014			
Changes of Assumptions	535,751		\$ 178,277	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 80,209		\$ 337,866
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>28,873</u>	<u>1,279,854</u>	<u>35,376</u>	<u>-</u>
Total	<u>\$ 683,638</u>	<u>\$ 1,360,063</u>	<u>\$ 213,653</u>	<u>\$ 337,866</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ (250,012)
2017	(250,012)
2018	(250,012)
2019	(250,012)
2020	(229,960)
Thereafter	<u>553,583</u>
	<u>\$ (676,425)</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Actuarial Assumptions

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%	-	-
Investment Grade Credit	10.00%	1.79%	-	-
Core Bonds	-	-	1.00%	2.49%
Intermediate-Term Bonds	-	-	11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%	-	-
REIT	4.25%	5.12%	-	-

Discount Rate

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. 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, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,200,398</u>	<u>\$ 4,988,744</u>	<u>\$ 3,972,902</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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)

At December 31, 2015 and 2014, the Borough had a liability of \$12,922,438 and \$9,268,927, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .07758 percent, which was an increase of .00389 percent from its proportionate share measured as of June 30, 2014 of .07369 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,345,085 and \$772,944, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$565,954 and \$491,648, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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		\$ 111,460		
Changes of Assumptions	\$ 2,385,803		\$ 347,987	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		224,904		\$ 945,863
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	993,215	-	701,483	-
Total	<u>\$ 3,379,018</u>	<u>\$ 336,364</u>	<u>\$ 1,049,470</u>	<u>\$ 945,863</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 135,885
2017	135,885
2018	135,885
2019	135,885
2020	192,111
Thereafter	<u>2,307,003</u>
	<u>\$ 3,042,654</u>

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%	-	-
Investment Grade Credit	10.00%	1.79%	-	-
Core Bonds	-	-	1.00%	2.49%
Intermediate-Term Bonds	-	-	11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%	-	-
REIT	4.25%	5.12%	-	-

Discount Rate

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2045

Municipal Bond Rate * From July 1, 2045
and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. 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, 2015 calculated using the discount rate of 5.79%, 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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 17,035,876</u>	<u>\$ 12,922,438</u>	<u>\$ 9,568,297</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. 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, 2015 AND 2014**

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 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, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,133,254 and \$998,108, respectively. For the years ended December 31, 2015 and 2014, 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 \$141,357 and \$126,465, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$58,992 and \$41,444, respectively. 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, 2015 AND 2014

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

NOTE 14 RISK MANAGEMENT

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

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

The relationship between the Borough and respective insurance funds are 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>
2015	\$ 50,000	\$ 6,053	\$ 5,443	\$ 266,527
2014	50,000	6,083	66,733	215,917
2013	50,000	6,518	4,444	226,567

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$1,284,768 and \$420,118, 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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 AND 2014**

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 \$1,250 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$29,700 and \$28,750 for 2015 and 2014, respectively.

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

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

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, 2015 and 2014 were \$11,644 and \$10,632, respectfully.

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

CURRENT FUND

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

Balance, December 31, 2014		\$ 9,594,561
Increased by:		
Taxes Receivable	\$ 45,247,681	
Nonbudget Revenue	622,196	
Prepaid Revenues	54,426	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	52,000	
Revenue Accounts Receivable	2,857,781	
Grants Receivable	60,362	
Receipts from Other Trust Fund	309	
Receipts from Animal Control Fund	5,101	
Fees Payable	35,534	
Prepaid Taxes	313,649	
Miscellaneous Reserves	1	
Reserve for Grants - Unappropriated	3,080	
Petty Cash	800	
Tax Overpayments	<u>61,851</u>	
		<u>49,314,771</u>
		58,909,332
Decreased by Disbursements:		
2015 Budget Appropriations	15,452,756	
2014 Appropriation Reserves	147,995	
County Taxes Payable	5,426,898	
Due to County for Added and Omitted Taxes	128,725	
Local School District Tax Payable	15,355,756	
Regional High School Taxes Payable	12,515,347	
Payments to Open Space Preservation Trust Fund	103,702	
Payments to General Capital Fund	300,000	
Accounts Payable	37,205	
Encumbrances Payable	494,409	
Petty Cash	800	
Reserve for Grants - Appropriated	912	
Payments to Animal Control Fund	345	
Payments to LOSAP Fund	28,750	
Tax Overpayments Refunded	155,864	
Fees Payable	25,443	
Tax Appeal Refunds	<u>35,350</u>	
		<u>50,210,257</u>
Balance, December 31, 2015		<u>\$ 8,699,075</u>

**BOROUGH OF MONTVALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2014</u>	Balance, December 31, <u>2015</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>2014</u>	Revenue Realized	Received	Cancelled	Balance, December 31, <u>2015</u>
NJ Department of Transportation - Magnolia	\$ 49,005	\$ 149,000	\$ 34,938	\$ 14,067	\$ 149,000
NJ Department of Transportation - Terkuile		149,000			149,000
NJ Department of Transportation - Safe Routes to School		450,000			450,000
Alcohol Ed Rehabilitation		1,238	1,238		
Clean Communities Grant		18,208	18,208		
County of Bergen - Curb Program	237,598	110,407			348,005
County Open Space Fieldstone Improvements	15,482			15,482	
FEMA - Gabion		199,458			199,458
Municipal Alliance		9,876	1,978		7,898
Senior Citizen Activities	-	4,000	4,000	-	-
	<u>\$ 302,085</u>	<u>\$ 1,091,187</u>	<u>\$ 60,362</u>	<u>\$ 29,549</u>	<u>\$ 1,303,361</u>
Reserve for Appropriated Grants				<u>\$ 29,549</u>	

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

Balance, December 31, 2014	\$ 9,993
Increased by:	
Payment from State of New Jersey	\$ 52,000
Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2014	<u>500</u>
	<u>52,500</u>
	62,493
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	3,250
Veterans' Deductions Per Tax Billings	48,375
Veterans' Deductions Allowed by Tax Collector-2015	<u>250</u>
	<u>51,875</u>
Balance, December 31, 2015	<u>\$ 10,618</u>

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

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>	<u>2015</u> <u>Levy</u>	<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collections</u> <u>2014</u>	<u>2015</u>	<u>Senior</u> <u>Citizens'</u> <u>and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to</u> <u>Tax Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
2013	\$ 5,386				\$ 2,943				\$ 2,443
2014	<u>249,252</u>	<u>-</u>	<u>\$ 500</u>	<u>-</u>	<u>244,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,234</u>
	254,638	-	500	-	247,461	-	-	-	7,677
2014	<u>-</u>	<u>\$ 45,649,731</u>	<u>-</u>	<u>\$ 203,198</u>	<u>45,000,220</u>	<u>\$ 51,875</u>	<u>\$ 160,979</u>	<u>\$ 1,180</u>	<u>232,279</u>
	<u>\$ 254,638</u>	<u>\$ 45,649,731</u>	<u>\$ 500</u>	<u>\$ 203,198</u>	<u>\$ 45,247,681</u>	<u>\$ 51,875</u>	<u>\$ 160,979</u>	<u>\$ 1,180</u>	<u>\$ 239,956</u>

Analysis of 2015 Property Tax Levy

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 45,256,128
Added Taxes (54:4-63.1 et. seq.)	<u>393,603</u>
	<u>\$ 45,649,731</u>

Local District School Tax	\$ 15,355,756
Regional High School Tax	12,515,347

County Taxes:

County Taxes	\$ 5,370,352
County Open Space	56,546
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>47,390</u>
	5,474,288

Municipal Open Space Tax	102,808
Municipal Open Space Added Taxes	<u>894</u>
	103,702

Local Tax for Municipal Purposes	11,104,946
Minimum Library Tax	734,161
Additional Tax Levied	<u>361,531</u>
	<u>12,200,638</u>

\$ 45,649,731

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

Balance, December 31, 2014	\$ 15,320
Increased by:	
Transfers from Taxes Receivable - 2015	<u>1,180</u>
Balance, December 31, 2015	<u>\$ 16,500</u>

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

Balance, December 31, 2014	<u>\$ 29,400</u>
Balance, December 31, 2015	<u>\$ 29,400</u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses - Alcoholic Beverages		\$ 17,590	\$ 17,590	
Licenses - Other		26,340	26,340	
Fees and Permits		4,300	4,300	
Board of Health				
Fees and Permits		476	476	
Construction Code Official				
Uniform Construction Code Fees		467,579	467,579	
Fees and Permits - Other		107,119	107,119	
Police				
Fees and Permits		1,960	1,960	
Tax Collector				
Fees and Permits		296	296	
Planning Board				
Fees and Permits		45,534	45,534	
Recreation				
Fees and Permits		75,927	75,927	
Municipal Court				
Fines and Costs		158,984	158,984	
Municipal Court Shared Service	\$ 39,443	165,743	162,704	\$ 42,482
Interest and Costs on Taxes	6,853	68,004	69,728	5,129
Interest Earned on Investments and Deposits		217	217	
Energy Receipts Tax		1,262,378	1,262,378	
Cable TV Franchise Fees		122,092	122,092	
Sewer Agreement - Marriott		59,305	59,305	
Hotel/Motel Tax		218,919	218,919	
Uniform Fire Safety Act:				
Local Enforcement Fees		102,624	102,624	
LEA Rebate	-	13,014	13,014	-
	<u>\$ 46,296</u>	<u>\$ 2,918,401</u>	<u>\$ 2,917,086</u>	<u>\$ 47,611</u>
Cash Received			\$ 2,857,781	
Prepaid Revenues Applied			<u>59,305</u>	
			<u>\$ 2,917,086</u>	

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2014</u>	<u>Raised in 2015 Budget</u>	<u>Balance, December 31, 2015</u>
4/10/2012	Reassessment of Real Property	\$ 110,000	\$ 22,000	<u>\$ 66,000</u>	<u>\$ 22,000</u>	<u>\$ 44,000</u>

STATEMENT OF DEFERRED CHARGES

	<u>Balance December 31, 2014</u>	<u>Added in 2015</u>	<u>Balance, December 31, 2015</u>
Emergency Authorization (40A:4-47)	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2014	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Transfers	Balance Lapsed
SALARIES AND WAGES						
Administrative and Executive	\$ 16,276		\$ 16,276			\$ 16,276
Mayor and Council	40		40			40
Borough Clerk	519		519			519
Elections	740		740			740
Financial Administration	6,710		6,710			6,710
Assessment of Taxes	20		20			20
Collection of Taxes	179		179			179
Cable TV Committee	283		283			283
Environmental Commission	690		690			690
Planning Board	2,742		2,742			2,742
Zoning Official	50		50			50
Code Enforcement and Administration Property Maint	44		44			44
Police	28,391		28,391	\$ 8,151		20,240
Emergency Management	21		21			21
Uniform Fire Safety Act	3,021		3,021			3,021
Public Buildings and Grounds	757		757			757
Public Health Services	166		166			166
Public Assistance	84		84			84
Parks and Playgrounds	360		360			360
Recreation Services and Programs	22,167		22,167			22,167
Senior Citizen Van	746		746			746
Municipal Court	4,626		4,626			4,626
Municipal Court - Shared Service	4,267		4,267			4,267
Construction Code Official	7,481		7,481			7,481
Building Subcode Official	89		89			89
Plumbing Subcode Official	45		45			45
Fire Subcode Official	3		3			3
Electrical Subcode Official	49		49			49
Elevator Subcode Official		\$ 2,575	2,575			2,575
Salary Adjustment	5,000	-	5,000	-	-	5,000
	105,566	2,575	108,141	8,151	-	99,990
OTHER EXPENSES						
Administrative and Executive	38,230	3,889	42,119			42,119
Mayor and Council	8,196		8,196	224		7,972
Borough Clerk	13,301		13,301			13,301
Elections	1,944		1,944			1,944
Financial Administration	10,162		10,162	1,085		9,077
Audit Services	41,000		41,000	41,000		-
Assessment of Taxes	23,343	921	24,264			24,264
Collection of Taxes	6,325		6,325			6,325
Legal Services and Costs	17,197	4,723	21,920			21,920
Engineering Services & Costs	68,737	30	68,767			68,767
Cable TV Committee	3,595	1,188	4,783			4,783
Historic Preservation Commission	366		366			366
Historian	160		160			160
Environmental Commission	538		538			538
Planning Board	53,044		53,044	665		52,379
Fire	2,374		2,374	269		2,105
Fire Hydrant Service	15,024		15,024			15,024
Police	7,282		7,282	4,623		2,659
Purchase of Police Vehicles	2,891		2,891	2,891		
Police Dispatch	15,643		15,643	1,545		14,098
Police Dispatch/911	1,974		1,974			1,974
First Aid Organization	2,342		2,342	1,113		1,229
Emergency Management	6,713		6,713			6,713
Uniform Fire Safety Act	1,913		1,913			1,913
Road Repair and Maintenance	8,500		8,500			8,500
Sewer System	10,000		10,000			10,000

BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, 2014	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Transfers	Balance Lapsed
OTHER EXPENSES (Continued)						
Garbage and Trash Removal	\$ 3,756	\$ 9,367	\$ 13,123			\$ 13,123
Recycling Tax	5,044	1,535	6,579			6,579
Recycling	5,000		5,000			5,000
Public Buildings and Grounds	4,225		4,225			4,225
Maintenance of All Vehicles	15,556		15,556	\$ 8,427		7,129
Municipal Services Act	2,615		2,615	2,214		401
Public Health Services	8,584		8,584			8,584
Administration of Public Assistance	91		91			91
Animal Regulation		370	370			370
Parks and Playgrounds	1,000		1,000			1,000
Recreation Services and Programs	5,658		5,658	12		5,646
Senior Citizens	1,053		1,053			1,053
PEOSHA Compliance	2,000		2,000			2,000
Utilities:						
Gasoline	44,092		44,092	3,691		40,401
Electricity	44,642		44,642	17,448		27,194
Telephone	16,174		16,174	3,096		13,078
Natural Gas	28,965		28,965	7,340		21,625
Street Lighting	13,072		13,072	7,160		5,912
Contingent	1,000		1,000			1,000
Social Security System	56,343		56,343			56,343
Defined Contribution Retirement Plan	4,656	182	4,838			4,838
Public Employees Retirement System	24,731		24,731			24,731
Police and Fireman's Retirement System	33,984		33,984			33,984
Construction Code	2,817		2,817			2,817
Maintenance of Free Public Library	8,718		8,718	8,718		
Sewerage Processing and Disposal	12,272		12,272			12,272
Insurance						
Life Insurance	1,062	18	1,080			1,080
General Liability	11,786		11,786			11,786
Workers Compensation	10,176		10,176			10,176
Employee Group Health	69,327		69,327			69,327
Employee Group Health-Waiver	2,086		2,086			2,086
Length of Service Award Program	21,250		21,250	12,332		8,918
Municipal Court	1,423		1,423	277		1,146
Municipal Court - Shared Service	2,890		2,890	280		2,610
Public Defender	240		240			240
Public Defender - Shared Service	260		260			260
Department of Public Works	11,266		11,266			11,266
Recycling Tonnage	61		61	61		
Municipal Alliance						
Local Share	1,234		1,234			1,234
County of Bergen - Curb Program	226,948		226,948	171,578	\$ 55,370	
Alcohol Education	236		236	200	36	
Acquisition of Equipment - Administration	367		367			367
Acquisition of Equipment - Police Department	21,835		21,835			21,835
Improvement of Buildings and Grounds	12,569	-	12,569	-	-	12,569
	<u>1,101,858</u>	<u>22,223</u>	<u>1,124,081</u>	<u>296,249</u>	<u>55,406</u>	<u>772,426</u>
	<u>\$ 1,207,424</u>	<u>\$ 24,798</u>	<u>\$ 1,232,222</u>	<u>\$ 304,400</u>	<u>\$ 55,406</u>	<u>\$ 872,416</u>
Cash Disbursed				\$ 147,995		
Accounts Payable				156,405		
Transfer To Appropriated Grant Reserves				-	\$ 55,406	
				<u>\$ 304,400</u>	<u>\$ 55,406</u>	

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014		\$	519,207
Increased by:			
Charges to 2015 Budget Appropriations			<u>892,302</u>
			1,411,509
Decreased by:			
Cash Payments	\$	494,409	
Cancellation Restored to Appropriation Reserves		<u>24,798</u>	
			<u>519,207</u>
Balance, December 31, 2015		\$	<u>892,302</u>

EXHIBIT A-17

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2014		\$	108,253
Increased by:			
Transferred from Appropriation Reserves			<u>156,405</u>
			264,658
Decreased by:			
Payments	\$	37,205	
Cancelled to Operations		<u>12,819</u>	
			<u>50,024</u>
Balance, December 31, 2015		\$	<u>214,634</u>

EXHIBIT A-18

STATEMENT OF PREPAID TAXES

Balance, December 31, 2014		\$	203,198
Increased by:			
2016 Prepaid Taxes Received			<u>313,649</u>
			516,847
Decreased by:			
Application to 2015 Taxes Receivable			<u>203,198</u>
Balance, December 31, 2015		\$	<u>313,649</u>

**BOROUGH OF MONTVALE
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2014	\$ 109,084
Increased by:	
Overpayments Received	<u>61,851</u>
	170,935
Decreased by:	
Refunded	<u>155,864</u>
Balance, December 31, 2015	<u>\$ 15,071</u>

EXHIBIT A-20

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:	
2015 Levy	\$ 15,355,756
Decreased by:	
Payments	<u>\$ 15,355,756</u>

EXHIBIT A-21

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:	
2015 Levy	\$ 12,515,347
Decreased by:	
Payments	<u>\$ 12,515,347</u>

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2015 Levy:		
General County Tax	\$ 5,370,352	
County Open Space Tax	<u>56,546</u>	
		\$ 5,426,898
Decreased by:		
Payments		<u>\$ 5,426,898</u>

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

Balance, December 31, 2014	\$ 128,725
Increased by:	
2015 Levy Added Taxes	<u>47,390</u>
	176,115
Decreased by:	
Payments	<u>128,725</u>
Balance, December 31, 2015	<u>\$ 47,390</u>

EXHIBIT A-24

STATEMENT OF MUNICIPAL OPEN SPACE TAXES

Increased by:	
2015 Levy	\$ 102,808
2015 Added Levy	<u>894</u>
	\$ 103,702
Decreased by:	
Due to Open Space Preservation Trust Fund	<u>\$ 103,702</u>

EXHIBIT A-25

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2015</u>
Marriage Licenses	\$ 75	\$ 300	\$ 325	\$ 50
BOCA Fees	<u>4,724</u>	<u>35,234</u>	<u>25,118</u>	<u>14,840</u>
	<u>\$ 4,799</u>	<u>\$ 35,534</u>	<u>\$ 25,443</u>	<u>\$ 14,890</u>

**BOROUGH OF MONTVALE
STATEMENT OF PREPAID REVENUE**

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	Applied to Current Year <u>Revenue</u>	Balance, December 31, <u>2015</u>
Sewer Fees - Marriott	\$ 59,305	\$ 54,426	\$ 59,305	\$ 54,426
	<u>\$ 59,305</u>	<u>\$ 54,426</u>	<u>\$ 59,305</u>	<u>\$ 54,426</u>

EXHIBIT A-27

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2014	\$ 420,118
Increased by:	
Charges to 2015 Budget Appropriations	\$ 250,000
Transfer from Current Year Tax Collections	<u>650,000</u>
	<u>900,000</u>
	1,320,118
Decreased by:	
Tax Appeal Refunds	<u>35,350</u>
Balance, December 31, 2015	<u>\$ 1,284,768</u>

**BOROUGH OF MONTVALE
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2014</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2015</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>3,965</u>	<u>\$ 1</u>	<u>3,966</u>
	<u>\$ 384,291</u>	<u>\$ 1</u>	<u>\$ 384,292</u>

EXHIBIT A-29

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2014</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2015</u>
Recycling Tonnage Grant	\$ 10,508		\$ 10,508	
Drunk Driving Enforcement Fund	9,402		9,402	
Alcohol Ed		\$ 728		\$ 728
Body Armor Fund	<u>2,356</u>	<u>2,352</u>	<u>2,356</u>	<u>2,352</u>
	<u>\$ 22,266</u>	<u>\$ 3,080</u>	<u>\$ 22,266</u>	<u>\$ 3,080</u>

EXHIBIT A-30

STATEMENT OF RESERVES FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2014</u>	Transfer from Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	<u>Cancelled</u>	Balance, December 31, <u>2015</u>
Drunk Driving Enforcement Fund	\$ 5,390		\$ 848		\$ 4,542
Alcohol Education	521	\$ 36	64		493
County Curb Program		55,370			55,370
NJDOT - Magnolia	28,615			\$ 28,615	
Open Space Fieldstone Improvements	<u>15,482</u>	<u>-</u>	<u>-</u>	<u>15,482</u>	<u>-</u>
	<u>\$ 50,008</u>	<u>\$ 55,406</u>	<u>\$ 912</u>	<u>\$ 44,097</u>	<u>\$ 60,405</u>
		Grants Receivable		\$ 29,549	
		Cancelled to Operations		<u>14,548</u>	
				<u>\$ 44,097</u>	

TRUST FUNDS

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

	Animal Control Fund	Other Trust Fund	Unemployment Insurance Fund	Open Space Preservation Trust Fund
Balance, December 31, 2014	\$ 20,151	\$ 1,761,071	\$ 217,947	\$ 473,622
Increased by Receipts:				
State Dog License Fees	\$ 689			
Borough Dog License Fees	4,997			
Prepaid Borough Dog License Fees - 2016	1,046			
Borough Cat License Fees	873			
Late Fees	345			
Interest Earned on Investments		\$ 836		
Escrow Deposits		1,210,352		
Miscellaneous Reserves and Deposits		707,894		
Payroll Deductions Payable		2,689,379		
Net Payroll Deposits		3,310,186		
Receipts from Current Fund	345			\$ 103,702
Budget Appropriation			\$ 50,000	
Employee Contributions-Unemployment	-	-	6,053	-
	<u>8,295</u>	<u>7,918,647</u>	<u>56,053</u>	<u>103,702</u>
	28,446	9,679,718	274,000	577,324
Decreased by Disbursements:				
Animal Control Expenditures Under				
R.S. 4:19-15.11	2,355			
Payments to State for Dog License Fees	677			
Payments to State for Unemployment Claims			7,358	
Payments to Current Fund	5,101	309		
Escrow Deposits		634,103		
Miscellaneous Reserves and Deposits		705,519		
Reserve for Open Space Preservation				26,059
Payroll Deductions Payable		2,687,723		
Net Payroll	-	3,310,186	-	-
	<u>8,133</u>	<u>7,337,840</u>	<u>7,358</u>	<u>26,059</u>
Balance, December 31, 2015	<u>\$ 20,313</u>	<u>\$ 2,341,878</u>	<u>\$ 266,642</u>	<u>\$ 551,265</u>

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

Balance, December 31, 2014	\$ 21
Increased by:	
State Fees Collected	<u>689</u>
	710
Decreased by:	
Payments	<u>677</u>
Balance, December 31, 2015	<u>\$ 33</u>

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

Balance, December 31, 2014	\$ 13,899
Increased by:	
Dog License Fees Collected - 2015	\$ 4,997
Dog License Fees Collected - 2014 Prepaids Applied	1,475
Cat License Fees Collected	873
Late Fees	<u>345</u>
	<u>7,690</u>
	21,589
Decreased by:	
Expenditures Under R.S.4:19-15.11	
Cash Disbursements	2,355
Statutory Excess Due Current Fund	<u>5,097</u>
	<u>7,452</u>
Balance, December 31, 2015	<u>\$ 14,137</u>

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

Balance, December 31, 2014	\$ 4,756
Increased by:	
Statutory Excess in Reserve for Animal Control Expenditures	\$ 5,097
Receipts from Current Fund	<u>345</u>
	<u>5,442</u>
	10,198
Decreased by:	
Payments to Current Fund	<u>5,101</u>
Balance, December 31, 2015	<u>\$ 5,097</u>

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

Balance, December 31, 2014	\$ 1,475
Increased by:	
Dog License Fees Collected for 2016	<u>1,046</u>
	2,521
Decreased by:	
Dog License Fees Revenue Realized 2015	<u>1,475</u>
Balance, December 31, 2015	<u>\$ 1,046</u>

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

Balance, December 31, 2014	\$ 2,030
Increased by:	
Unemployment Claims Charged to Reserve	<u>5,443</u>
	7,473
Decreased by:	
Cash Disbursements	<u>7,358</u>
Balance, December 31, 2015	<u>\$ 115</u>

EXHIBIT B-9

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

Balance, December 31, 2014	\$ 215,917
Increased by:	
Employee Contributions	\$ 6,053
Budget Appropriation	<u>50,000</u>
	<u>56,053</u>
	271,970
Decreased by:	
Unemployment Claims Due to State	<u>5,443</u>
Balance, December 31, 2015	<u>\$ 266,527</u>

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

Balance, December 31, 2014	\$ 5,024
Increased by:	
Interest on Investments	<u>318</u>
	5,342
Decreased by:	
Payments to Current Fund	<u>309</u>
Balance, December 31, 2015	<u>\$ 5,033</u>

Analysis of Balance

Due to Current Fund - Developers' Accutrak Trust Account-Interest	\$ 33
Due to Current Fund - Flex Spending Account	<u>5,000</u>
	<u>\$ 5,033</u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2014	\$ 1,095,760
Increased by:	
Developers' Deposits	\$ 1,210,352
Developers' Interest Earned	<u>518</u>
	<u>1,210,870</u>
	2,306,630
Decreased by:	
Cash Disbursements	<u>634,103</u>
Balance, December 31, 2015	<u>\$ 1,672,527</u>

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

Balance, December 31, 2014	\$ 45,189
Increased by:	
Deposits:	
Payroll Deductions	<u>2,689,379</u>
	2,734,568
Decreased by:	
Disbursements:	
Payroll Deductions	<u>2,687,723</u>
Balance, December 31, 2015	<u>\$ 46,845</u>

EXHIBIT B-13

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

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2015</u>
Engineering Fee Deposits	\$ 19,369	\$ 12,190	\$ 8,308	\$ 23,251
Planning Board Deposits	27,925			27,925
Affordable Housing Trust Fees	305,078	172,772	131,664	346,186
POAA Fees	427	1,396	640	1,183
Special Police Outside Duty Fees	51,278	342,116	318,984	74,410
Tax Title Lien Premiums	142,900		72,900	70,000
Celebration of Public Events Donations	3,681	1,342	3,706	1,317
Public Defender Fees	365	475	500	340
Performance Bond Deposits	27,362	7,180	5,180	29,362
Tax Title Liens - Outside Lienholder Deposits	-	142,963	142,963	-
DARE Program Donations	1,202			1,202
Uniform Fire Safety Act Penalty Monies	10,091	4,457		14,548
Fire Training/Equipment UFSA Penalty Monies	4,787	2,375	1,760	5,402
Historic Preservation Donations	1,596			1,596
Flex Spending Account Deposits	2,406	10,645	9,749	3,302
Vision Benefit Deposits	3,728	9,500	8,685	4,543
Miscellaneous Deposits		480	480	-
North/South Park-Improvement Donations	<u>12,903</u>	<u>3</u>	<u>-</u>	<u>12,906</u>
	<u>\$ 615,098</u>	<u>\$ 707,894</u>	<u>\$ 705,519</u>	<u>\$ 617,473</u>

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

Increased by:	
Net Payroll Deposits	\$ 3,310,186
Decreased by:	
Disbursements - Net Payroll	<u>\$ 3,310,186</u>

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

Increased by:	
2015 Levy	\$ 102,808
2015 Added Levy	<u>894</u>
	\$ 103,702
Decreased by:	
Receipts from Current Fund	<u>\$ 103,702</u>

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

Balance, December 31, 2014	\$ 473,622
Increased by:	
Due from Current Fund	
2015 Levy	\$ 102,808
2015 Added Levy	<u>894</u>
	<u>103,702</u>
	577,324
Decreased by:	
Cash Disbursements for Expenditures	<u>26,059</u>
Balance, December 31, 2015	<u>\$ 551,265</u>

GENERAL CAPITAL FUND

BOROUGH OF MONTVALE
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2014		\$	816,131
Increased by:			
Reserve for Improvement of Field	\$	15,450	
Receipts from Current Fund		<u>300,000</u>	
			<u>315,450</u>
			1,131,581
Decreased by Disbursements:			
Improvement Authorizations		2,705	
Reserve for Preliminary Expense		296,900	
Encumbrances Payable		<u>18,361</u>	
			<u>317,966</u>
Balance, December 31, 2015		\$	<u>813,615</u>

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

Fund Balance	\$ 22,765
Encumbrances Payable	204,072
Capital Improvement Fund	105,241
Reserve for Payment of Debt	5,059
Reserve for Preliminary Expenses	700
Reserve for Improvement of Field	63,895

Ord. No.	<u>Improvement Description</u>	
1348	Various Capital Improvements-2011	43,685
1370	Engineering County Roads	1,021
1386	Various Road Improvements	109,399
1389	Sanitary Sewer System	12,778
1405	Construction of Fire House	<u>245,000</u>
		<u>\$ 813,615</u>

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

Increased by:	
Budget Appropriation - Capital Improvement Fund	\$ 300,000
Decreased by:	
Cash Receipts	<u>\$ 300,000</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2014	\$ 8,155,000
Decreased by:	
2015 Budget Appropriations to Pay Bonds	<u>1,575,000</u>
Balance, December 31, 2015	<u>\$ 6,580,000</u>

BOROUGH OF MONTVALE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Analysis of Balance, December 31, 2015					
		Balance January 1, 2015	2015 Authorizations	Balance December 31, 2015	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
1405	Construction of New Fire House	\$ -	\$ 4,855,000	\$ 4,855,000	-	\$ -	4,855,000
		<u>\$ -</u>	<u>\$ 4,855,000</u>	<u>\$ 4,855,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,855,000</u>
Improvement Authorizations - Unfunded							<u>\$ 4,855,000</u>

**BOROUGH OF MONTVALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

		2015							
		Balance		Authorizations				Balance	
Ord.		Ord.	December 31, 2014	Deferred	Capital	Encumbrances		December 31, 2015	
No.	Improvement Description	Amount	Funded	Unfunded	Charges	Improvement	Cancelled	Expended	Funded
					Unfunded	Fund			Unfunded
General Improvements									
1153/1177/									
1348	Various Capital Improvements - 2011	\$ 2,100,000	\$ 36,381				\$ 7,304		\$ 43,685
1370	Engineering County Roads	150,000	1,021						1,021
1386	Various Road Improvements	385,451	112,104					\$ 2,705	109,399
1389	Sanitary Sewer System	65,000	12,778						12,778
1405	Construction of New Fire House	5,100,000	-	-	\$ 4,855,000	\$ 245,000	-	-	245,000
									\$ 4,855,000
			\$ 162,284	\$ -	\$ 4,855,000	\$ 245,000	\$ 7,304	\$ 2,705	\$ 411,883
									\$ 4,855,000

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014		\$ 226,637
Increased by:		
Charges to Reserve for Preliminary Expense		<u>3,100</u>
		229,737
Decreased by:		
Cancellations Restored to Improvement Authorizations	\$ 7,304	
Payments	<u>18,361</u>	
		<u>25,665</u>
Balance, December 31, 2015		<u>\$ 204,072</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2014		\$ 350,241
Increased by:		
Budget Appropriation Due from Current Fund		<u>300,000</u>
		650,241
Decreased by:		
Appropriation to Finance Improvement Authorizations	\$ 245,000	
Transferred to Reserve for Preliminary Expenses	<u>300,000</u>	
		<u>545,000</u>
Balance, December 31, 2015		<u>\$ 105,241</u>

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

Balance, December 31, 2014	\$ <u>5,059</u>
Balance, December 31, 2015	\$ <u>5,059</u>

STATEMENT OF RESERVE FOR IMPROVEMENT OF FIELD

Balance, December 31, 2014	\$ 48,445
Increased by:	
Cash Receipts	<u>15,450</u>
Balance, December 31, 2015	\$ <u>63,895</u>

STATEMENT OF RESERVE FOR PRELIMINARY EXPENSES

Balance, December 31, 2014	\$ 700
Increased by:	
Transfer from Capital Improvement Fund	<u>300,000</u>
	300,700
Decreased by:	
Encumbrances Payable	\$ 3,100
Cash Disbursements	<u>296,900</u>
	<u>300,000</u>
Balance, December 31, 2015	\$ <u>700</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, 2015</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	5/11/2010	\$ 3,775,000	8/15/2016	\$ 460,000					
			8/15/2017	465,000					
			8/15/2018	455,000					
			8/15/2019	450,000	2.00-4.375 %	\$ 2,290,000	\$ 460,000	\$ 1,830,000	
General Improvement	12/16/2011	3,695,000	12/15/2016	395,000					
			12/15/17-20	425,000					
			12/15/2021	430,000	2.00-2.50	2,895,000	370,000	2,525,000	
Refunding Bonds	7/26/2012	3,745,000	10/1/16-17	740,000	3.00				
			10/1/2018	745,000	4.00	<u>2,970,000</u>	<u>\$ -</u>	<u>745,000</u>	<u>2,225,000</u>
						<u>\$ 8,155,000</u>	<u>\$ -</u>	<u>\$ 1,575,000</u>	<u>\$ 6,580,000</u>
Paid by Budget Appropriation								<u>\$ 1,575,000</u>	

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

<u>Ord.</u> <u>No.</u>	<u>Purpose</u>	Balance January 1, <u>2015</u>	2015 <u>Authorizations</u>	Balance December 31, <u>2015</u>
1405	Construction of New Fire House	\$ -	\$ 4,855,000	\$ 4,855,000
		<u>\$ -</u>	<u>\$ 4,855,000</u>	<u>\$ 4,855,000</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, 2014	\$ 35	\$ 16,048	\$ 16,083
Increased by:			
Receipts	<u>-</u>	<u>9,200</u>	<u>9,200</u>
	35	25,248	25,283
Decreased by:			
Disbursements	<u>-</u>	<u>15,361</u>	<u>15,361</u>
Balance, December 31, 2015	<u>\$ 35</u>	<u>\$ 9,887</u>	<u>\$ 9,922</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Balance, December 31, 2014	\$ 35	\$ 16,048	\$ 16,083
Increased by:			
Revenues	<u>-</u>	<u>9,200</u>	<u>9,200</u>
	35	25,248	25,283
Decreased by:			
Expenditures	<u>-</u>	<u>15,361</u>	<u>15,361</u>
Balance, December 31, 2015	<u>\$ 35</u>	<u>\$ 9,887</u>	<u>\$ 9,922</u>

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

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
State Aid Payments	\$ -	\$ 9,200	9,200
Total Revenues/Receipts	<u>\$ -</u>	<u>\$ 9,200</u>	<u>\$ 9,200</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Current Year Assistance (Reported):			
Maintenance Payments		\$ 4,561	\$ 4,561
Temporary Rental Assistance	-	10,800	10,800
Total Expenditures/Disbursements	<u>\$ -</u>	<u>\$ 15,361</u>	<u>\$ 15,361</u>

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

PART II

**GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2015**



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
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 2, 2016. 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 financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

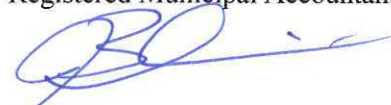
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Montvale in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
June 2, 2016

BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Federal Funding Department</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>2015 Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustments/ (Cancellations)</u>	<u>Balance, December 31, 2015</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Department of Housing and Urban Development (Passed Through County Dept. of Community Development)											
Community Development Block Grants											
Public Services - Senior Citizens	N/A	14.218	2015	\$ 4,000	\$ 4,000		\$ 4,000	\$ 4,000			\$ 4,000
U.S. Department of Homeland Security (Passed Through State Department of Law and Public Safety)											
FEMA Disaster Assistance Grant - Gabion Walls	4021-DR-NJ	97.036	2015	199,458	199,458	\$ -	199,458	-	\$ -	\$ 199,458	-
U.S. Department of Transportation (Passed Through State Department of Law and Public Safety)											
Occupancy Protection Grant	066-1160-100-157	20.616	2015	4,000	4,000		4,000	4,000			4,000
Impaired Driving Countermeasure	066-1160-100-157		2015	12,500	12,500	\$ -	\$ 12,500	\$ 12,500	\$ -	\$ -	12,500
						\$ -	\$ 219,958	\$ 20,500	\$ -	\$ 199,458	

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2015 Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Refunds/ (Cancellations)</u>	<u>Balance, December 31, 2015</u>	<u>(Memo) Cumulative Expenditures</u>
Clean Communities Grant	042-4900-765-004	2015	\$ 18,208	\$ 18,208		\$ 18,208			\$ 18,208	
Recycling Tonnage Grant	042-4900-752-001	2014	10,508			10,508	\$ 6,500		4,008	\$ 6,500
		2013	10,627		\$ 61		61		-	61
Municipal Drug and Alcohol Alliance Program(Passed Through County of Bergen)	N/A	2015	9,876	1,978		9,876	3,553		6,323	3,553
Body Armor Grant	066-1020-718-001	2015	2,352	2,352					-	-
		2014	2,356			2,356	2,275		81	2,275
									-	-
Alcohol Education and Rehabilitation Fund	098-9735-760-001	2015	1,966	1,966		1,238			1,238	-
		2014	236		236		200		36	200
		2013	580		521		64		457	64
Drunk Driving Enforcement Fund	1110-448-031020-22	2014	9,402			9,402	4,701		4,701	4,701
		2011	4,837		2,418				2,418	2,419
		2009	4,082		2,040				2,040	2,042
		2007	3,363		932		848		84	3,279
Dept. of Human Services General Assistance	054-7500-150-100-121/250	2015	9,200	9,200	16,048	9,200	15,361		9,887	15,361
Department of Transportation Municipal Aid										
Magnolia Ave	078-6320-480-ALC	2013	150,000	34,938	28,615			\$ (28,615)	-	121,385
Magnolia Ave	078-6320-480-ALC	2015	149,000			149,000	126,590		22,410	126,590
Terkuile		2015	149,000			149,000	149,000		-	149,000
Safe Route to School		2015	450,000		-	450,000	-	-	450,000	-
					<u>\$ 50,871</u>	<u>\$ 808,788</u>	<u>\$ 309,153</u>	<u>\$ (28,615)</u>	<u>\$ 521,891</u>	

Note - This schedule was 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, 2015**

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	\$ 219,958	\$ 799,588	\$ 1,019,546
Public Assistance Fund	<u>-</u>	<u>9,200</u>	<u>9,200</u>
	<u>\$ 219,958</u>	<u>\$ 808,788</u>	<u>\$ 1,028,746</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

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

Noncompliance material to the financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015**

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, 2015

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

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

	<u>Year 2015</u>			<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 4,750,000	8.61 %	\$	2,800,000	5.39 %
Miscellaneous - From Other Than Local					
Property Tax Levies	4,653,053	8.43		3,417,547	6.58
Collection of Delinquent Taxes					
Tax and Tax Title Liens	247,461	0.45		364,103	0.70
Collection of Current Tax Levy	44,605,293	80.86		44,616,258	85.85
Other Credits to Income	<u>909,660</u>	<u>1.65</u>		<u>768,838</u>	<u>1.48</u>
 Total Income	 <u>55,165,467</u>	 <u>100.01 %</u>		 <u>51,966,746</u>	 <u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	18,543,136	35.66 %		15,695,196	32.60 %
County Taxes	5,474,288	10.53		5,419,697	11.26
Local & Regional School Taxes	27,871,103	53.60		26,912,038	55.90
Municipal Open Space Taxes	103,702	0.20		102,903	0.21
Other Expenditures	<u>5,630</u>	<u>0.01</u>		<u>16,175</u>	<u>0.03</u>
 Total Expenditures	 <u>51,997,859</u>	 <u>100.00 %</u>		 <u>48,146,009</u>	 <u>100.00 %</u>
 Excess in Revenue	 3,167,608			 3,820,737	
Adjustments to Income before Surplus:					
Expenditures included above which are by					
Statute Deferred Charges to Budget of					
Succeeding Year	<u>50,000</u>			<u>-</u>	
 Statutory Excess to Fund Balance	 3,217,608			 3,820,737	
 Fund Balance, January 1	 <u>6,707,625</u>			 <u>5,686,888</u>	
	9,925,233			9,507,625	
Less: Utilization as Anticipated Revenue	<u>4,750,000</u>			<u>2,800,000</u>	
 Fund Balance, December 31	 <u>\$ 5,175,233</u>			 <u>\$ 6,707,625</u>	

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$ 2.201</u>	<u>\$ 2.181</u>	<u>\$ 2.097</u>
<u>Apportionment of Tax Rate</u>			
Municipal	0.540	0.534	0.517
Library	0.035	0.038	0.038
Municipal Open Space	0.005	0.005	0.005
County	0.262	0.261	0.244
County Open Space	0.003	0.003	0.003
Local School	0.747	0.750	0.729
Regional High School	0.609	0.590	0.561

Assessed Valuation

2015	<u>\$ 2,056,162,005</u>		
2014		<u>\$ 2,009,298,401</u>	
2013			<u>\$ 2,010,945,912</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>
2015	\$ 45,649,731	\$ 45,255,293	99.13%
2014	44,886,245	44,616,258	99.39%
2013	42,207,847	41,812,770	99.06%

**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>
2015	\$ 239,956	\$ 16,500	\$ 256,456	0.56%
2014	254,638	15,320	269,958	0.60%
2013	368,739	14,151	382,890	0.91%

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>
2015	\$29,400
2014	29,400
2013	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	2015	\$5,175,233	\$3,500,000
	2014	6,707,625	4,750,000
	2013	5,686,888	2,800,000
	2012	4,448,600	2,100,000
	2011	3,672,643	1,800,000

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

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

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

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

GENERAL COMMENTS

Current Year

Our audit revealed a National Cooperative purchasing contract was awarded for the purchase of a fire truck where the procedures required by State procurement guidelines for National Co-op contract purchases were not followed by the Borough. It is recommended that purchases made under National Cooperative contracts be made in accordance with 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 2015. If the municipality has a qualified purchasing agent ("QPA", the bid threshold can be increased to \$36,000 (thru 6/30/15) and \$40,000 (effective 7/1/15). The Borough has adopted a resolution increasing the threshold to \$36,000 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:

- 2015 Road Improvements
- 2015 Curb and Ramp Program
- Construction of Fire House
- Solid Waste and Recyclable Materials Collection & Disposal

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

BOROUGH OF MONTVALE
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

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

"BE IT RESOLVED, by the Mayor and Council of the Borough of Montvale, County of Bergen, State of New Jersey, that the rate of interest on delinquent taxes for the year 2015, shall be computed at the rate of eight (8%) percent per annum and,

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 23, 2014. There was no tax sale during 2015.

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>
2015	2
2014	2
2013	2

Suggestions to Management

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

APPRECIATION

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

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

RECOMMENDATIONS

It is recommended that purchases made under National Cooperative contracts be made in accordance with State procurement guidelines.

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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