

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2022

BOROUGH OF MONTVALE

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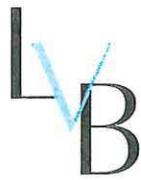
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BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2022



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022 and 2021, 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, 2022, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2022 and 2021, 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, 2022 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 section of our report, 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, 2022 and 2021, or changes in financial position for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Montvale and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2022 and 2021. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 20.6 percent and 25.3 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2022 and 2021, respectively.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Montvale on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Montvale's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Montvale's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Montvale's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Montvale. 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.

Other Information

Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2023 on our consideration of the Borough of Montvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Montvale's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Montvale's internal control over financial reporting and compliance.

LERCH, VINCI & BLISS, LLP

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


Jeffery C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 12, 2023

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	A-4	\$ 10,497,285	\$ 10,516,623
Cash - Change Fund	A-5	600	600
Grants Receivable	A-7	<u>498,153</u>	<u>405,523</u>
		<u>10,996,038</u>	<u>10,922,746</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	241,650	160,017
Tax Title Liens Receivable	A-10	52,035	41,572
Property Acquired for Taxes at Assessed Valuation	A-11	29,400	29,400
Revenue Accounts Receivable	A-12	17,302	60,280
Due from Animal Control Fund	B-6	3,002	1,022
Due from Other Trust Fund	B-9	<u>5,121</u>	<u>5,016</u>
		<u>348,510</u>	<u>297,307</u>
Deferred Charges			
Special Emergency Authorization	A-13		320,000
Emergency Authorizations	A-14	<u>200,000</u>	<u>-</u>
		<u>200,000</u>	<u>320,000</u>
Total Assets		<u>\$ 11,544,548</u>	<u>\$ 11,540,053</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-15	\$ 1,344,859	\$ 2,331,500
Encumbrances Payable	A-16	985,974	816,528
Accounts Payable	A-17	315,058	67,733
Due to Length of Service Award Program Fund	B	21,600	20,250
Fees Payable	A-25	8,671	23,483
Prepaid Taxes	A-18	416,152	441,782
Tax Overpayments	A-19		425,446
County Taxes Payable - Added and Omitted Taxes	A-23	155,159	51,472
Prepaid Revenues - Sewer Fees	A-26	31,449	25,110
Due to State of New Jersey Senior Citizens' and Veterans' Deductions	A-8	14,971	13,221
Reserve for Tax Appeals	A-27	840,190	763,402
Miscellaneous Reserves	A-28	364,026	365,766
Reserve for Grants:			
Unappropriated	A-29	70,005	449,505
Appropriated	A-30	<u>639,237</u>	<u>71,334</u>
		5,207,351	5,866,532
Reserve for Receivables	A	348,510	297,307
Fund Balance	A-1	<u>5,988,687</u>	<u>5,376,214</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,544,548</u>	<u>\$ 11,540,053</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, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 3,800,000	\$ 3,650,000
Miscellaneous Revenue Anticipated	A-2	4,359,512	4,658,726
Receipts from Delinquent Tax	A-2	474,553	199,097
Receipts from Current Taxes	A-2	52,601,342	51,317,709
Non-Budget Revenue	A-2	880,613	1,213,070
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	891,169	757,457
Miscellaneous Reserves Cancelled	A-1		20,326
Accounts Payable Cancelled	A-17	9,544	51,517
Appropriated Grant Reserves Cancelled	A-30	1,181	2,954
Statutory Excess in Animal Control Fund	B-6	3,002	1,022
Outstanding Checks Voided	A-4	519	260
Other Trust Fund Reserves Cancelled	B-9	1,240	
Prior Year Interfunds Returned	A	-	4,844
Total Income		<u>63,022,675</u>	<u>61,876,982</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,112,975	5,901,454
Other Expenses	A-3	9,580,116	9,206,355
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,845,474	1,358,767
Capital Improvements	A-3	605,410	1,401,309
Municipal Debt Service	A-3	1,609,513	1,599,645
County Taxes Payable	A-22	5,992,441	5,977,163
Due County for Added Taxes	A-23	155,159	51,472
Local District School Taxes Payable	A-20	17,923,258	17,690,538
Regional High School Taxes Payable	A-21	14,821,255	14,533,207
Municipal Open Space Taxes	A-24	107,627	104,872
Prior Year Senior Citizen Deduction Disallowed	A-1		250
Grant Receivables Cancelled	A-7	16,652	
Refund Prior Year Revenue	A-4	38,237	1,571
Interfunds Advanced	A	2,085	1,038
Total Expenditures		<u>58,810,202</u>	<u>57,827,641</u>
Excess in Revenue		4,212,473	4,049,341
Adjustments to Income Before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-14	<u>200,000</u>	<u>-</u>
Statutory Excess to Fund Balance		4,412,473	4,049,341
Fund Balance, January 1	A	<u>5,376,214</u>	<u>4,976,873</u>
		9,788,687	9,026,214
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>3,800,000</u>	<u>3,650,000</u>
Fund Balance, December 31	A	<u>\$ 5,988,687</u>	<u>\$ 5,376,214</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, 2022

	Reference	Budget	Added by NJSA 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 3,800,000	-	\$ 3,800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	17,000		17,590	\$ 590
Other	A-2	35,000		49,145	14,145
Fees and Permits	A-2	150,000		181,056	31,056
Fines and Costs - Municipal Court	A-12	90,000		123,341	33,341
Interest and Costs on Taxes	A-12	63,000		52,451	(10,549)
Interest on Investments and Deposits	A-12	300		20,997	20,697
Uniform Fire Safety Act Local Enforcement					
Fees	A-12	126,000		153,120	27,120
Uniform Construction Code Fees	A-12	700,000		437,607	(262,393)
Energy Receipts Tax	A-12	1,262,378		1,262,378	-
Municipal Court Shared Service	A-12	199,588		181,543	(18,045)
Uniform Fire Safety Act - LEA Rebate	A-12	15,000		20,348	5,348
Cable TV Franchise Fees	A-12	122,813		122,813	-
Sewer Agreement - Marriott Corporation	A-12	25,110		25,110	-
Pascack Valley - Special Police Shared Service	A-12	180,736		180,695	(41)
Hotel/Motel Tax	A-12	76,000		154,852	78,852
Reserve for Field Maintenance	A-12	50,000		50,000	-
Sloan Kettering Contribution - Municipal Services	A-12	72,000		72,000	-
Clothing Bin Fees - American Recycling	A-12	3,000		3,000	-
General Capital Fund Balance (Surplus)	A-12	50,000		50,000	-
Reserve for Payment of Debt	A-12	100,000		100,000	-
Public and Private Revenues Offset With					
Appropriations					
NJ DCA - Local Recreation Improvement Grant	A-7	40,000		40,000	-
Police Body-Worn Cameras	A-7	30,570		30,570	-
Municipal Alliance on Alcoholism and Drug Abuse	A-7	3,836		3,836	-
SLFRF - Allocation (ARP)	A-29	897,009		897,009	-
Police Donation - Estate of Barbara Ziccarelli	A-7		\$ 10,000	10,000	-
Gateway BMED Fund - Wellness Program Grant	A-7	5,000		5,000	-
Bergen County Open Space - Huff Park Playground	A-7	77,340		77,340	-
BCMJJF - Safety Incentive Program	A-29	1,000		1,000	-
Alcohol Education and Rehabilitation	A-7		1,106	1,106	-
Body Armor Grant - State Share	A-7	1,444		1,444	-
Clean Communities Grant	A-7		19,017	19,017	-
Recycling Tonnage Grant	A-7	-	15,144	15,144	-
Total Miscellaneous Revenues	A-1	4,394,124	45,267	4,359,512	(79,879)
Receipts from Delinquent Taxes	A-1,A-2	150,000	-	474,553	324,553
Sub-Total General Revenues		8,344,124	45,267	8,634,065	244,674
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-9	12,180,766		14,618,269	2,437,503
Minimum Library Tax	A-9	819,145	-	819,145	-
Total Amount to be Raised by Taxes	A-2	12,999,911	-	15,437,414	2,437,503
Total General Revenues	A-3	\$ 21,344,035	\$ 45,267	24,071,479	\$ 2,682,177
Non-Budget Revenue	A-1,A-2			880,613	
				\$ 24,952,092	

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, 2022

Reference

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections		
Revenue from Current Taxes	A-9	\$ 52,801,342
Transferred to Reserve for Tax Appeals	A-27	<u>200,000</u>
Revenue Realized	A-1	52,601,342
Allocated to School, County and Municipal		
Open Space Taxes	A-20,A-21,A-22,A-23,A-24	<u>38,999,740</u>
Balance for Support of Municipal Budget Appropriation		13,601,602
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,835,812</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 15,437,414</u>
Licenses - Other		
Board of Health	A-12	<u>\$ 49,145</u>
	A-2	<u>\$ 49,145</u>
Fees and Permits		
Borough Clerk	A-12	\$ 100
Registrar of Vital Statistics	A-12	501
Planning Board	A-12	38,905
Police	A-12	620
Tax Collector	A-12	251
Recreation	A-12	6,367
Construction Code Official - Zoning	A-12	<u>134,312</u>
	A-2	<u>\$ 181,056</u>

Reference

ANALYSIS OF NON-BUDGET REVENUE

Excess Sewer Fees		\$ 273,497
Police Outside Duty Vehicle Fee		120,568
Police Outside Duty Administration Fee		101,713
FEMA Reimbursements		70,192
Traffic Control Reimbursements - PY		82,438
Sewer Fees - Interlocal Agreements		72,312
Insurance Dividends		70,335
Cell Tower Lease Payments		48,746
Miscellaneous		13,877
Sewer Connection Fees		10,489
Montvale Commons PILOT		8,446
Police Testing Fees		<u>8,000</u>
	A-2	<u>\$ 880,613</u>
Cash Receipts		
Revenue Accounts Receivable	A-4	\$ 607,116
	A-12	<u>273,497</u>
	A-2	<u>\$ 880,613</u>

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Administrative and Executive					
Salaries and Wages	\$ 252,000	\$ 252,000	\$ 247,425	\$ 4,575	
Other Expenses	171,373	171,373	129,846	41,527	
Mayor and Council					
Salaries and Wages	55,950	55,950	53,840	2,110	
Other Expenses	20,700	20,700	19,380	1,320	
Borough Clerk					
Salaries and Wages	159,350	159,350	158,894	456	
Other Expenses	19,150	19,150	5,384	13,766	
Elections					
Salaries and Wages	2,500	2,500	951	1,549	
Other Expenses	10,300	10,300	9,910	390	
Financial Administration					
Salaries and Wages	223,325	223,325	214,261	9,064	
Other Expenses	40,250	40,250	17,279	22,971	
Audit Services					
Other Expenses	46,000	46,000	45,100	900	
Assessment of Taxes					
Salaries and Wages	39,600	39,600	39,568	32	
Other Expenses	32,700	32,700	25,785	6,915	
Collection of Taxes					
Salaries and Wages	70,400	70,400	70,373	27	
Other Expenses	29,850	29,850	24,339	5,511	
Legal Services and Costs					
Other Expenses	300,000	275,000	188,343	86,657	
Engineering Services and Costs					
Other Expenses	150,000	150,000	135,215	14,785	
Cable TV Committee					
Salaries and Wages	7,500	7,500	5,021	2,479	
Other Expenses	62,500	62,500	62,141	359	
Historic Preservation Commission					
Other Expenses	600	600	527	73	
Historian					
Other Expenses	50	50		50	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	101,250	102,250	100,592	1,658	
Other Expenses	138,600	137,600	81,568	56,032	

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<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" (Continued)					
GENERAL GOVERNMENT FUNCTIONS (Continued)					
Zoning Official					
Salaries and Wages	\$ 7,375	\$ 7,375	\$ 7,354	\$ 21	
Master Plan					
Other Expenses	150,000	150,000	127,750	22,250	
Code Enforcement and Administration					
Property Maintenance					
Salaries and Wages	21,650	21,650	21,630	20	
Insurance					
Life Insurance	3,420	3,420	3,420	-	
General Liability	261,974	261,974	251,672	10,302	
Workers Compensation	167,306	167,306	164,395	2,911	
Employee Group Health	815,582	815,582	765,055	50,527	
Employee Group Health - Waiver	57,750	57,750	42,132	15,618	
PUBLIC SAFETY FUNCTIONS					
Fire					
Other Expenses	181,250	181,250	169,668	11,582	
Fire Hydrant Service	200,000	190,000	184,835	5,165	
Police					
Salaries and Wages	3,215,991	3,240,991	3,160,209	80,782	
Salaries and Wages - SLFRF Allocation	897,009	897,009	897,009	-	
Other Expenses	252,100	252,100	235,869	16,231	
Purchase of Police Vehicles	25,000	25,000	22,560	2,440	
Police Dispatch					
Other Expenses	55,000	55,000	30,776	24,224	
First Aid Organization					
Other Expenses	35,000	35,000	29,381	5,619	
Emergency Management					
Salaries and Wages	5,700	5,700	5,685	15	
Other Expenses	22,100	22,100	833	21,267	
Uniform Fire Safety Act					
Salaries and Wages	123,025	123,025	122,777	248	
Other Expenses	10,400	10,400	6,739	3,661	
Prosecutor					
Other Expenses	17,000	17,000	15,950	1,050	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC WORKS FUNCTIONS					
Road Repair and Maintenance					
Other Expenses	\$ 70,000	\$ 67,500	\$ 23,630	\$ 43,870	
Sewer System					
Other Expenses	75,000	75,000	73,385	1,615	
Snow Removal					
Other Expenses	50,000	25,000	25,000	-	
Garbage and Trash Removal					
Other Expenses	825,000	825,000	808,646	16,354	
Recycling					
Other Expenses	5,000	5,000		5,000	
Public Buildings and Grounds					
Salaries and Wages	21,025	21,025	21,012	13	
Other Expenses	208,325	208,325	184,150	24,175	
Maintenance of All Vehicles					
Other Expenses	50,000	50,000	29,390	20,610	
Municipal Services Act					
Other Expenses	19,000	19,000	17,830	1,170	
Stormwater Management					
Other Expenses	50,000	25,000		25,000	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	11,000	11,000	8,915	2,085	
Other Expenses	89,250	89,250	68,133	21,117	
Environmental Commission					
Salaries and Wages	5,000	5,000	3,979	1,021	
Other Expenses	13,500	13,500	10,759	2,741	
Animal Regulation					
Other Expenses	12,500	12,500	12,500	-	
Administration of Public Assistance					
Salaries and Wages	7,550	7,550	3,000	4,550	
Other Expenses	450	450	440	10	

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PARK AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	\$ 6,000	\$ 6,000	\$ 990	\$ 5,010	
Recreation Services and Programs					
Salaries and Wages	80,325	87,325	83,972	3,353	
Other Expenses	31,500	31,500	23,035	8,465	
Senior Citizen Van					
Salaries and Wages	17,500	17,500	11,572	5,928	
Senior Citizens					
Other Expenses	33,500	33,500	22,779	10,721	
Celebration of Public Events					
Other Expenses	35,000	35,000	30,772	4,228	
OTHER COMMON OPERATING FUNCTIONS					
PEOSHA Compliance					
Other Expenses	2,000	2,000		2,000	
Salary Adjustment Account					
Other Expenses	10,000			-	
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	143,050	143,050	134,777	8,273	
Other Expenses	15,256	15,256	9,600	5,656	
Public Defender					
Other Expenses	5,500	5,500	5,500	-	
STATE UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	193,325	196,325	194,237	2,088	
Other Expenses	45,700	43,700	26,298	17,402	
Building Subcode Official					
Salaries and Wages	43,100	43,100	43,075	25	
Plumbing Subcode Official					
Salaries and Wages	29,800	29,800	29,790	10	
Fire Subcode Official					
Salaries and Wages	17,250	17,250	17,238	12	
Electrical Subcode Official					
Salaries and Wages	46,275	48,275	46,745	1,530	
Elevator Subcode Official					
Other Expenses	36,000	36,000	36,000	-	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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)					
UNCLASSIFIED					
Utilities					
Gasoline	\$ 60,000	\$ 72,500	\$ 59,797	\$ 12,703	
Electricity	151,680	189,680	174,959	14,721	
Telephone	44,910	44,910	34,164	10,746	
Natural Gas	49,120	49,120	35,045	14,075	
Water	30,000	30,000		30,000	
Street Lighting	127,500	139,500	124,569	14,931	-
Prior Year Bills:					
Air Systems Inc. - 2020	7,242	7,242	7,242		
Enclave at Montvale - 2019	2,636	2,636		2,636	
Enclave at Montvale - 2020	2,636	2,636	2,636	-	-
Total Operations Within "CAPS"	11,237,985	11,237,985	10,347,002	890,983	-
Contingent	1,000	1,000	816	184	-
Total Operations including Contingent - Within "CAPS"	11,238,985	11,238,985	10,347,818	891,167	-
Detail:					
Salaries and Wages	5,807,825	5,835,825	5,703,901	131,924	-
Other Expenses	5,431,160	5,403,160	4,643,917	759,243	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Social Security System (O.A.S.I.)	214,777	214,777	207,259	7,518	
Defined Contribution Retirement Plan (DCRP)	11,252	11,252	7,111	4,141	
Public Employees Retirement System	219,402	219,402	219,402	-	
Police and Fireman's Retirement System	1,080,043	1,080,043	1,080,043	-	-
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	1,525,474	1,525,474	1,513,815	11,659	-
Total General Appropriations for Municipal Purposes Within "CAPS"	12,764,459	12,764,459	11,861,633	902,826	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library					
Chap. 82, 541 P.L. 85 - Minimum	819,145	819,145	764,685	54,460	
Chap. 82, 541 P.L. 85 - Addition	1,662	1,662	1,662	-	
Sewerage Processing and Disposal (Sanitation Chap. 74, P.L. 87)					
Contractual	975,000	975,000	923,846	51,154	
Length of Service Award Program (LOSAP)	55,000	55,000	21,600	33,400	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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					
Police Dispatch/911					
Other Expenses	\$ 206,540	\$ 206,540	\$ 206,540	-	
Municipal Court Administration					
Salaries & Wages	117,150	117,150	110,272	\$ 6,878	
Other Expenses	63,938	63,938	60,778	3,160	
Prosecutor					
Other Expenses	14,000	14,000	13,050	950	
Public Defender					
Other Expenses	4,500	4,500	4,500	-	
Pascack Valley Regional School District					
Special Police					
Salaries and Wages	160,000	160,000	159,964	36	
Other Expenses	20,736	20,736	20,736	-	
Pascack Valley Department of Public Works					
Department of Public Works					
Other Expenses	1,958,929	1,958,929	1,958,923	6	-
Total Other Operations Excluded from "CAPS"	4,396,600	4,396,600	4,246,556	150,044	-
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant		15,144		15,144	
Bergen County Municipal JIF Safety Incentive Program	1,000	1,000	990	10	
Clean Communities Grant		19,017		19,017	
Municipal Alliance Program					
County Share	3,836	3,836		3,836	
Local Share	959	959		959	
Alcohol Education and Rehab. Grant		1,106		1,106	
Gateway BMED Fund - Wellness Program	5,000	5,000	2,660	2,340	
Body Armor Grant - State Share	1,444	1,444	1,444	-	
Police Donation - Zicarelli Estate	-	10,000	-	10,000	-
Total Public and Private Programs Offset					
by Revenues	12,239	57,506	5,094	52,412	-
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Total Operations Excluded from "CAPS"	4,408,839	4,454,106	4,251,650	202,456	-
Detail:					
Salaries and Wages	277,150	277,150	270,236	6,914	
Other Expenses	4,131,689	4,176,956	3,981,414	195,542	-

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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>
CAPITAL IMPROVEMENTS EXCLUDED					
FROM "CAPS"					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000	-	
Down Payment on Improvement		200,000	200,000	-	
Open Space - Huff Park Playground	77,340	77,340		\$ 77,340	
NJDCA - Local Recreation Improvement Grant	40,000	40,000		40,000	
Body-Worn Police Cameras	30,570	30,570	30,570	-	
Various Equipment - Police	7,500	7,500	7,500	-	
Purchase of Speed Limit Signs	15,000	15,000	11,105	3,895	
Purchase of Furniture and Equipment	15,000	15,000	1,623	13,377	
Demolition of Municipal Owned Properties	50,000	50,000		50,000	
Various Improvements - Recreation	50,000	50,000		50,000	
Various Improvements - UCC Office	20,000	20,000	15,035	4,965	-
Total Capital Improvements Excluded from "CAPS"	405,410	605,410	365,833	239,577	-
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,265,000	1,265,000	1,265,000	-	
Interest on Bonds	344,515	344,515	344,513	-	\$ 2
Total Municipal Debt Service Excluded from "CAPS"	1,609,515	1,609,515	1,609,513	-	2
DEFERRED CHARGES - MUNICIPAL -					
EXCLUDED FROM "CAPS"					
Special Emergency Authorization	320,000	320,000	320,000	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	320,000	320,000	320,000	-	-
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	6,743,764	6,989,031	6,546,996	442,033	2
Subtotal General Appropriations	19,508,223	19,753,490	18,408,629	1,344,859	2
Reserve for Uncollected Taxes	1,835,812	1,835,812	1,835,812	-	-
Total General Appropriations	\$ 21,344,035	\$ 21,589,302	\$ 20,244,441	\$ 1,344,859	\$ 2
	<u>Reference</u>	A-2	A-3	A-1	A,A-1
Budget as Adopted	A-3		\$ 21,344,035		
Appropriation by 40A:4-87	A-2		45,267		
Emergency Appropriation	A-13		200,000		
			<u>\$ 21,589,302</u>		
Cash Disbursed	A-4		\$ 16,636,870		
Encumbrances Payable	A-16		975,159		
Due to LOSAP Trust Fund	B		21,600		
Due to General Capital Fund	C-4		455,000		
Deferred Charges - Special Emergency Authorizatio	A-13		320,000		
Reserve for Uncollected Taxes	A-2		<u>1,835,812</u>		
			<u>\$ 20,244,441</u>		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 13,293	\$ 12,329
OTHER TRUST FUND			
Cash	B-3	2,282,511	2,558,728
UNEMPLOYMENT INSURANCE FUND			
Cash	B-3	300,319	291,909
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	272,288	167,201
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	724,590	1,003,344
Due from Current Fund	A	21,600	20,250
		746,190	1,023,594
Total Assets		\$ 3,614,601	\$ 4,053,761

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-6	\$ 3,002	\$ 1,022
Reserve for Animal Control Expenditures	B-5	<u>10,291</u>	<u>11,307</u>
		<u>13,293</u>	<u>12,329</u>
OTHER TRUST FUND			
Due to Current Fund	B-9	5,121	5,016
Escrow Deposits	B-10	1,000,037	1,086,284
Payroll Deductions Payable	B-11	65,540	58,086
Miscellaneous Reserves and Deposits	B-12	<u>1,211,813</u>	<u>1,409,342</u>
		<u>2,282,511</u>	<u>2,558,728</u>
UNEMPLOYMENT INSURANCE FUND			
Due to State of NJ - Claims Payable	B-7		2,201
Reserve for Unemployment Compensation Insurance	B-8	<u>300,319</u>	<u>289,708</u>
		<u>300,319</u>	<u>291,909</u>
OPEN SPACE PRESERVATION TRUST FUND			
Encumbrances Payable	B-16	20,485	9,353
Reserve for Open Space Preservation	B-15	<u>251,803</u>	<u>157,848</u>
		<u>272,288</u>	<u>167,201</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Contributions	B	<u>746,190</u>	<u>1,023,594</u>
Total Liabilities and Reserves		<u>\$ 3,614,601</u>	<u>\$ 4,053,761</u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

			<u>Anticipated</u>		
			Budget After		
	<u>Reference</u>	<u>Budget</u>	<u>Modifications</u>	<u>Realized</u>	<u>Excess or</u>
		<u>(Memo)</u>	<u>(Memo)</u>		<u>(Deficit)</u>
Amount to be Raised by Taxation	B-14	\$ 104,925	\$ 104,925	\$ 107,627	\$ 2,702
	B-2	\$ 104,925	\$ 104,925	\$ 107,627	\$ 2,702
Non-Budget Revenue					
Donations				24,000	
Prior Year Reimbursements				1,200	
	B-3			25,200	
				\$ 132,827	

STATEMENT OF EXPENDITURES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

		<u>Appropriated</u>		<u>Expended</u>	
		Budget After		Paid or	
		Modification		Charged	<u>Reserved</u>
	<u>Reference</u>	<u>(Memo)</u>	<u>(Memo)</u>		
Maintenance of Land for Recreation and Conservation					
Other Expenses			\$ 38,872	\$ 38,872	
Reserve for Future Use		\$ 104,925	66,053	-	\$ 66,053
		\$ 104,925	\$ 104,925	\$ 38,872	\$ 66,053
	<u>Reference</u>	B-1	B-1	B-15	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	C-2,C-3	\$ 3,431,462	\$ 3,501,193
Grants Receivable	C-7		55,000
Deferred Charges to Future Taxation			
Funded	C-5	11,970,000	13,235,000
Unfunded	C-6	<u>6,045,264</u>	<u>58,814</u>
 Total Assets		 <u>\$ 21,446,726</u>	 <u>\$ 16,850,007</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-14	\$ 11,970,000	\$ 13,235,000
Bond Anticipation Notes	C-15	4,750,000	
Encumbrances Payable	C-9	2,011,587	428,179
Improvement Authorizations			
Funded	C-8	1,347,128	2,684,155
Unfunded	C-8	464,998	58,814
Capital Improvement Fund	C-10	44,791	48,341
Reserve for Payment of Debt	C-12	672,082	100,785
Reserve for Improvement of Fields	C-13	164,227	167,820
Reserve for Grants Receivable	C-7		55,000
Fund Balance	C-1	<u>21,913</u>	<u>71,913</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 21,446,726</u>	 <u>\$ 16,850,007</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$1,295,264 and \$58,814, respectively. (Exhibit C-16)

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 71,913	\$ 119,554
Increased by:			
Premium on Serial Bonds Issued	C-1	_____ -	_____ 2,359
		71,913	121,913
Decreased by:			
Due Current Fund as Anticipated Revenue	C-4	_____ 50,000	_____ 50,000
Balance, December 31	C	<u>\$ 21,913</u>	<u>\$ 71,913</u>

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	D-1	<u>\$ 4,824</u>	<u>\$ 4,593</u>
Total Assets		<u>\$ 4,824</u>	<u>\$ 4,593</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	<u>\$ 4,824</u>	<u>\$ 4,593</u>
Total Liabilities and Reserves		<u>\$ 4,824</u>	<u>\$ 4,593</u>

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Land and Land Improvements	\$ 20,669,578	\$ 20,246,565
Buildings and Building Improvements	17,121,558	17,121,558
Machinery and Equipment	<u>9,941,379</u>	<u>9,661,791</u>
	<u>\$ 47,732,515</u>	<u>\$ 47,029,914</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 47,732,515</u>	<u>\$ 47,029,914</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2021 balances to conform to the December 31, 2022 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, 2022 AND 2021**

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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements its share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

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 2022 and 2021 the Borough Council increased the original budget by \$245,267 and \$1,139,080, respectively. The increases in 2022 were funded by an emergency authorization for down payment on improvements and additional aid allotted to the Borough. The increases in 2021 were funded by additional aid allotted to and donations received by the Borough. In addition, the governing body approved several budget transfers during 2022 and 2021.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2022 and 2021, the book value of the Borough's deposits were \$16,802,582 and \$17,053,176 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,145,785 and \$17,085,024, 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>2022</u>	<u>2021</u>
Insured	\$ 15,923,341	\$ 15,777,350
Uninsured and Collateralized	<u>1,222,444</u>	<u>1,307,674</u>
	<u>\$ 17,145,785</u>	<u>\$ 17,085,024</u>

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, 2022 and 2021 the Borough's bank balances of \$1,222,444 and \$1,307,674 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 1,222,444</u>	<u>\$ 1,307,674</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2022 and 2021, the Borough had the following investments:

	Fair Value (LOSAP)	
	<u>2022</u>	<u>2021</u>
Investment:		
Lincoln Financial Group LOSAP		
Investment Fund (Unaudited)	\$ <u>724,590</u>	\$ <u>1,003,344</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2022 and 2021, \$724,590 and \$1,003,344 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department		
but not in the Borough's name (Unaudited)	\$ <u>724,590</u>	\$ <u>1,003,344</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2022 and 2021, the Borough's investment in Lincoln Financial Group a subsidiary of Lincoln National Life Insurance Company was rated A1 by Moody's Investor Service.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough's investment in a single issuer. 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.

Fair Value of Investments. The Borough of Montvale measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2022 and 2021 are categorized as Level 2.

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, 2022 and 2021 consisted of the following:

<u>Current</u>	<u>2022</u>	<u>2021</u>
Property Taxes	\$ 241,650	\$ 160,017
Tax Title Liens	<u>52,035</u>	<u>41,572</u>
	<u>\$ 293,685</u>	<u>\$ 201,589</u>

In 2022 and 2021, the Borough collected \$158,503 and \$199,097 from delinquent taxes, which represented 79% and 86%, respectively of the prior year delinquent taxes receivable balance. In addition, the Borough collected \$316,050 from 2021 taxes rebilled in 2022.

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>2022</u>		<u>2021</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	\$ 8,123	\$ 21,600	\$ 6,038	\$ 20,250
Trust Funds				
Animal Control		3,002		1,022
Other Trust		5,121		5,016
LOSAP Fund	<u>21,600</u>	<u>-</u>	<u>20,250</u>	<u>-</u>
Total	<u>\$ 29,723</u>	<u>\$ 29,723</u>	<u>\$ 26,288</u>	<u>\$ 26,288</u>

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

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2022</u>			
Emergency Authorization	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
<u>2021</u>			
Special Emergency Authorization	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ -</u>

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:

	<u>2022</u>		<u>2021</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 5,290,534	\$ 4,160,000	\$ 4,650,691	\$ 3,800,000
Non-Cash Surplus	<u>698,153</u>	<u>-</u>	<u>725,523</u>	<u>-</u>
	<u>\$ 5,988,687</u>	<u>\$ 4,160,000</u>	<u>\$ 5,376,214</u>	<u>\$ 3,800,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021.

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land and Land Improvements	\$ 20,246,565	\$ 423,013		\$ 20,669,578
Buildings and Building Improvements	17,121,558			17,121,558
Machinery and Equipment	9,661,791	279,588	-	9,941,379
	<u>\$ 47,029,914</u>	<u>\$ 702,601</u>	<u>\$ -</u>	<u>\$ 47,732,515</u>
	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Land and Land Improvements	\$ 19,231,603	\$ 1,014,962		\$ 20,246,565
Buildings and Building Improvements	16,737,717	383,841		17,121,558
Machinery and Equipment	9,388,104	273,687	-	9,661,791
	<u>\$ 45,357,424</u>	<u>\$ 1,672,490</u>	<u>\$ -</u>	<u>\$ 47,029,914</u>

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2022</u>	<u>2021</u>
Issued		
General		
Bonds and Notes	\$ 16,720,000	\$ 13,235,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>672,082</u>	<u>100,785</u>
Net Debt Issued	16,047,918	13,134,215
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,295,264</u>	<u>58,814</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,343,182</u>	<u>\$ 13,193,029</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .711% and .552% at December 31, 2022 and 2021, respectively.

<u>2022</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 18,015,264	\$ 672,082	\$ 17,343,182
School Debt	<u>33,043,090</u>	<u>33,043,090</u>	<u>-</u>
Total	<u>\$ 51,058,354</u>	<u>\$ 33,715,172</u>	<u>\$ 17,343,182</u>
 <u>2021</u>	 <u>Gross Debt</u>	 <u>Deductions</u>	 <u>Net Debt</u>
General Debt	\$ 13,293,814	\$ 100,785	\$ 13,193,029
School Debt	<u>33,691,595</u>	<u>33,691,595</u>	<u>-</u>
Total	<u>\$ 46,985,409</u>	<u>\$ 33,792,380</u>	<u>\$ 13,193,029</u>

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>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 85,417,882	\$ 83,590,489
Net Debt	<u>17,343,182</u>	<u>13,193,029</u>
Remaining Borrowing Power	<u>\$ 68,074,700</u>	<u>\$ 70,397,460</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

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>2022</u>	<u>2021</u>
\$9,305,000, 2018 Bonds, due in annual installments of \$760,000 to \$905,000 through August, 2030, interest at 3.00% to 5.00%	\$ 6,170,000	\$ 7,075,000
\$6,160,000, 2021 Bonds, due in annual installments of \$360,000 to \$720,000 through August, 2031, interest at 0.05% to 2.00%	<u>5,800,000</u>	<u>6,160,000</u>
	<u>\$ 11,970,000</u>	<u>\$ 13,235,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2022 is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>General Interest</u>	<u>Total</u>
2023	\$ 1,290,000	\$ 318,240	\$ 1,608,240
2024	1,310,000	295,175	1,605,175
2025	1,345,000	256,900	1,601,900
2026	1,395,000	207,050	1,602,050
2027	1,440,000	163,750	1,603,750
2028-2031	<u>5,190,000</u>	<u>284,100</u>	<u>5,474,100</u>
	<u>\$ 11,970,000</u>	<u>\$ 1,525,215</u>	<u>\$ 13,495,215</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
General Capital Fund					
Bonds Payable	<u>\$ 13,235,000</u>	<u>-</u>	<u>\$ 1,265,000</u>	<u>\$ 11,970,000</u>	<u>\$ 1,290,000</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2020</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund					
Bonds Payable	\$ 8,350,000	\$ 6,160,000	\$ 1,275,000	\$ 13,235,000	\$ 1,265,000

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2021</u>	<u>Renewals/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2022</u>
<u>2022</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	3.52%	7/14/2023		\$ 369,050		\$ 369,050
Acquisition of Property	3.52%	7/14/2023	-	4,380,950	-	4,380,950
			\$ -	\$ 4,750,000	\$ -	\$ 4,750,000
			Balance, December 31, <u>2020</u>	<u>Renewals/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2021</u>
<u>2021</u>						
<u>General Capital Fund</u>						
Various Capital Improvements			\$ 2,325,000		\$ 2,325,000	
Various Capital Improvements			2,175,000	-	2,175,000	-
			\$ 4,500,000	\$ -	\$ 4,500,000	\$ -

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

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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>2022</u>		
Various Road Improvements	\$ 219,660	2023
LaTrenta Field Parking Lot Improvements	359,576	2023
Acquisition of Firetruck	1,152,192	2023
Restoration of Huff Pond	48,363	2023
<u>2021</u>		
Various Road Improvements	\$ 113,313	2022
Municipal Complex HVAC Upgrades	170,112	2022
Acquisition of 4 Wheel Drive SUVs	86,643	2022
Restoration of Huff Pond	54,249	2022

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, certain employees are allowed to accumulate (with certain restrictions) unused sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave and compensation 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 \$759,740 and \$687,945 at December 31, 2022 and 2021, respectively. These amounts which 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, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences/Terminal Leave	\$ 687,945	\$ 71,795		\$ 759,740	
Net Pension Liability - PERS (1)	2,935,364		\$ -	2,935,364	
Net Pension Liability - PFRS (1)	6,773,436	-	-	6,773,436	-
Other Long-Term Liabilities	<u>\$ 10,396,745</u>	<u>\$ 71,795</u>	<u>\$ -</u>	<u>\$ 10,468,540</u>	<u>\$ -</u>
	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences/Terminal Leave	\$ 878,772		\$ 190,827	\$ 687,945	
Net Pension Liability - PERS	4,002,977		1,067,613	2,935,364	
Net Pension Liability - PFRS	10,776,397	-	4,002,961	6,773,436	-
Other Long-Term Liabilities	<u>\$ 15,658,146</u>	<u>\$ -</u>	<u>\$ 5,261,401</u>	<u>\$ 10,396,745</u>	<u>\$ -</u>

(1) GASB Statement Number 68 Pension financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2022 and 2021 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2022, 2021 and 2020 were equal to the required contributions.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2022, 2021, and 2020, 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>
2022	\$ 1,080,043	\$ 290,183	\$ 7,111
2021	931,722	268,532	5,474
2020	910,443	230,651	3,748

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

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$0 and \$651, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$2,935,364, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .02478 percent, which was an increase of .00023 percent from its proportionate share measured as of June 30, 2020 of .02455 percent.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the pension system has determined the Borough's pension benefit to be \$333,476, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$268,532. At December 31, 2021, 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:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 46,294	\$ 21,014
Changes of Assumptions	15,287	1,045,009
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		773,252
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>183,384</u>	<u>79,338</u>
Total	<u>\$ 244,965</u>	<u>\$ 1,918,613</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension benefit as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (670,518)
2023	(469,415)
2024	(296,232)
2025	(238,805)
2026	1,322
Thereafter	<u>-</u>
	<u>\$ (1,673,648)</u>

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00%
	Based on Years of Service
Thereafter	3.00%-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,997,371</u>	\$ <u>2,935,364</u>	\$ <u>2,034,101</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. 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, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2021, the Borough reported a liability of \$6,773,436, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .09267 percent, which was an increase of .00927 percent from its proportionate share measured as of June 30, 2020 of .08340 percent.

For the year ended December 31, 2021, the pension system has determined the Borough pension benefit to be \$535,004, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$931,722. At December 31, 2021, 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:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 77,277	\$ 811,388
Changes of Assumptions	36,042	2,029,968
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		2,886,382
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	1,729,971	708,242
Total	\$ 1,843,290	\$ 6,435,980

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (1,437,276)
2023	(1,125,761)
2024	(1,042,006)
2025	(1,046,279)
2026	50,111
Thereafter	<u>8,521</u>
	<u>\$ (4,592,690)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 and 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 10,285,251</u>	<u>\$ 6,773,436</u>	<u>\$ 3,850,230</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

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

At December 31, 2021, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,905,028. For the year ended December 31, 2021, 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 \$212,165, which is more than the actual contribution the State made on behalf of the Borough of \$165,488. At December 31, 2021 (measurement date June 30, 2021) the State's share of the PFRS net pension liability attributable to the Borough was .09267 percent, which was an increase of .00927 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .08340 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	64,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total	<u>96,867</u>
Contributing Employers	585
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2022 was not available and for 2021 is \$18.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.28% at June 30, 2021.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2020 which was rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$325.1 million and the State of New Jersey, as the non-employer contributing entity, contributed \$37.8 million for fiscal year 2021.

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

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

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

At December 31, 2021, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$9,030,210. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$1,232,206. At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the Borough was .23386 percent, which was an increase of .07333 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .16053 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2021</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%

*Salary increases are based on years of service within the respective pension plan.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Mortality Rates

Pre-retirement and healthy post-retirement mortality rates were based on the Pub-2010 Healthy "Safety" for PFRS and Healthy "General" for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled "Safety" for PFRS and Disabled "General" for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years PPO and HMO trend rates differ for each retirement plan. PPO trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

OPEB Plan Fiduciary Net Position

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

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 insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 14 RISK MANAGEMENT (Continued)

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to 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>
2022	None	\$ 8,659	\$ 249	\$ 300,319
2021	None	8,445	1,931	289,708
2020	None	7,502	4,929	283,194

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, 2022 and 2021. 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, 2022 and 2021, the Borough reserved \$840,190 and \$763,402, 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, 2022 and 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

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

The Borough of Montvale has contributed \$1,350 for both 2022 and 2021, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough contributed a total of \$21,600 and \$20,250 for 2022 and 2021, respectively into the Plan.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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 years ended December 31, 2022 and 2021 were \$11,367 and \$10,798, respectively.

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

NOTE 18 LEASES RECEIVABLE

On November 3, 2009 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for five (5) additional 5-year terms unless the leasee notifies the Borough it's intention not to renew the lease within sixty (60) days of expiration. The Borough will receive annual payments of \$9,925 to \$4,996. The Borough recognized \$9,541 and \$4,740 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$44 and \$28, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$34,302 and \$43,799, respectively, for the lease term ending June 30, 2026

On March 26, 2010 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years with the option to renew for four (4) additional 5 year terms. The Borough will receive annual payments of \$35,864 to \$24,383. The Borough recognized \$33,805 and \$32,821 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$473 and \$592, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$94,406 and \$127,739, respectively, for the lease term ending June 30, 2025.

On June 29, 2015 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for four (4) additional 5 year terms unless the leasee notifies the Borough of its intention not to renew within sixty (60) days of expiration. The Borough will receive annual payments of \$5,400 to \$2,700. The Borough recognized \$5,400 and \$5,400 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$60 and \$77, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$13,422 and \$18,762, respectively, for the lease term ending June 30, 2025.

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 18 LEASES RECEIVABLE (Continued)

The future lease revenue principal and interest payments as of December 31, 2022 were as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 49,459	\$ 427	\$ 49,886
2024	50,785	272	51,057
2025	36,895	113	37,008
2026	4,991	5	4,996
Total	<u>\$ 142,130</u>	<u>\$ 817</u>	<u>\$ 142,947</u>

NOTE 19 HURRICANE IDA

On September 1, 2021, Hurricane Ida made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2022. As of December 31, 2022, the Borough has received \$82,968 in FEMA reimbursements relating to Hurricane Ida which have been reflected in the financial statements.

NOTE 20 TAX ABATEMENTS

For the years ended December 31, 2022 and 2021, the Borough provided property tax abatements through certain programs authorized under State statutes. This program includes the New Jersey Housing and Mortgage Financing Act (NJHMFA).

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2022 and 2021 the Borough abated property taxes totaling \$79,710 and \$75,706, respectively, under the NJHMFA program. The Borough received \$8,446 and \$10,384 in PILOT payments under this program for both years ended December 31, 2022 and 2021, respectively.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 21 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Montvale's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Montvale's primary revenue source for supporting its budget. The Borough of Montvale cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 21 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$897,009 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$897,009 of the funds in the 2022 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 22 SUBSEQUENT EVENTS

Debt Authorized

On April 25, 2023, the Borough adopted a bond ordinance appropriating \$2,848,000 and authorizing the issuance of \$2,735,500 in bonds or bond anticipation notes to fund various capital improvements. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On May 30, 2023, the Borough adopted a bond ordinance appropriating \$5,150,000 and authorizing the issuance of \$4,900,000 in bonds or bond anticipation notes to fund the purchase of property. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF MONTVALE
STATEMENT OF CASH - COLLECTOR - TREASURER

Balance, December 31, 2021		\$ 10,516,623
Increased by:		
Taxes Receivable	\$ 52,485,063	
Non-Budget Revenue	607,116	
Prepaid Revenues	31,449	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	34,750	
Revenue Accounts Receivable	3,305,381	
Grants Receivable	92,211	
Receipts for Other Trust Fund	25,000	
Receipts from Other Trust Fund	2,187	
Receipts from Animal Control Fund	1,022	
Fees Payable	33,918	
Tax Overpayments	198,949	
Prepaid Taxes	416,152	
Miscellaneous Reserves	60	
Reserve for Grants - Unappropriated	518,509	
Outstanding Checks Voided	519	
Petty Cash	800	
	<hr/>	<hr/>
		57,753,086
		68,269,709
Decreased by Disbursements:		
2022 Budget Appropriations	16,636,870	
2021 Appropriation Reserves	921,497	
County Taxes Payable	5,992,441	
Due to County for Added and Omitted Taxes	51,472	
Local School District Tax Payable	17,923,258	
Regional High School Taxes Payable	14,821,255	
Reserve for Tax Appeals	123,212	
Payments to General Capital Fund	255,000	
Payments to Other Trust Fund	25,000	
Payments to Open Space Preservation Trust Fund	107,627	
Payments to LOSAP Fund	20,250	
Accounts Payable	2,715	
Encumbrances Payable	463,022	
Petty Cash	800	
Reserve for Grants - Appropriated	30,893	
Tax Overpayments Refunded	308,345	
Fees Payable	48,730	
Miscellaneous Reserves	1,800	
Refund Prior Year Revenue	38,237	
	<hr/>	<hr/>
		57,772,424
Balance, December 31, 2022		<u>\$ 10,497,285</u>

**BOROUGH OF MONTVALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2021</u>	Balance, December 31, <u>2022</u>
Tax Collector/Borough Clerk	\$ 100	\$ 100
Dog/Cat License Registrar	50	50
Municipal Court	400	400
Police Department	<u>50</u>	<u>50</u>
	<u>\$ 600</u>	<u>\$ 600</u>

EXHIBIT A-6

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, 2021	Revenue Realized	Received	Cancelled	Balance, December 31, 2022
NJ Department of Transportation -					
Various Street Improvements - 2019	\$ 51,750			\$ 16,652	\$ 35,098
Various Street Improvements - 2021	210,000				210,000
Municipal Alliance Program	1,964	\$ 3,836		1,964	3,836
ANJEC	500		\$ 500		-
NJ DCA - Local Recreation Grant		40,000			40,000
Body-Worn Cameras		30,570			30,570
BMED - Wellness Program Grant		5,000			5,000
Bergen County Open Space - Huff Pond Improvements		77,340			77,340
Bergen County Open Space - LaTrenta Field Improvements	96,309				96,309
Bergen County Open Space - Bocce Ball Courts	45,000	-	45,000	-	-
Police Donation - Zicarelli Estate	-	10,000	10,000	-	-
Alcohol Education & Rehabilitation	-	1,106	1,106	-	-
Body Armor Grant - State	-	1,444	1,444	-	-
Clean Communities Program	-	19,017	19,017	-	-
Recycling Tonnage Grant	-	15,144	15,144	-	-
	<u>\$ 405,523</u>	<u>\$ 203,457</u>	<u>\$ 92,211</u>	<u>\$ 18,616</u>	<u>\$ 498,153</u>

Reserve for Grants-Appropriated	\$ 1,964
Charged to Operations	<u>16,652</u>
	<u>\$ 18,616</u>

EXHIBIT A-8

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

Balance, December 31, 2021	\$ 13,221
Increased by:	
Payment from State of New Jersey	\$ 34,750
Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2022	<u>1,750</u>
	<u>36,500</u>
	49,721
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	1,500
Veterans' Deductions Per Tax Billings	32,750
Veterans'/Senior Citizen's Deductions Allowed by Tax Collector - 2022	<u>500</u>
	<u>34,750</u>
Balance, December 31, 2022	<u>\$ 14,971</u>

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

<u>Year</u>	<u>Balance, December 31, 2021</u>	<u>2022 Levy</u>	<u>2021 Taxes Rebilled</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Cash Collections</u>	<u>Over- Payments Applied</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, December 31, 2022</u>
2018	\$ 114									\$ 114
2019	456									456
2020	469									469
2021	158,978	\$ -	\$ 316,050	-	-	\$ 158,503	\$ 316,050	-	-	475
	160,017	-	316,050	-	-	158,503	316,050	-	-	1,514
2022	-	53,210,332	-	\$ 1,750	\$ 441,782	52,326,560	-	\$ 34,750	\$ 158,391	240,136
	<u>\$ 160,017</u>	<u>\$ 53,210,332</u>	<u>\$ 316,050</u>	<u>\$ 1,750</u>	<u>\$ 441,782</u>	<u>\$ 52,485,063</u>	<u>\$ 316,050</u>	<u>\$ 34,750</u>	<u>\$ 158,391</u>	<u>\$ 241,650</u>

Analysis of 2022 Property Tax Levy

ANALYSIS OF 2022 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 51,853,945
Added and Omitted Taxes (54:4-63.1 et. seq.)	<u>1,356,387</u>
	<u>\$ 53,210,332</u>

TAX LEVY

Local District School Tax	\$ 17,923,258
Regional High School Tax	14,821,255
County Taxes:	
County Taxes	\$ 5,754,710
County Open Space	237,731
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>155,159</u>
	6,147,600
Municipal Open Space Tax	104,925
Municipal Open Space Added Taxes	<u>2,702</u>
	107,627
Local Tax for Municipal Purposes	12,180,766
Minimum Library Tax	819,145
Additional Tax Levied	<u>1,210,681</u>
	<u>14,210,592</u>
	<u>\$ 53,210,332</u>

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

Balance, December 31, 2021	\$ 41,572
Increased by:	
Transfers from Taxes Receivable	<u>10,463</u>
Balance, December 31, 2022	<u><u>\$ 52,035</u></u>

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

Balance, December 31, 2021	<u>\$ 29,400</u>
Balance, December 31, 2022	<u><u>\$ 29,400</u></u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2021</u>	Accrued in <u>2022</u>	Collected	Balance, December 31, <u>2022</u>
Borough Clerk				
Licenses - Alcoholic Beverages		\$ 17,590	\$ 17,590	
Fees and Permits - Parking Permits		100	100	
Board of Health				
Licenses		49,145	49,145	
Register of Vital Statistics				
Fees and Permits		501	501	
Construction Code Official				
Uniform Construction Code Fees		437,607	437,607	
Fees and Permits - Other		134,312	134,312	
Police				
Fees and Permits		620	620	
Tax Collector				
Fees and Permits - Tax Search Fees		251	251	
Planning Board				
Fees and Permits		38,905	38,905	
Recreation				
Fees and Permits		6,367	6,367	
Municipal Court				
Fines and Costs	\$ 2,094	130,893	123,341	\$ 9,646
Interest and Costs on Taxes	2,408	55,629	52,451	5,586
Interest on Investments and Deposits		20,997	20,997	
Municipal Court Shared Service	43,634	137,909	181,543	
Pascack Valley Regional School District				
Special Police Shared Service		180,695	180,695	
Energy Receipts Tax		1,262,378	1,262,378	
Cable TV Franchise Fees		122,813	122,813	
Sewer Agreement - Marriott Corporation		25,110	25,110	
Hotel/Motel Tax		154,852	154,852	
Uniform Fire Safety Act:				
Local Enforcement Fees		153,120	153,120	
LEA Rebate		20,348	20,348	
Sloan Kettering Contribution - Municipal Services		72,000	72,000	
Clothing Bin Fees - American Recycling		3,000	3,000	
Reserve for Field Maintenance		50,000	50,000	
General Capital Fund Balance (Surplus)		50,000	50,000	
Reserve for Retirement of Debt		100,000	100,000	
Excess Sewer User Fees (MRNA)	12,144	263,423	273,497	2,070
	<u>\$ 60,280</u>	<u>\$ 3,488,565</u>	<u>\$ 3,531,543</u>	<u>\$ 17,302</u>
Cash Received			\$ 3,305,381	
Prepaid Revenues Applied			25,110	
Due from Other Trust Fund			1,052	
Due from General Capital Fund			200,000	
			<u>\$ 3,531,543</u>	

BOROUGH OF MONTVALE
STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY AUTHORIZATION (40A:4-53)

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2021</u>	<u>Added in</u> <u>2022</u>	<u>Raised in</u> <u>2022</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>
12/29/2020	COVID-19 Revenue Loss	\$ 320,000	\$ 64,000	\$ 320,000	\$ -	\$ 320,000	\$ -
				<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ 320,000</u>	<u>\$ -</u>

STATEMENT OF DEFERRED CHARGES

	<u>Balance</u> <u>December 31,</u> <u>2021</u>	<u>Added in</u> <u>2022</u>	<u>Raised in</u> <u>2022</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>
Emergency Authorization (40A:4-47)	\$ -	\$ 200,000	\$ -	\$ 200,000
	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

**BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2021	Balance After Modification	Paid or Charged	Transfer to Appropriated Grants	Balance Lapsed
SALARIES AND WAGES					
Administrative and Executive	\$ 1,185	\$ 1,185			\$ 1,185
Mayor and Council	3,308	2,308			2,308
Borough Clerk	766	766			766
Elections	742	742			742
Financial Administration	31	31			31
Assessment of Taxes	10	10			10
Collection of Taxes	27	27			27
Cable TV Committee	2,972	2,972			2,972
Planning Board	1,736	1,736			1,736
Zoning Official	10	10			10
Code Enforcement and Administration Property Maint.	440	440			440
Police	68,983	68,983	\$ 51,987		16,996
Emergency Management	7	7			7
Uniform Fire Safety Act	218	218			218
Public Buildings and Grounds	200	200			200
Public Health Services	1,103	1,103			1,103
Environmental Commission	643	643			643
Public Assistance	362	362			362
Recreation Services and Programs	2,201	2,201			2,201
Senior Citizen Van	6,210	6,210			6,210
Municipal Court	17,818	17,818			17,818
Municipal Court - Interlocal	14,706	14,706			14,706
Special Police - Shared Services	20	20			20
Drunk Driving Enforcement Grant	2,134	2,134	2,134		-
Construction Code Official	12,971	12,971			12,971
Building Subcode Official	30	30			30
Plumbing Subcode Official	3	3			3
Fire Subcode Official	4	4			4
Electrical Subcode Official	5	5	-	-	5
	<u>138,845</u>	<u>137,845</u>	<u>54,121</u>	<u>-</u>	<u>83,724</u>
OTHER EXPENSES					
Administrative and Executive	\$ 23,124	\$ 28,124	\$ 11,387		\$ 16,737
Mayor and Council	-	1,127			1,127
Borough Clerk	5,765	5,765	1,098		4,667
Elections	2,240	2,240			2,240
Financial Administration	8,963	8,963	4,311		4,652
Audit Services	750	750			750
Assessment of Taxes	8,744	8,744	110		8,634
Collection of Taxes	6,447	6,447	2,047		4,400
Legal Services and Costs	51,136	102,684			102,684
Engineering Services & Costs	23,400	23,400	14,152		9,248
Cable TV Commission	585	585			585
Historic Preservation Commission	124	124			124
Historian	50	50			50
Planning Board	31,107	34,319			34,319
Fire	9,122	12,757			12,757
Fire Hydrant Service	6,406	6,406			6,406
Police	6,202	6,202	2,216		3,986
Purchase of Police Vehicles	5,332	5,332			5,332
Police Dispatch	31,316	31,316	20,098		11,218
Police Dispatch/911	10	10			10
First Aid Organization	12,284	12,284	7,206		5,078
Emergency Management	11,692	11,692			11,692
Uniform Fire Safety Act	5,970	6,006			6,006
Municipal Prosecutor	1,650	1,650			1,650
Road Repair and Maintenance	35,000	35,000			35,000
Sewer System	10,585	22,383			22,383

**BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, <u>2021</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Transfer to Appropriated <u>Grants</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)					
Garbage and Trash Removal	\$ 15,000	\$ 15,000	\$ 6,000		\$ 9,000
Recycling	4,224	4,224			4,224
Public Buildings and Grounds	18,386	33,386	15,495		17,891
Maintenance of All Vehicles	25,202	25,202	47		25,155
Municipal Services Act	1,519	2,866			2,866
Stormwater Management	50,000	50,000			50,000
Public Health Services	11,981	10,981	38		10,943
Environmental Commission		1,000			1,000
Administration of Public Assistance	132	132			132
Animal Regulation	2,000	2,000	840		1,160
Parks and Playgrounds	5,472	5,472			5,472
Recreation Services and Programs	5,956	5,956			5,956
Senior Citizens Van	4,843	4,843			4,843
Celebration of Public Events	4,505	4,505			4,505
PEOSHA Compliance	2,000	2,000			2,000
Utilities:					
Gasoline	10,709	10,709	8,862		1,847
Electricity	27,398	27,398	13,655		13,743
Telephone	11,598	11,598	1,178		10,420
Natural Gas	20,349	20,349	9,355		10,994
Street Lighting	13,135	13,135	10,973		2,162
Contingent	1,000	1,000			1,000
Social Security System	17,386	17,386			17,386
Defined Contribution Retirement Plan	5,340	5,340			5,340
Construction Code	19,672	19,672	627		19,045
Elevator Sub-Code	7,529	7,529			7,529
Maintenance of Free Public Library	33,708	33,708	33,708		-
Sewerage Processing and Disposal	144,310	144,310			144,310
Insurance					
Life Insurance	545	629			629
General Liability	9,021	9,021			9,021
Workers Compensation	2,499	2,499			2,499
Employee Group Health	55,024	55,024	345		54,679
Employee Group Health - Waiver	14,717	14,717			14,717
Length of Service Award Program	34,750	34,750	10,798		23,952
Municipal Court	6,553	6,553	723		5,830
Municipal Court - Interlocal	3,907	3,907	603		3,304
Municipal Prosecutor - Shared Services	1,350	1,350			1,350
Department of Public Works - Shared Services	23	24			24
Municipal Alliance					-
County Share	3,126	3,126		\$ 3,126	-
Local Share	782	782			782
Clean Communities	18,120	18,120		18,120	-
Body Armor Grant - State Share	1,973	1,973	1,973		-
Bullet Proof Vest	2,780	2,780		2,780	-
Alcohol Education	834	834		834	-
Recycling Tonnage	15,584	15,584		15,584	-
Bergen County Municipal JIF Safety Incentive Program	1,248	1,248	1,248		-
Drunk Driving Enforcement Grant	2,133	4,267		4,267	-
Donation - Police (Wegmans)	19	19		19	-
Open Space - LaTrenta Improvements	96,309	96,309		96,309	-
Donation - Roads (Montvale Develop. Assoc.)	950,000	950,000	516,218	433,782	-
NJDOT - Improvements to Various Streets	210,000	210,000	172,065	37,935	-
	<u>2,192,655</u>	<u>2,287,577</u>	<u>867,376</u>	<u>612,756</u>	<u>807,445</u>
	<u>\$ 2,331,500</u>	<u>\$ 2,425,422</u>	<u>\$ 921,497</u>	<u>\$ 612,756</u>	<u>\$ 891,169</u>
Balance December 31, 2021		\$ 2,331,500			
Cancelled Encumbrances		93,922			
Cash Disbursements			\$ 921,497		
Transfer to Appropriated Grant Reserves		-	-	\$ 612,756	
		<u>\$ 2,425,422</u>	<u>\$ 921,497</u>	<u>\$ 612,756</u>	

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2021		\$ 816,528
Increased by:		
Charges to 2022 Budget Appropriations	\$ 975,159	
Charges to Reserve for Grants - Appropriated	<u>10,815</u>	
		<u>985,974</u>
		1,802,502
Decreased by:		
Cash Payments	463,022	
Cancellation Restored to Appropriation Reserves	93,922	
Transferred to Accounts Payable	<u>259,584</u>	
		<u>816,528</u>
Balance, December 31, 2022		<u><u>\$ 985,974</u></u>

EXHIBIT A-17

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2021		\$ 67,733
Increased by:		
Transferred from Encumbrances Payable		<u>259,584</u>
		327,317
Decreased by:		
Cash Payments	\$ 2,715	
Cancelled to Operations	<u>9,544</u>	
		<u>12,259</u>
Balance, December 31, 2022		<u><u>\$ 315,058</u></u>

EXHIBIT A-18

STATEMENT OF PREPAID TAXES

Balance, December 31, 2021		\$ 441,782
Increased by:		
2023 Prepaid Taxes Received		<u>416,152</u>
		857,934
Decreased by:		
Application to 2022 Taxes Receivable		<u>441,782</u>
Balance, December 31, 2022		<u><u>\$ 416,152</u></u>

**BOROUGH OF MONTVALE
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2021		\$ 425,446
Increased by:		
Overpayments in 2022		<u>198,949</u>
		624,395
Decreased by:		
Cash Disbursements	\$ 308,345	
Applied to Taxes Receivable	<u>316,050</u>	
		<u>624,395</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
2022 Levy		\$ 17,923,258
Decreased by:		
Payments		<u>\$ 17,923,258</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:		
2022 Levy		\$ 14,821,255
Decreased by:		
Payments		<u>\$ 14,821,255</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2022 Levy:		
General County Tax	\$ 5,754,710	
County Open Space Tax	<u>237,731</u>	
		\$ 5,992,441
Decreased by:		
Payments		<u>\$ 5,992,441</u>

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

Balance, December 31, 2021	\$ 51,472
Increased by:	
2022 Added Tax Levy	<u>155,159</u>
	206,631
Decreased by:	
Payments	<u>51,472</u>
Balance, December 31, 2022	<u>\$ 155,159</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAXES

Increased by:	
2022 Levy	\$ 104,925
2022 Added Levy	<u>2,702</u>
	\$ 107,627
Decreased by:	
Due to Open Space Preservation Trust Fund	<u>\$ 107,627</u>

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2021</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2022</u>
Marriage Licenses	\$ 175	\$ 175	\$ 350	
BOCA Fees	<u>23,308</u>	<u>33,743</u>	<u>48,380</u>	<u>\$ 8,671</u>
	<u>\$ 23,483</u>	<u>\$ 33,918</u>	<u>\$ 48,730</u>	<u>\$ 8,671</u>

**BOROUGH OF MONTVALE
STATEMENT OF PREPAID REVENUE**

	Balance, December 31, <u>2021</u>	<u>Receipts</u>	Applied to Current Year <u>Revenue</u>	Balance, December 31, <u>2022</u>
Sewer Fees - Marriott	\$ 25,110	\$ 31,449	\$ 25,110	\$ 31,449
	<u>\$ 25,110</u>	<u>\$ 31,449</u>	<u>\$ 25,110</u>	<u>\$ 31,449</u>

EXHIBIT A-27

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2021	\$ 763,402
Increased by:	
Transfer from Current Year Tax Collections	<u>200,000</u>
	963,402
Decreased by:	
Tax Appeal Refunds	<u>123,212</u>
Balance, December 31, 2022	<u>\$ 840,190</u>

EXHIBIT A-28

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2021</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2022</u>
Arbitrage Rebate	\$ 60,000			\$ 60,000
Lead Hazard Fees		\$ 60		60
Sale of Property - Affordable Housing (CDBG)	300,000			300,000
Security Deposit	<u>5,766</u>	<u>-</u>	<u>\$ 1,800</u>	<u>3,966</u>
	<u>\$ 365,766</u>	<u>\$ 60</u>	<u>\$ 1,800</u>	<u>\$ 364,026</u>

BOROUGH OF MONTVALE
STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2021</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2022</u>
BC PMD Mini Grant		\$ 400		\$ 400
Body Armor Grant - State		2,004		2,004
Bergen County Municipal JIF - Safety Incentive	\$ 1,000	1,750	\$ 1,000	1,750
Municipal Relief Fund		65,851		65,851
American Rescue Plan (ARP)	<u>448,505</u>	<u>448,504</u>	<u>897,009</u>	<u>-</u>
	<u>\$ 449,505</u>	<u>\$ 518,509</u>	<u>\$ 898,009</u>	<u>\$ 70,005</u>

EXHIBIT A-30

STATEMENT OF RESERVES FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2021</u>	Transfer from Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2022</u>
Drunk Driving Enforcement Fund	\$ 7,827	\$ 4,267			\$ 12,094
Alcohol Education and Rehab. Fund	5,679	834	\$ 908		5,605
Clean Communities Grant	18,003	18,120	9,577		26,546
Donation Police - KPMG	10,000		10,000		-
Donation Police - Wegmans	7,680	19	7,680	\$ 19	-
Donation - Park, Pond, & Trail Improvements					-
Bullet Proof Vest	2,400	2,780	2,400		2,780
NJDOT - Various Street Improvements		37,935			37,935
Donation - Various Street Improvements		433,782			433,782
Open Space - LaTrenta		96,309			96,309
Recycling Tonnage Grant	18,602	15,584	10,000		24,186
Body Armor Grant - State	1,143	-	1,143	-	-
Municipal Alliance Program	<u>-</u>	<u>3,126</u>	<u>-</u>	<u>3,126</u>	<u>-</u>
	<u>\$ 71,334</u>	<u>\$ 612,756</u>	<u>\$ 41,708</u>	<u>\$ 3,145</u>	<u>\$ 639,237</u>
Cash Disbursed			\$ 30,893		
Encumbrances Payable			10,815		
Grants Receivable				\$ 1,964	
Credited to Operations			<u>-</u>	<u>1,181</u>	
			<u>\$ 41,708</u>	<u>\$ 3,145</u>	

TRUST FUNDS

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

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Unemployment Insurance <u>Fund</u>	Open Space Preservation Trust <u>Fund</u>
Balance, December 31, 2021	\$ 12,329	\$ 2,558,728	\$ 291,909	\$ 167,201
Increased by Receipts:				
State Dog License Fees	\$ 512			
Borough Dog License Fees	4,343			
Borough Cat License Fees	550			
Late Fees	81			
Interest Earned on Deposits		\$ 1,915		
Escrow Deposits		456,270		
Miscellaneous Reserves and Deposits		2,460,644		
Payroll Deductions Payable		2,493,254		
Net Payroll Deposits		4,789,967		
Receipts from Current Fund		25,000		\$ 107,627
Other Contributions and Reimbursements				25,200
Employee Contributions-Unemployment	-	-	\$ 8,659	-
	<u>5,486</u>	<u>10,227,050</u>	<u>8,659</u>	<u>132,827</u>
	17,815	12,785,778	300,568	300,028
Decreased by Disbursements:				
Animal Control Expenditures Under R.S. 4:19-15.11	2,988			
Payments to State for Dog License Fees	512			
Payments to State for Unemployment Claims			249	
Payments to Current Fund	1,022	2,187		
Escrow Deposits		543,380		
Miscellaneous Reserves and Deposits		2,681,933		
Reserve for Open Space Preservation				18,387
Encumbrances Payable				9,353
Payroll Deductions Payable		2,485,800		
Net Payroll	-	4,789,967	-	-
	<u>4,522</u>	<u>10,503,267</u>	<u>249</u>	<u>27,740</u>
Balance, December 31, 2022	<u>\$ 13,293</u>	<u>\$ 2,282,511</u>	<u>\$ 300,319</u>	<u>\$ 272,288</u>

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

Increased by:		
State Fees Collected	\$	512
Decreased by:		
Payments	\$	<u>512</u>

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2021	\$	11,307	
Increased by:			
Dog License Fees Collected	\$	4,343	
Cat License Fees Collected		550	
Late Fees		<u>81</u>	
			<u>4,974</u>
			16,281
Decreased by:			
Expenditures Under R.S.4:19-15.11			
Cash Disbursements		2,988	
Statutory Excess Due to Current Fund		<u>3,002</u>	
			<u>5,990</u>
Balance, December 31, 2022	\$	<u>10,291</u>	

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

Balance, December 31, 2021	\$ 1,022
Increased by:	
Statutory Excess in Reserve for Animal Control Expenditures	<u>3,002</u>
	4,024
Decreased by:	
Payments to Current Fund	<u>1,022</u>
Balance, December 31, 2022	<u>\$ 3,002</u>

EXHIBIT B-7

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

Balance, December 31, 2021	\$ 2,201
Increased by:	
Unemployment Claims Charged to Reserve	<u>249</u>
	2,450
Decreased by:	
Cash Disbursements	\$ 249
Cancellation Restored to Reserve	<u>2,201</u>
	<u>\$ 2,450</u>

EXHIBIT B-8

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

Balance, December 31, 2021	\$ 289,708
Increased by:	
Employee Contributions	\$ 8,659
Due to State Cancelled	<u>2,201</u>
	<u>10,860</u>
	300,568
Decreased by:	
Unemployment Claims Due to State	<u>249</u>
Balance, December 31, 2022	<u>\$ 300,319</u>

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

Balance, December 31, 2021		\$ 5,016
Increased by:		
Receipts from Current Fund	\$ 25,000	
Miscellaneous Reserve and Deposits Cancelled	1,240	
Interest on Deposits	<u>1,052</u>	
		<u>27,292</u>
		32,308
Decreased by:		
Payments to Current Fund	2,187	
Receipts Deposited in Current Fund - Miscellaneous Reserves and Deposits	<u>25,000</u>	
		<u>27,187</u>
Balance, December 31, 2022		<u>\$ 5,121</u>

Analysis of Balance

Due to Current Fund - Developers' Accutrak Trust Account-Interest	\$ 121
Due to Current Fund - Flex Spending Account	<u>5,000</u>
	<u>\$ 5,121</u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2021		\$ 1,086,284
Increased by:		
Developers' Deposits	\$ 456,270	
Developers' Interest Earned	<u>863</u>	
		<u>457,133</u>
		1,543,417
Decreased by:		
Cash Disbursements		<u>543,380</u>
Balance, December 31, 2022		<u>\$ 1,000,037</u>

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

Balance, December 31, 2021	\$ 58,086
Increased by:	
Deposits:	
Payroll Deductions	<u>2,493,254</u>
	2,551,340
Decreased by:	
Disbursements:	
Payroll Deductions	<u>2,485,800</u>
Balance, December 31, 2022	<u>\$ 65,540</u>

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

	Balance, December 31, <u>2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cancelled</u>	Balance, December 31, <u>2022</u>
Engineering Fee Deposits	\$ 31,857	\$ 20,580	\$ 16,168		\$ 36,269
Planning Board Deposits	20,944				20,944
Affordable Housing Trust Fees	810,417	133,805	438,833		505,389
POAA Fees	813	142	185		770
Special Police Outside Duty Fees	68,021	2,068,950	2,040,581		96,390
Tax Sale Premiums	30,500				30,500
Celebration of Public Events Donations	83				83
Public Defender Fees	2,042	801			2,843
Performance Bond Deposits	45,889	15,043	2,490		58,442
DARE Program Donations	1,202				1,202
Uniform Fire Safety Act Penalty Monies	50,429	12,260	10,445		52,244
Fire Training/Equipment UFSA Penalty Monies	3,864	1,000			4,864
Historic Preservation Donations	1,621				1,621
Flex Spending Account Deposits	2,728	1,200	1,259		2,669
Vision Benefit Deposits	5,443	5,000	6,452		3,991
Retirement Dinner Deposits	1,240			\$ 1,240	-
Recreation Fees	53,581	163,431	124,604		92,408
Self Insurance - Employee Health Ins. Deductibles	50,000				50,000
North/South Park-Improvement Donations	12,867				12,867
Miscellaneous Deposits	542	1			543
Storm Recovery Reserves	207,018	59,181	40,916		225,283
Community Policing Program Donations	8,241	4,250	-	-	12,491
	<u>\$ 1,409,342</u>	<u>\$ 2,485,644</u>	<u>\$ 2,681,933</u>	<u>\$ 1,240</u>	<u>\$ 1,211,813</u>
Cash Receipts		\$ 2,460,644			
Due from Current Fund		25,000			
Due to Current Fund				\$ 1,240	
Cash Disbursed		-	\$ 2,681,933	-	
		<u>\$ 2,485,644</u>	<u>\$ 2,681,933</u>	<u>\$ 1,240</u>	

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

Increased by:	
Net Payroll Deposits	\$ 4,789,967
Decreased by:	
Disbursements - Net Payroll	<u>\$ 4,789,967</u>

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

Increased by:	
2022 Levy	\$ 104,925
2022 Added Levy	<u>2,702</u>
	\$ 107,627
Decreased by:	
Receipts from Current Fund	<u>\$ 107,627</u>

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

Balance, December 31, 2021	\$ 157,848
Increased by:	
Cash from Contributions and Reimbursements	\$ 25,200
Due from Current Fund	
2022 Levy	104,925
2022 Added Levy	<u>2,702</u>
	<u>132,827</u>
	290,675
Decreased by:	
Cash Disbursements for Expenditures	18,387
Encumbrances Payable	<u>20,485</u>
	<u>38,872</u>
Balance, December 31, 2022	<u>\$ 251,803</u>

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

Balance, December 31, 2021	\$ 9,353
Increased by:	
Charges to Reserve for Open Space Preservation	<u>20,485</u>
	29,838
Decreased by:	
Cash Disbursements	<u>9,353</u>
Balance, December 31, 2022	<u><u>\$ 20,485</u></u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2021		\$ 3,501,193
Increased by:		
Grant Receivable	\$ 55,000	
Receipts from Current Fund	255,000	
Reserve for Improvement of Fields	46,407	
Bond Anticipation Notes Issued	<u>4,750,000</u>	
		<u>5,106,407</u>
		8,607,600
Decreased by Disbursements:		
Payments Made for Current Fund	155,000	
Improvement Authorizations	4,648,586	
Encumbrances Payable	<u>372,552</u>	
		<u>5,176,138</u>
Balance, December 31, 2022		<u>\$ 3,431,462</u>

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

Fund Balance	\$ 21,913
Encumbrances Payable	2,011,587
Capital Improvement Fund	44,791
Reserve for Payment of Debt	672,082
Reserve for Improvement of Fields	164,227

Ord.

No.Improvement Description

1425	Various Capital Improvements - 2017	20,663
1447	Various Capital Improvements - 2018	384,114
1470	Various Capital Improvements - 2019	343,222
1482	Various Capital Improvements - 2020	(28,063)
1497	Various Capital Improvements - 2021	599,129
1519	Various Capital Improvements - 2022	(876,865)
1524	Acquisition of 127 Summit Avenue	<u>74,662</u>
		<u>\$ 3,431,462</u>

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

Increased by:

Payments Made for Current Fund	\$ 155,000	
Budget Appropriation - Capital Improvement Fund	100,000	
Budget Appropriation - Down Payment on Improvement	<u>200,000</u>	
		\$ 455,000

Decreased by:

Anticipated Revenue - Capital Surplus	50,000	
Anticipated Revenue - Reserve for Field Maintenance	50,000	
Anticipated Revenue - Reserve for Retirement of Debt	100,000	
Cash Received from Current Fund	<u>255,000</u>	
		<u>455,000</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2021	\$ 13,235,000
Decreased by:	
2022 Budget Appropriation to Pay Bonds	<u>1,265,000</u>
Balance, December 31, 2022	<u>\$ 11,970,000</u>

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

Ord. No.	Improvement Description	<u>Analysis of Balance, December 31, 2022</u>					Unexpended Improvement Authorization
		Balance, December 31, 2021	2022 Authorizations	Balance, December 31, 2022	Financed by Bond Anticipation Notes	Expenditures	
1470	Various Capital Improvements - 2019	\$ 2,815		\$ 2,815			\$ 2,815
1482	Various Capital Improvements - 2020	55,999		55,999		\$ 28,063	27,936
1519	Various Capital Improvements - 2022		\$ 1,605,500	1,605,500	\$ 369,050	876,865	359,585
1524	Acquisition of Property - 127 Summit Ave.	-	4,380,950	4,380,950	4,380,950	-	-
		<u>\$ 58,814</u>	<u>\$ 5,986,450</u>	<u>\$ 6,045,264</u>	<u>\$ 4,750,000</u>	<u>\$ 904,928</u>	<u>\$ 390,336</u>

Improvement Authorizations - Unfunded	\$ 464,998
Less: Unexpended Bond Anticipation Note Proceeds	
Ordinance No. 1524	<u>74,662</u>
	<u>\$ 390,336</u>

STATEMENT OF GRANTS RECEIVABLE

Ord. No.	Grantor	Balance, December 31, 2021	Grant Receipts	Balance, December 31, 2022
1482	NJ Dept. of Transportation - Edgrens Way	\$ 55,000	\$ 55,000	\$ -
		<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ -</u>

**BOROUGH OF MONTVALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

2022 Authorizations

Ord. No.	Improvement Description	Ord. Amount	Balance, December 31, 2021		Deferred Charges Unfunded	Down Payment or Capital Improvement Fund	Cancelled Encumbrances	Expended	Improvement Authorizations Cancelled	Balance, December 31, 2022	
			Funded	Unfunded						Funded	Unfunded
General Improvements											
1413	Various Capital Improvements - 2016	\$ 1,500,000	\$ 211,764					\$ 24,748	\$ 187,016		
1425	Various Capital Improvements - 2017	1,250,000	68,393					47,730		\$ 20,663	
1430	Acquisition of Property	700,000	10,762						10,762		
1447	Various Capital Improvements - 2018	1,750,000	385,916					1,802		384,114	
1470	Various Capital Improvements - 2019	2,475,000	287,595	\$ 2,815			\$ 55,627			343,222	\$ 2,815
1482	Various Capital Improvements - 2020	2,250,000	499,616	55,999				169,790	357,889		27,936
1497	Various Capital Improvements - 2021	2,270,000	1,220,109					560,350	60,630	599,129	
1519	Various Capital Improvements - 2022	1,690,000			\$ 1,605,500	\$ 84,500		1,330,415			359,585
1524	Acquisition of Property - 127 Summit Ave.	4,600,000	-	-	4,380,950	219,050	-	4,525,338	-	-	74,662
			<u>\$ 2,684,155</u>	<u>\$ 58,814</u>	<u>\$ 5,986,450</u>	<u>\$ 303,550</u>	<u>\$ 55,627</u>	<u>\$ 6,660,173</u>	<u>\$ 616,297</u>	<u>\$ 1,347,128</u>	<u>\$ 464,998</u>
Cash Disbursements								\$ 4,648,586			
Encumbrances Payable								2,011,587			
Down Payment on Improvements						\$ 200,000					
Capital Improvement Fund						103,550					
Reserve for Payment of Debt						-	-	\$ 616,297			
								<u>\$ 303,550</u>	<u>\$ 6,660,173</u>	<u>\$ 616,297</u>	

**BOROUGH OF MONTVALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2021		\$ 428,179
Increased by:		
Charges to Improvement Authorizations		<u>2,011,587</u>
		2,439,766
Decreased by:		
Payments	\$ 372,552	
Cancelled Encumbrances Restored to Improvement Authorizations	<u>55,627</u>	
		<u>428,179</u>
Balance, December 31, 2022		<u>\$ 2,011,587</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2021		\$ 48,341
Increased by:		
Budget Appropriation Due from Current Fund		<u>100,000</u>
		148,341
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>103,550</u>
Balance, December 31, 2022		<u>\$ 44,791</u>

STATEMENT OF DOWN PAYMENT ON IMPROVEMENTS

Increased by:		
Budget Appropriation Due from Current Fund		\$ 200,000
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>\$ 200,000</u>

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

Balance, December 31, 2021		\$ 100,785
Increased by:		
Grant Receipt on Funded Ordinance	\$ 55,000	
Funded Improvement Authorizations Cancelled	<u>616,297</u>	
		<u>671,297</u>
		772,082
Decreased by:		
Due to Current Fund as Anticipated Revenue		<u>100,000</u>
Balance, December 31, 2022		<u>\$ 672,082</u>

STATEMENT OF RESERVE FOR IMPROVEMENT OF FIELDS

Balance, December 31, 2021		\$ 167,820
Increased by:		
Cash Receipts - Field Use Fees		<u>46,407</u>
		214,227
Decreased by:		
Due to Current Fund as Anticipated Revenue		<u>50,000</u>
Balance, December 31, 2022		<u>\$ 164,227</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, 2022</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement	8/23/2018	\$ 9,305,000	8/15/2023	\$ 760,000	3.00 %				
			8/15/2024	760,000	5.00				
			8/15/2025	765,000	5.00				
			8/15/2026	770,000	4.00				
			8/15/2027	770,000	3.00				
			8/15/2028-29	775,000	3.00				
			8/15/2030	795,000	3.00	\$ 7,075,000		\$ 905,000	\$ 6,170,000
General Improvement	8/15/2021	6,160,000	8/15/2023	530,000	0.05				
			8/15/2024	550,000	0.05				
			8/15/2025	580,000	2.00				
			8/15/2026	625,000	2.00				
			8/15/2027	670,000	2.00				
			8/15/2028	695,000	2.00				
			8/15/2029	720,000	2.00				
			8/15/2030	715,000	2.00				
			8/15/2031	715,000	2.00	6,160,000	-	360,000	5,800,000
						<u>\$ 13,235,000</u>	<u>\$ -</u>	<u>\$ 1,265,000</u>	<u>\$ 11,970,000</u>
Paid by Budget Appropriation								<u>\$ 1,265,000</u>	
								<u>\$ 1,265,000</u>	

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, December 31, 2022</u>
1519	Various Capital Improvements - 2022	10/20/2022	10/20/2022	7/14/2023	3.52%		\$ 369,050		\$ 369,050
1524	Acquisition of Property - 127 Summit Ave.	10/20/2022	10/20/2022	7/14/2023	3.52%	<u>-</u>	<u>4,380,950</u>	<u>-</u>	<u>4,380,950</u>
						<u>\$ -</u>	<u>\$ 4,750,000</u>	<u>\$ -</u>	<u>\$ 4,750,000</u>
						Issued for Cash	<u>\$ 4,750,000</u>		

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

<u>Ord.</u> <u>No.</u>	<u>Purpose</u>	Balance, December 31, <u>2021</u>	2022 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Balance, December 31, <u>2022</u>
1470	2019 Various Capital Improvements	\$ 2,815			\$ 2,815
1482	2020 Various Capital Improvements	55,999			55,999
1519	Various Capital Improvements - 2022		\$ 1,605,500	\$ 369,050	1,236,450
1524	Acquisition of Property - 127 Summit Ave.	<u>-</u>	<u>4,380,950</u>	<u>4,380,950</u>	<u>-</u>
		<u>\$ 58,814</u>	<u>\$ 5,986,450</u>	<u>\$ 4,750,000</u>	<u>\$ 1,295,264</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, 2021	\$ 35	\$ 4,558	\$ 4,593
Increased by:			
Receipts	<u>-</u>	<u>2,000</u>	<u>2,000</u>
	35	6,558	6,593
Decreased by:			
Disbursements	<u>-</u>	<u>1,769</u>	<u>1,769</u>
Balance, December 31, 2022	<u>\$ 35</u>	<u>\$ 4,789</u>	<u>\$ 4,824</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Balance, December 31, 2021	\$ 35	\$ 4,558	\$ 4,593
Increased by:			
Revenues	<u>-</u>	<u>2,000</u>	<u>2,000</u>
	35	6,558	6,593
Decreased by:			
Expenditures	<u>-</u>	<u>1,769</u>	<u>1,769</u>
Balance, December 31, 2022	<u>\$ 35</u>	<u>\$ 4,789</u>	<u>\$ 4,824</u>

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

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
State Aid Payments	<u>-</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Total Revenues/Receipts	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Current Year Assistance (Reported):			
Maintenance Payments	<u>-</u>	<u>\$ 1,769</u>	<u>\$ 1,769</u>
Total Expenditures/Disbursements	<u>\$ -</u>	<u>\$ 1,769</u>	<u>\$ 1,769</u>

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

**PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2022**

LV B LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Montvale as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2023. 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.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 & Bliss, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 12, 2023



LERCH, VINCI & BLISS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY U.S. UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Borough of Montvale's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Borough of Montvale's major federal programs for the year ended December 31, 2022. The Borough of Montvale's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough of Montvale complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and U.S. Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough of Montvale and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Borough of Montvale's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Borough of Montvale's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of Montvale's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and U.S. Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough of Montvale's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and U.S. Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Borough of Montvale's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough of Montvale's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the Borough of Montvale's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the Borough of Montvale as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated July 12, 2023, which contained a modified opinion on those financial statements prepared in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Lerch, Vinci & Bliss, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 12, 2023

BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Funding Department</u>	<u>Account Number</u>	<u>AL Number</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>2022 Grant Receipts</u>	<u>Balance, January 1, 2022</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2022</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Dept. of Homeland Security										
Disaster Grants - Public Assistance (Passed through State Dept. of Law and Public Safety)	N/A	97.036								
FEMA - Hurricane Ida			2022	\$ 82,968	\$ 82,968		\$ 82,968	\$ 82,968	-	\$ 82,968
FEMA - Tropical Storm Isaias			2022	7,083	7,083		7,083	7,083	-	7,083
FEMA - Coronavirus			2022	3,761	3,761		3,761	3,761	-	3,761
U.S. Dept. of Treasury										
COVID-19 American Rescue Plan - State and Local										
Fiscal Recovery Funding - Non-Entitlement Units (Passed through State Department of Community Affairs)	N/A	21.027	2022	897,009	448,504		897,009	897,009	-	897,009
Coronavirus Relief Fund (FEMA)		21.019	2022	14,003	14,003		14,003	14,003	-	14,003
U.S. Department of Justice										
Police Bulletproof Vest Partnership Program	N/A	16.607	2021	2,780		\$ 2,780			\$ 2,780	
			2019	2,080		800		800	-	2,080
			2018	1,600		1,600	-	1,600	-	1,600
						<u>\$ 5,180</u>	<u>\$ 1,004,824</u>	<u>\$ 1,007,224</u>	<u>\$ 2,780</u>	

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, 2022

State Grant Program	Account Number	Grant Year	Grant Award	2022 Grant Receipts	Balance, January 1, 2022	Revenue Realized	Expended	Refunds/ (Cancellations)	Balance, December 31, 2022	(Memo) Cumulative Expenditures
Clean Communities Grant	042-4900-765-004	2022	\$ 19,017	\$ 19,017		\$ 19,017			\$ 19,017	
		2021	18,120		\$ 18,120				18,120	
		2020	17,029		17,029		\$ 8,603		8,426	\$ 8,603
		2019	18,887		974		974		-	18,887
Recycling Tonnage Grant	042-4900-752-001	2023	14,991						-	
		2022	15,144	15,144		15,144			15,144	
		2021	15,584		15,584				15,584	
		2019	22,561		15,892		7,290		8,602	13,959
		2017	9,898		148		148		-	9,898
		2016	7,462		2,562		2,562		-	7,462
Municipal Drug and Alcohol Alliance Program (Passed Through County of Bergen)	N/A	2022	3,836			3,836			3,836	
		2021	3,126		3,126			\$ (1,964)	1,162	
Body-Worn Camera Grant Program	21-BWC-281	2022	30,570			30,570	30,570		-	30,570
NJDCA - Local Recreation Improvement Grant	N/A	2022	40,000			40,000			40,000	
Municipal Relief Fund	N/A	2022	65,851	65,851					-	
Body Armor Grant	066-1020-718-001	2023	2,004	2,004					-	
		2022	1,444	1,444		1,444	1,444		-	1,444
		2021	1,973		1,973		1,973		-	1,973
		2020	2,598		1,143		1,143		-	2,598
Alcohol Education and Rehabilitation Fund	098-9735-760-001	2021	1,106	1,106		1,106			1,106	-
		2020	834		834				834	-
		2019	723		723				723	-
		2018	1,391		1,391				1,391	-
		2017	772		772				772	-
		2016	2,037		1,875				1,875	162
		2015	1,965		918		908		10	1,955
Drunk Driving Enforcement Fund	1110-448-031020-22	2021	4,267		4,267				4,267	-
		2019	9,805		7,827				7,827	1,978
Dept. of Human Services General Assistance	054-7500-150-100-121/250	2022	2,000	2,000	4,558	2,000	1,769		4,789	1,769
Department of Transportation Municipal Aid Various Streets Edgemoor Way (Ord. 1482)	078-6320-480-XXX 078-6320-480-AN9	2021 2020	210,000 220,000		210,000 220,000		172,065 220,000		37,935 -	172,065 220,000
					\$ 529,716	\$ 113,117	\$ 449,449	\$ (1,964)	\$ 191,420	

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

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

**BOROUGH OF MONTVALE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

NOTE 1 REPORTING ENTITY

The Borough of Montvale (the "Borough") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed 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 federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough's summary of significant accounting policies are described in Note 1 to the Borough's Financial Statements.

NOTE 4 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	\$ 1,001,063	\$ 111,117	\$ 1,112,180
Other Trust Fund	<u>3,761</u>	<u>-</u>	<u>3,761</u>
	<u>\$ 1,004,824</u>	<u>\$ 111,117</u>	<u>\$ 1,115,941</u>

**BOROUGH OF MONTVALE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 INDIRECT COST RATE

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

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified - Unaudited LOSAP Fund</u>
Internal control over financial reporting:	
1) Material weakness(es) identified	_____ yes <u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes <u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ yes <u> X </u> no

Federal Awards Section

Dollar threshold used to determine Type A programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no
Type of auditors' report on compliance for major programs:	<u>Unmodified</u>
Internal Control over compliance:	
1) Significant Deficiencies identified?	_____ yes <u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____ yes <u> X </u> no
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ yes <u> X </u> no

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
<u>21.027</u>	<u>ARP-Coronavirus State and Local Fiscal Recovery Funds</u>
_____	_____
_____	_____

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022**

Part 3 - Schedule of Prior Year Findings

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, 2022

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

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

	<u>Year 2022</u>			<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 3,800,000	6.03 %	\$	3,650,000	5.90 %
Miscellaneous - From Other Than Local					
Property Tax Levies	5,240,125	8.31		5,871,796	9.49
Collection of Delinquent Taxes					
Tax and Tax Title Liens	474,553	0.75		199,097	0.32
Collection of Current Tax Levy	52,601,342	83.47		51,317,709	82.94
Other Credits to Income	906,655	1.44		838,380	1.35
Total Income	<u>63,022,675</u>	<u>100.00 %</u>		<u>61,876,982</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	19,753,488	33.59 %		19,467,530	33.67 %
County Taxes	6,147,600	10.45		6,028,635	10.43
Local & Regional School Taxes	32,744,513	55.68		32,223,745	55.72
Municipal Open Space Taxes	107,627	0.18		104,872	0.18
Other Expenditures	56,974	0.10		2,859	0.00
Total Expenditures	<u>58,810,202</u>	<u>100.00 %</u>		<u>57,827,641</u>	<u>100.00 %</u>
Excess in Revenue	4,212,473			4,049,341	
Adjustments to Income before Fund Balance:					
Expenditures included above which are by					
Statute Deferred Charges to Budget of					
Succeeding Year	<u>200,000</u>			<u>-</u>	
Statutory Excess to Fund Balance	4,412,473			4,049,341	
Fund Balance, January 1	<u>5,376,214</u>			<u>4,976,873</u>	
	9,788,687			9,026,214	
Less: Utilization as Anticipated Revenue	<u>3,800,000</u>			<u>3,650,000</u>	
Fund Balance, December 31	<u>\$ 5,988,687</u>			<u>\$ 5,376,214</u>	

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	\$ <u>2.471</u>	\$ <u>2.458</u>	\$ <u>2.431</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.580	\$ 0.578	\$ 0.554
Library	0.039	0.037	0.039
Municipal Open Space	0.005	0.005	0.005
County	0.275	0.276	0.278
County Open Space	0.012	0.012	0.011
Local School	0.854	0.851	0.843
Regional High School	0.706	0.699	0.701
<u>Assessed Valuation</u>			
2022	\$ <u>2,098,500,325</u>		
2021		\$ <u>2,079,574,689</u>	
2020			\$ <u>2,046,183,586</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>
2022	\$ 53,210,332	\$ 52,801,342	99.23%
2021	51,554,090	51,317,709	99.54%
2020	49,928,858	49,605,358	99.35%

**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>
2022	\$ 241,650	\$ 52,035	\$ 293,685	0.55%
2021	160,017	41,572	201,589	0.39%
2020	201,712	28,468	230,180	0.46%

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>
2022	\$29,400
2021	29,400
2020	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	2022	\$5,988,687	\$4,160,000
	2021	5,376,214	3,800,000
	2020	4,976,873	3,650,000
	2019	4,713,174	4,100,000
	2018	5,357,250	4,250,000

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Michael Ghassali	Mayor
AnnMarie Russo-Vogelsang	Council President
Doug Arendacs	Councilman
Theresa Cudequest	Councilwoman
Dieter Koelling	Councilman
Timothy Lane	Councilman
Christopher Roche	Councilman
Maureen Iarossi-Alwan	Borough Clerk/Administrator
Kenneth Sesholtz	Chief Financial Officer
Boggia & Boggia, Esqs.	Attorney
Christine Kalafut	Treasurer
Fran Scordo	Tax Collector
Ray Tighe	Tax Assessor
Christopher Gruber	Building Code Official
Joseph Sanfilippo	Chief of Police
Katherine Bowen	Director of Welfare
Giulia Bombace	Library Director
Harry D. Norton, Jr.	Magistrate
Ann Levitzki	Court Administrator
Brian Eyerman	Prosecutor
Colliers Engineering & Design	Engineer

There is a statutory bond limit in the Municipal Excess Liability Joint Insurance Fund that covers the Treasurer, Tax Collector, Library Treasurer and any assistant or deputy "in title to" these positions, Magistrates, Court Administrators and Court Clerk up to \$1,000,000 with a member deductible of \$1,000. All other employees are covered for up to \$50,000 under the Municipal Joint Insurance Fund and up to \$950,000 under the Municipal Excess Liability Joint Insurance Fund.

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

GENERAL COMMENTS

Current Year Finding

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 2022. The Borough has adopted a resolution increasing the threshold to \$44,000 and has appointed a qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

The minutes indicate that bids were requested by public advertising for the construction of:

Road Improvements	Emergency Sewer Repairs
Emergency Road Repairs	Elevator Inspection Repairs
Memorial Field Improvements	LaTrenta Field Parking Lot Improvements
Acquisition of a Fire Truck	

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

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 4, 2022 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 2022, shall be computed at the rate of eight (8%) percent per annum and,

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

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

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

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

BOROUGH OF MONTVALE
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 28, 2021.

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>
2022	4
2021	4
2020	4

Management Suggestions

- Consideration should be given to review and clear of record old inactive developer escrow and planning board deposit balances in the Other Trust Fund.
- Consideration should be given to review and clear of record old, inactive improvement authorization balances in the General Capital Fund.

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

There are none.

* * * * *

A review was performed on the prior year recommendation and corrective action was taken.

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 & Bliss, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429