

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

BOROUGH OF MONTVALE

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

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2010**

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INDEPENDENT AUDITORS' REPORT

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

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, 2010 and 2009 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, 2010. These financial statements are the responsibility of the Borough of Montvale's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Montvale's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Awards Program (LOSAP) 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 Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 9.3 percent and 7.5 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2010 and 2009.

INDEPENDENT AUDITORS' REPORT (Continued)

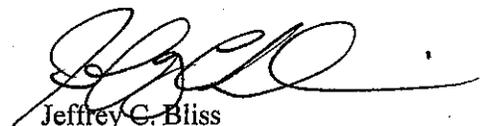
In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Montvale as of December 31, 2010 and 2009, or the changes in its financial position for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously 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, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 12, 2011 on our consideration of the Borough of Montvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Montvale. The supplementary schedules listed in the table of contents 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, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.

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


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
April 12, 2011

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	A-4	\$ 4,842,910	\$ 3,991,751
Cash - Change Fund	A-5	400	400
Grants Receivable	A-7	<u>206,965</u>	<u>232,761</u>
		<u>5,050,275</u>	<u>4,224,912</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	299,562	337,694
Tax Title Liens Receivable	A-10	24,605	24,195
Property Acquired for Taxes at Assessed Valuation	A-11	29,400	29,400
Revenue Accounts Receivable	A-12	11,599	11,161
Due from Animal Control Fund	B-6		3,649
Due from Other Trust Fund	B-9	<u>-</u>	<u>1,443</u>
		<u>365,166</u>	<u>407,542</u>
Deferred Charges:			
Special Emergency Authorization	A-13	<u>-</u>	<u>43,000</u>
Total Assets		<u>\$ 5,415,441</u>	<u>\$ 4,675,454</u>

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-14	\$ 575,466	\$ 797,016
Encumbrances Payable	A-25	688,594	313,912
Accounts Payable	A-15	38,425	23,896
Due to Other Trust Fund	B-9	11,611	
Due to Open Space Preservation Trust Fund	B-14		907
Due to Length of Service Award Program Fund	B	20,700	19,550
Fees Payable	A-23	6,251	3,698
Prepaid Taxes	A-16	215,390	161,696
Tax Overpayments	A-17	38,666	29,935
Local School Taxes Payable	A-18		67,613
County Taxes Payable - Added and Omitted Taxes	A-21	29,282	21,064
Prepaid Revenues- Sewer Fees	A-24	35,922	30,576
Due to State of New Jersey Senior Citizens' and Veterans' Deductions	A-8	3,118	4,618
Reserve for Tax Appeals	A-26	325,977	325,977
Miscellaneous Reserves	A-27	75,978	75,976
Reserve for Grants:			
Unappropriated	A-28	2,156	12,011
Appropriated	A-29	27,001	189,380
		<u>2,094,537</u>	<u>2,077,825</u>
Reserve for Receivables	A	365,166	407,542
Fund Balance	A-1	<u>2,955,738</u>	<u>2,190,087</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,415,441</u>	<u>\$ 4,675,454</u>

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,800,000	\$ 2,325,000
Miscellaneous Revenue Anticipated	A-2	2,746,910	2,526,125
Receipts from Delinquent Tax	A-2	324,309	250,547
Receipts from Current Taxes	A-2	38,111,936	36,631,875
Non-Budget Revenue	A-2	472,894	171,416
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	630,773	622,936
Cancelled Prior Year Outstanding Checks	A-1		110
Statutory Excess Due from Animal Control Fund	A-1		3,469
Prior Year Interfunds Returned	A	5,092	
Cancelled Accounts Payable	A-1		2,356
Appropriated Grant Reserves Cancelled	A-1	-	4,527
		<hr/>	<hr/>
Total Income		44,091,914	42,538,361
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,368,448	4,696,395
Other Expenses	A-3	5,901,118	6,088,139
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	981,550	966,916
Capital Improvements	A-3	200,000	
Municipal Debt Service	A-3	1,733,522	1,692,717
County Taxes Payable	A-20	4,311,101	4,312,487
Due County for Added Taxes	A-21	29,282	21,064
Local District School Taxes Payable	A-18	13,493,552	13,212,983
Regional High School Tax Payable	A-19	10,375,365	9,964,298
Municipal Open Space Taxes	A-22	118,717	118,447
Interfund Advances Originating	A-1		2,499
Refund of Prior Year Revenue	A-4	1,025	5,253
Cancelled Grant Receivables	A-7	12,333	
Prior Year Senior Citizen Deduction Disallowed	A-8	250	856
		<hr/>	<hr/>
Total Expenditures		41,526,263	41,082,054
Excess in Revenue		2,565,651	1,456,307
Fund Balance, January 1	A	<hr/> 2,190,087	<hr/> 3,058,780
		4,755,738	4,515,087
Decreased by:			
Utilization as Anticipated Revenue	A-1	<hr/> 1,800,000	<hr/> 2,325,000
Fund Balance, December 31	A	<hr/> <u>\$ 2,955,738</u>	<hr/> <u>\$ 2,190,087</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, 2010

	<u>Reference</u>	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 1,800,000	-	\$ 1,800,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	15,000		17,590	\$ 2,590
Other	A-2	22,000		21,245	(755)
Fees and Permits	A-2	170,000		204,951	34,951
Fines and Costs - Municipal Court	A-12	100,000		164,805	64,805
Interest and Costs on Taxes	A-12	50,000		76,701	26,701
Interest on Investments and Deposits	A-2	10,000		3,859	(6,141)
Uniform Fire Safety Act Local Enforcement					
Fees	A-12	60,000		79,805	19,805
Uniform Construction Code Fees	A-12	200,000		354,994	154,994
Energy Receipts Tax	A-12	1,262,378		1,262,378	-
Uniform Fire Safety Act-LEA Rebate	A-12	7,500		11,251	3,751
Cable TV Franchise Fees	A-12	32,000		82,033	50,033
Sewer Agreement - Marriott Corporation	A-12	30,576		30,576	-
Hotel/Motel Tax	A-12	145,000		171,553	26,553
Local School District - Fieldstone Fields	A-12	25,000		25,000	
Public and Private Revenues Offset With					
Appropriations					
Municipal Alliance on Alcoholism and					
Drug Abuse	A-7	10,356		10,356	
BCCD-Senior Citizen Activities	A-7	3,000		3,000	
Clean Communities	A-7		\$ 13,789	13,789	
NJDOT - Woodland Road Section 2	A-7	200,000		200,000	
Recycling Tonnage Grant	A-28	10,474		10,474	
Drunk Driving Enforcement Fund	A-28	1,537		1,537	
Body Armor Grant - State Share	A-7	1,013	-	1,013	-
Total Miscellaneous Revenues	A-1	<u>2,355,834</u>	<u>13,789</u>	<u>2,746,910</u>	<u>377,287</u>
Receipts from Delinquent Taxes	A-1,A-2	<u>275,000</u>	-	<u>324,309</u>	<u>49,309</u>
Sub-Total General Revenues		4,430,834	13,789	4,871,219	426,596
Amount to be Raised by Taxes for Support					
of Municipal Budget					
Local Tax for Municipal Purposes	A-2	<u>10,113,420</u>	-	<u>11,142,643</u>	<u>1,029,223</u>
Total General Revenues	A-3	<u>\$ 14,544,254</u>	<u>\$ 13,789</u>	16,013,862	<u>\$ 1,455,819</u>
Non-Budget Revenue	A-1,A-2			<u>472,894</u>	
				<u>\$ 16,486,756</u>	

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Current Taxes	A-1,A-9	\$ 38,111,936
Allocated to School, County and Municipal		
Open Space Taxes	A-18,A-19,A-20,A-21,A-22	<u>28,328,017</u>
Balance for Support of Municipal Budget Appropriation		9,783,919
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,358,724</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 11,142,643</u>
Licenses - Other		
Borough Clerk	A-12	<u>\$ 21,245</u>
	A-2	<u>\$ 21,245</u>
Fees and Permits		
Health Officer	A-12	\$ 582
Board of Adjustment	A-12	2,019
Planning Board	A-12	27,135
Police	A-12	3,723
Tax Collector - Tax Search Fees	A-12	792
Recreation	A-12	97,403
Borough Clerk - Parking Permits	A-12	8,097
Construction Code Official	A-12	<u>65,200</u>
	A-2	<u>\$ 204,951</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 3,254
Due from Other Trust Fund	B-9	602
Due from General Capital Fund	C-4	<u>3</u>
	A-2	<u>\$ 3,859</u>

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUE		
Refunds		\$ 29,947
Administration Fee - N.J. Seniors' and Veterans' Deductions		1,300
Cell Tower		6,045
DMV Inspection Fees		1,746
Insurance Contributions - Employees		25,546
Sale of Assets		3,165
Recycling		5,225
Police Outside Duty Admin Fee - Traffic Control		32,716
Police Outside Duty Police Equipment Vehicle Fee-Traffic Control		9,640
Police Testing Fees		10,000
Excess Sewer Fees		205,648
Sewer Fees		97,639
Rental of Borough Property		26,200
US Department of Transportation-Click it Or Ticket Reimbursement		3,758
Department of Justice - Bullet Proof Vest Reimbursement		2,565
Copies and Duplication Fees		6,596
Miscellaneous		<u>5,158</u>
	A-2,A-4	<u>\$ 472,894</u>

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Unexpended</u>
		<u>Modification</u>	<u>Charged</u>	<u>Balance</u>
			<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT FUNCTIONS				
Administrative and Executive				
Salaries and Wages	\$ 160,550	\$ 160,550	\$ 156,212	\$ 4,338
Other Expenses	82,404	77,489	46,188	31,301
Mayor and Council				
Salaries and Wages	41,130	41,130	41,123	7
Other Expenses	13,950	13,950	6,527	7,423
Borough Clerk				
Salaries and Wages	115,025	115,025	113,983	1,042
Other Expenses	12,250	12,250	9,785	2,465
Elections				
Salaries and Wages	1,000	2,000	641	1,359
Other Expenses	8,600	8,600	6,915	1,685
Financial Administration				
Salaries and Wages	161,445	164,945	163,442	1,503
Other Expenses	9,500	9,500	5,962	3,538
Audit Services				
Other Expenses	36,050	36,050	35,600	450
Assessment of Taxes				
Salaries and Wages	29,840	29,840	29,835	5
Other Expenses	24,710	24,710	6,878	17,832
Collection of Taxes				
Salaries and Wages	38,000	38,500	38,500	
Other Expenses	11,350	11,350	8,421	2,929
Legal Services and Costs				
Other Expenses	200,000	200,000	178,492	21,508
Engineering Services and Costs				
Other Expenses	59,900	64,900	59,886	5,014

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
GENERAL GOVERNMENT FUNCTIONS (Continued)					
Cable TV Committee					
Salaries and Wages	\$ 6,890	\$ 6,890	\$ 6,885	\$ 5	
Other Expenses	12,775	12,775	11,218	1,557	
Public Employees Award Program					
Other Expenses	500	500		500	
Historic Preservation Commission					
Salaries and Wages	690	805	690	115	
Other Expenses	385	385	168	217	
Historian					
Other Expenses	580	580		580	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	38,790	45,290	44,955	335	
Other Expenses	35,800	30,500	19,021	11,479	
Board of Adjustment					
Salaries and Wages	10,655	4,155	3,342	813	
Other Expenses	5,963	5,963	1,992	3,971	
Zoning Official					
Salaries and Wages	7,330	7,330	7,330		
Code Enforcement and Administration					
Property Maintenance					
Salaries and Wages	2,670	2,670	2,670		
Insurance					
Life Insurance	4,500	4,500	2,520	1,980	
General Liability	149,600	149,600	147,303	2,297	
Workers Compensation	160,500	160,500	160,258	242	
Employee Group Health	902,000	902,000	872,925	29,075	
Unemployment Insurance	25,000	25,000	25,000		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Unexpended</u>
		<u>Modification</u>	<u>Charged</u>	<u>Balance</u>
			<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)				
PUBLIC SAFETY FUNCTIONS				
Fire				
Salaries and Wages	\$ 2,125	\$ 2,125	\$ 2,125	
Other Expenses	92,450	93,450	91,993	\$ 1,457
Fire Hydrant Service	185,350	185,350	176,081	9,269
Police				
Salaries and Wages	2,644,285	2,657,285	2,636,435	20,850
Other Expenses	104,750	96,750	73,404	23,346
Purchase of Police Vehicles	16,000	16,000	15,890	110
Police Radio Communications				
Other Expenses	37,500	46,500	46,044	456
First Aid Organization				
Other Expenses	21,500	21,500	21,498	2
Emergency Management				
Salaries and Wages	2,270	2,270	2,270	
Other Expenses	10,225	10,225	9,064	1,161
Uniform Fire Safety Act				
Salaries and Wages	34,050	34,050	34,043	7
Other Expenses	9,200	9,200	8,788	412
Prosecutor				
Other Expenses	18,500	18,500	18,000	500
PUBLIC WORKS FUNCTIONS				
Road Repair and Maintenance				
Salaries and Wages	549,013	544,013	533,622	10,391
Other Expenses	247,125	237,125	233,965	3,160
Sewer System				
Other Expenses	50,500	65,500	49,813	15,687

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<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 (Continued)					
Garbage and Trash Removal					
Other Expenses	\$ 625,000	\$ 625,000	\$ 594,100	\$ 30,900	
Recycling					
Salaries and Wages	7,800	7,800	7,798		2
Other Expenses	93,950	88,950	64,914		24,036
Public Buildings and Grounds					
Salaries and Wages	80,120	92,120	62,741		29,379
Other Expenses	40,882	65,882	57,112		8,770
Maintenance of All Vehicles					
Other Expenses	118,000	118,000	107,612		10,388
Municipal Services Act					
Other Expenses	13,950	13,950	11,691		2,259
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	7,325	8,925	7,578		1,347
Other Expenses	67,275	66,275	62,879		3,396
Environmental Commission					
Salaries and Wages	1,265	1,265	1,023		242
Other Expenses	1,050	1,050	715		335
Animal Regulation					
Other Expenses	9,000	9,000	9,000		
Administration of Public Assistance					
Salaries and Wages	5,940	5,940	5,938		2
Other Expenses	230	230	167		63

**BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PARK AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	\$ 5,045	\$ 5,045	\$ 4,725	\$ 320	
Recreation Services and Programs					
Salaries and Wages	92,720	87,420	86,703	717	
Other Expenses	18,600	17,100	13,110	3,990	
Senior Citizen Van					
Salaries and Wages	14,980	14,980	12,689	2,291	
OTHER COMMON OPERATING FUNCTIONS					
PEOSHA Compliance					
Other Expenses	2,000	2,000		2,000	
Salary Adjustment Account	5,000				
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	119,400	119,400	116,114	3,286	
Other Expenses	5,425	5,425	5,337	88	
Public Defender					
Other Expenses	6,000	6,000	5,700	300	
STATE UNIFORM CONSTRUCTION CODE					
Construction Code Officials					
Salaries and Wages	82,650	82,650	82,525	125	
Other Expenses	2,250	2,550	2,403	147	

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
STATE UNIFORM CONSTRUCTION CODE (Continued)					
Building Subcode Official Salaries and Wages	\$ 33,150	\$ 33,150	\$ 33,150		
Plumbing Subcode Official Salaries and Wages	17,225	17,225	17,222	\$ 3	
Fire Subcode Official Salaries and Wages	12,920	12,920	12,917		3
Electrical Subcode Official Salaries and Wages	17,225	17,225	17,222		3
Elevator Subcode Official Salaries and Wages	8,555	8,555	8,552		3
UNCLASSIFIED					
Utilities					
Gasoline	80,000	80,000	64,525	15,475	
Electricity	180,000	178,000	149,321	28,679	
Telephone	58,000	58,000	45,862	12,138	
Natural Gas	80,000	55,000	25,942	29,058	
Street Lighting	135,000	126,000	105,868	20,132	-
Total Operations Within "CAPS"	8,443,107	8,443,107	7,970,857	472,250	-
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	8,444,107	8,444,107	7,970,857	473,250	-
Detail:					
Salaries and Wages	4,352,033	4,368,448	4,290,275	78,173	
Other Expenses	4,092,074	4,075,659	3,680,582	395,077	-

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Social Security System (O.A.S.I.)	\$ 210,000	\$ 210,000	\$ 167,977	\$ 42,023	
Defined Contribution Retirement Plan (DCRP)	2,500	2,500	1,389	1,111	
Public Employees Retirement System	153,054	153,054	153,054		
Police and Fireman's Retirement System of NJ	572,996	572,996	572,996	-	-
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	<u>938,550</u>	<u>938,550</u>	<u>895,416</u>	<u>43,134</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>9,382,657</u>	<u>9,382,657</u>	<u>8,866,273</u>	<u>516,384</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Fair Housing Compliance Act					
Other Expenses	5,000	5,000	2,250	2,750	
Maintenance of Free Public Library Chap. 82, 541 P.L. 85	739,471	739,471	733,142	6,329	
Sewerage Processing and Disposal (Sanitation Chap. 74, P.L. 87)					
Contractual	797,525	797,525	797,520	5	
Recycling Tax	12,000	12,000	11,920	80	
Length of Service Award Program (LOSAP)	52,000	52,000	20,700	31,300	
Police & Fireman's Retirement System	9,055	9,055	9,055		

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
(Continued)					
Police Dispatch/911					
Other Expenses	\$ 167,650	\$ 167,650	\$ 159,300	\$ 8,350	-
Total Other Operations Excluded from "CAPS"	<u>1,782,701</u>	<u>1,782,701</u>	<u>1,733,887</u>	<u>48,814</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage	10,474	10,474	9,300	1,174	
Clean Communities		13,789	13,789		
Municipal Alliance Program					
State Share	10,356	10,356	4,506	5,850	
Local Share	2,589	2,589	1,126	1,463	
Drunk Driving Enforcement	1,537	1,537	769	768	
CDBG Sr. Citizen Activities	3,000	3,000	3,000		
Body Armor-State Share	1,013	1,013	-	1,013	-
Total Public and Private Programs Offset by Revenues	<u>28,969</u>	<u>42,758</u>	<u>32,490</u>	<u>10,268</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,811,670</u>	<u>1,825,459</u>	<u>1,766,377</u>	<u>59,082</u>	<u>-</u>
Detail:					
Salaries and Wages					
Other Expenses	1,811,670	1,825,459	1,766,377	59,082	-
CAPITAL IMPROVEMENTS EXCLUDED					
FROM "CAPS"					
NJ Transpiration Trust Fund					
Woodland Road Section 2	200,000	200,000	200,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF MONTVALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 1,215,000	\$ 1,215,000	\$ 1,215,000		
Payment of Bond Anticipation Notes	100,000	100,000	100,000		
Interest on Bonds	403,203	403,203	388,522		\$ 14,681
Interest on Notes	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,748,203</u>	<u>1,748,203</u>	<u>1,733,522</u>	-	<u>14,681</u>
Deferred Charges Municipal - Excluded from "CAPS"					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	<u>43,000</u>	<u>43,000</u>	<u>43,000</u>	-	-
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	<u>3,802,873</u>	<u>3,816,662</u>	<u>3,742,899</u>	\$ 59,082.0	<u>14,681</u>
Subtotal General Appropriations	13,185,530	13,199,319	12,609,172	575,466	14,681
Reserve for Uncollected Taxes	<u>1,358,724</u>	<u>1,358,724</u>	<u>1,358,724</u>	-	-
Total General Appropriations	<u>\$ 14,544,254</u>	<u>\$ 14,558,043</u>	<u>\$ 13,967,896</u>	<u>\$ 575,466</u>	<u>\$ 14,681</u>
	<u>Reference</u>	A-2	A-1	A,A-1	
Budget as Adopted	A-3	\$ 14,544,254			
Appropriation by 40A:4-87	A-2	<u>13,789</u>			
	A-3	<u>\$ 14,558,043</u>			
Cash Disbursed	A-4		\$ 11,856,878		
Encumbrances Payable	A-25		688,594		
Due to LOSAP Fund	B		20,700		
Deferred Charges					
Special Emergency Authorizations	A-13		43,000		
Reserve for Uncollected Taxes	A-2		<u>1,358,724</u>		
	A-3		<u>\$ 13,967,896</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, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 10,149	\$ 9,980
OTHER TRUST FUND			
Cash	B-3	1,963,807	1,987,126
Due from Current Fund	B-9	11,611	-
		<u>1,975,418</u>	<u>1,987,126</u>
UNEMPLOYMENT INSURANCE FUND			
Cash	B-3	43,388	50,379
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	509,002	463,360
Due from Current Fund	B-14	-	907
		<u>509,002</u>	<u>464,267</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	239,080	185,359
Due from Current Fund	A	20,700	19,550
		<u>259,780</u>	<u>204,909</u>
Total Assets		<u>\$ 2,797,737</u>	<u>\$ 2,716,661</u>

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to Current Fund	B-6		\$ 3,649
Due to State of NJ	B-4	\$ 26	21
Reserve for Animal Control Expenditures	B-5	<u>10,123</u>	<u>6,310</u>
		<u>10,149</u>	<u>9,980</u>
OTHER TRUST FUND			
Due to Current Fund	B-9		1,443
Escrow Deposits	B-10	690,607	797,077
Miscellaneous Reserves and Deposits	B-11	1,244,073	1,151,917
Payroll Deductions Payable	B-12	<u>40,738</u>	<u>36,689</u>
		<u>1,975,418</u>	<u>1,987,126</u>
UNEMPLOYMENT INSURANCE FUND			
Due to State - Claims Payable	B-8	4,147	5,490
Reserve for Unemployment Compensation Insurance Claims	B-7	<u>39,241</u>	<u>44,889</u>
		<u>43,388</u>	<u>50,379</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-15	<u>509,002</u>	<u>464,267</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Contributions	B	<u>259,780</u>	<u>204,909</u>
Total Liabilities and Reserves		<u>\$ 2,797,737</u>	<u>\$ 2,716,661</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	\$ 117,921	\$ 118,717	\$ 796
Non-Budget Revenue:			
Interest on Investments		598	
		<u>\$ 119,315</u>	
<u>Reference</u>	B-2	B-15	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Maintenance of Land for Recreation and Conservation				
Salaries and Wages		\$ 31,000	\$ 31,000	
Other Expenses		43,580	43,580	
Reserve for Future Use	\$ 117,921	43,341	43,341	-
	<u>\$ 117,921</u>	<u>\$ 117,921</u>	<u>\$ 117,921</u>	<u>\$ -</u>
<u>Reference</u>	B-1		B-15	

BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	C-2,C-3	\$ 615,097	\$ 777,278
Deferred Charges to Future Taxation			
Funded	C-5	10,198,000	11,270,000
Unfunded	C-6	<u>1,946,528</u>	<u>2,046,904</u>
Total Assets		<u>\$ 12,759,625</u>	<u>\$ 14,094,182</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-12	\$ 10,198,000	\$ 11,270,000
Bond Anticipation Notes	C-11	1,900,000	2,000,000
Encumbrances Payable	C-8	179,533	211,242
Improvement Authorizations			
Funded	C-10	207,282	285,355
Unfunded	C-10	71,113	131,832
Capital Improvement Fund	C-7	144,741	144,741
Reserve for Payment of Debt	C-9	2,680	2,680
Fund Balance	C-1	<u>56,276</u>	<u>48,332</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 12,759,625</u>	<u>\$ 14,094,182</u>

There were bonds and notes authorized but not issued on December 31, 2010 and 2009 of \$46,616 and \$46,992, respectively (Exhibit C-13).

BOROUGH OF MONTVALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Balance, January 1	C	\$ 48,332	\$ 331
Increased by:			
Funded Improvement Authorizations Cancelled	C-1		37,120
Unexpended Bond Issuance Costs	C-2	7,944	
Premium on Sale of Notes	C-1	-	10,881
		<u> </u>	<u> </u>
Balance, December 31	C	<u>\$ 56,276</u>	<u>\$ 48,332</u>

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	D-1	\$ 16,726	\$ 13,663
Total Assets		<u>\$ 16,726</u>	<u>\$ 13,663</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ 16,726	\$ 13,663
Total Liabilities and Reserves		<u>\$ 16,726</u>	<u>\$ 13,663</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Land and Land Improvements	\$ 18,077,602	\$ 18,077,602
Buildings and Building Improvements	13,909,556	13,804,294
Machinery and Equipment	<u>6,939,325</u>	<u>6,881,193</u>
	<u>\$ 38,926,483</u>	<u>\$ 38,763,089</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 38,926,483</u>	<u>\$ 38,763,089</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Reporting Entity

The Borough of Montvale (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. 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 - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for 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 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, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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 - 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.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 per N.J.S.A. 40A:4 et seq.

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

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

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 2010 and 2009 the Borough Council increased the original budget by \$13,789 and \$20,000. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2010 and 2009.

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.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

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.

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.

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

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fixed Assets (Continued)

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.

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

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 Capital Funds until such time as the construction is completed and put into operation.

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.

Reclassifications - Certain reclassifications have been made to the December 31, 2009 balances to conform to the December 31, 2010 presentation.

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.

**BOROUGH OF MONTVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements

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 financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

NOTE 2 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.

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2010 and 2009, the book value of the Borough's deposits were \$8,001,479 and \$7,293,937 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,221,346 and \$7,623,898, 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>2010</u>	<u>2009</u>
Insured	\$ 8,163,129	\$ 7,565,827
Uninsured and Collateralized	<u>58,217</u>	<u>58,071</u>
	<u>\$ 8,221,346</u>	<u>\$ 7,623,898</u>

BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2010 and 2009, the Borough’s bank balance of \$58,217 and \$58,071 was exposed to custodial credit risk as follows:

	<u>2010</u>	<u>2009</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 58,217</u>	<u>\$ 58,071</u>

Investments

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

As of December 31, 2010 and 2009, the Borough had the following investments:

	<u>2010</u>	<u>2009</u>
Investment:		
Lincoln Financial Group LOSAP Investment Fund (Unaudited)	<u>\$ 239,080</u>	<u>\$ 185,359</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2010 and 2009, \$239,080 and \$185,359 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>2010</u>	<u>2009</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 239,080</u>	<u>\$ 185,359</u>

**BOROUGH OF MONTVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2010 and 2009, the Borough's investment in Lincoln Financial Group was rated Baa2, respectively, by Moody's Investor Services.

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

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

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

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
<u>Current</u>		
Property Taxes	\$ 299,562	\$ 337,694
Tax Title Liens	<u>24,605</u>	<u>24,195</u>
	<u>\$ 324,167</u>	<u>\$ 361,889</u>

In 2010 and 2009, the Borough collected \$324,309 and \$250,547 from delinquent taxes, which represented 90% and 92% of the prior year delinquent taxes receivable balance.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 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 the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2010</u>	<u>2009</u>
Issued		
General		
Bonds and Notes	\$ 12,098,000	\$ 13,270,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>2,768</u>	<u>2,768</u>
Net Debt Issued	12,095,232	13,267,232
Authorized But Not Issued		
General		
Bonds and Notes	<u>46,616</u>	<u>46,992</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 12,141,848</u>	<u>\$ 13,314,224</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .54% and .60% at December 31, 2010 and 2009, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 12,144,616	\$ 2,768	\$ 12,141,848
School Debt	<u>12,719,489</u>	<u>12,719,489</u>	<u>-</u>
Total	<u>\$ 24,864,105</u>	<u>\$ 12,722,257</u>	<u>\$ 12,141,848</u>

**BOROUGH OF MONTVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Statutory Net Debt (Continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 13,316,992	\$ 2,768	\$ 13,314,224
School Debt	<u>13,171,688</u>	<u>13,171,688</u>	<u>-</u>
Total	<u>\$ 26,488,680</u>	<u>\$ 13,174,456</u>	<u>\$ 13,314,224</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>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 78,450,702 <u>12,141,848</u>	\$ 76,730,048 <u>13,314,224</u>
Remaining Borrowing Power	<u>\$ 66,308,854</u>	<u>\$ 63,415,824</u>

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>2010</u>	<u>2009</u>
\$6,147,000, 2001 Bonds, due in annual installment of \$450,000 through August, 2011, interest at 4.00% to 4.625% (Partially Refunded in 2010)	\$ 450,000	\$ 4,532,000

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

General Obligation Bonds (Continued)

	<u>2010</u>	<u>2009</u>
\$7,413,000, 2003 Bonds, due in annual installments of \$725,000 to \$763,000 through October, 2018, interest at 3.50% to 3.625%	\$ 6,013,000	\$ 6,738,000
\$3,775,000, 2010 Refunding Bonds, due in annual installments of \$30,000 to \$480,000 through August, 2019, interest at 2.00% to 4.375%	<u>3,735,000</u>	<u>-</u>
	<u>\$ 10,198,000</u>	<u>\$ 11,270,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2010 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2011	\$ 1,230,000	\$ 359,020	\$ 1,589,020
2012	1,230,000	313,046	1,543,046
2013	1,225,000	272,396	1,497,396
2014	1,210,000	235,708	1,445,708
2015	1,210,000	193,222	1,403,222
2016-2019	<u>4,093,000</u>	<u>326,378</u>	<u>4,419,378</u>
	<u>\$ 10,198,000</u>	<u>\$ 1,699,770</u>	<u>\$ 11,897,770</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2010 and 2009 were as follows:

	Balance, December 31, <u>2009</u>	<u>Increase</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund Bonds Payable	<u>\$ 11,270,000</u>	<u>\$ 3,775,000</u>	<u>\$ 4,847,000</u>	<u>\$ 10,198,000</u>	<u>\$ 1,230,000</u>

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2008</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>Year</u>
<u>2009</u>					
General Capital Fund					
Bonds Payable	\$ 12,433,000	\$ -	\$ 1,163,000	\$ 11,270,000	\$ 1,175,000

Short-Term Debt

The Borough's short-term capital debt activity for the years 2010 and 2009 was as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 2,000,000	\$ 1,900,000	\$ 2,000,000	\$ 1,900,000
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	Balance December 31, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land and Land Improvements	\$ 18,077,602			\$ 18,077,602
Buildings and Building Improvements	13,804,294	\$ 105,262		13,909,556
Machinery and Equipment	<u>6,881,193</u>	<u>58,132</u>	<u>-</u>	<u>6,939,325</u>
	<u>\$ 38,763,089</u>	<u>\$ 163,394</u>	<u>\$ -</u>	<u>\$ 38,926,483</u>
	December 31, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2009</u>
<u>2009</u>				
Land and Land Improvements	\$ 17,611,735	\$ 465,867		\$ 18,077,602
Buildings and Building Improvements	13,746,037	58,257		13,804,294
Machinery and Equipment	6,837,556	43,637		6,881,193
Construction in Progress	<u>424,312</u>	<u>-</u>	<u>\$ (424,312)</u>	<u>-</u>
	<u>\$ 38,619,640</u>	<u>\$ 567,761</u>	<u>\$ (424,312)</u>	<u>\$ 38,763,089</u>

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2010</u>		<u>2009</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		\$ 32,311	\$ 5,092	\$ 20,457
Trust Funds				
Animal Control				3,649
Other Trust	\$ 11,611			1,443
Open Space Preservation Trust Fund			907	
LOSAP Fund	<u>20,700</u>	<u>-</u>	<u>19,550</u>	<u>-</u>
 Total	 <u>\$ 32,311</u>	 <u>\$ 32,311</u>	 <u>\$ 25,549</u>	 <u>\$ 25,549</u>

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

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

NOTE 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:

	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 2,748,773	\$ 1,800,000	\$ 1,914,326	\$ 1,800,000
Non-Cash Surplus	<u>206,965</u>	<u>-</u>	<u>275,761</u>	<u>-</u>
	 <u>\$ 2,955,738</u>	 <u>\$ 1,800,000</u>	 <u>\$ 2,190,087</u>	 <u>\$ 1,800,000</u>

**BOROUGH OF MONTVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010 there were no deferred charges reported on the balance sheets that were to be raised in succeeding budgets. At December 31, 2009 the following deferred charge was reported on the current fund balance sheet as follows:

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2009</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 43,000</u>	<u>\$ 43,000</u>	<u>\$ -</u>

NOTE 9 COMPENSATED ABSENCES

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$425,951 and \$504,476 at December 31, 2010 and 2009, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

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

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

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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 and are considered in the annual actuarial calculation of the required contributions for the system.

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/pension.

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from this plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

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

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

**BOROUGH OF MONTVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

During the years ended December 31, 2010, 2009 and 2008, 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 year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2010	\$ 582,051	\$ 191,672	\$ 1,389
2009	553,619	184,750	892
2008	476,685	132,648	802

(1) Inclusive of Municipal Library's portion of contributions for each year.

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

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

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 12 RISK MANAGEMENT

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

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

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

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

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 December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 25,000	\$ 6,168	\$ 36,817	\$ 39,241
2009	-	6,348	30,269	44,889
2008	-	12,983	30,462	68,740

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 13 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, 2010 and 2009. 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, 2010 and 2009, the Borough reserved \$325,977 and \$325,977, 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, 2010 and 2009, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 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, 2010 and 2009, the Borough has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 15 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, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

**BOROUGH OF MONTVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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

The Borough of Montvale has contributed \$1,150 for 2010 and 2009, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$20,700 and \$19,550 for 2010 and 2009, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

Interlocal Services Agreement

The Boroughs of Park Ridge, Woodcliff Lake and Montvale entered into an interlocal service agreement for the purposes of reimbursing the Borough of Park Ridge as sponsoring agency for a length of service award 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, 2010 and 2009 were \$12,741 and \$13,464, respectively.

**BOROUGH OF MONTVALE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Interlocal Services Agreement (Continued)

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 Award Program and are not included in this report.

NOTE 16 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>2010</u>		
Woodland Road Improvements	\$200,000	2011
<u>2009</u>		
Senior and Community Center Rehabilitation	\$ 65,719	2010
Turf Replacement at Fieldstone School	58,434	2010

NOTE 17 DEFEASANCE OF DEBT

On May 26, 2010 the Borough issued \$3,775,000 in General Obligation Refunding Bonds having an interest rate of 2.0% to 4.375%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2001 General Improvement Bonds of the Borough. The total bond principal defeased was \$3,632,000 and the total interest payments defeased was \$246,062. The net proceeds of \$3,897,267 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability was removed from the General Capital Fund. This advance refunding resulted in the issuance of an additional \$143,000 in bonds and resulted in a decrease of cash flows over the life of these bond issues in the amount \$124,559; however, the economic gain (difference between the present value of the old and new debt service payments) was \$112,207. The advanced refunding was undertaken to reduce total debt service payments over the next 10 years by \$124,559.

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CURRENT FUND

BOROUGH OF MONTVALE
STATEMENT OF CASH - COLLECTOR - TREASURER

Balance, December 31, 2009		\$ 3,991,751
Increased by:		
Taxes Receivable	\$ 38,207,799	
Nonbudget Revenue	472,894	
Prepaid Revenues	35,922	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	65,000	
Revenue Accounts Receivable	2,475,560	
Grants Receivable	73,511	
Receipts from Animal Control Fund	5,188	
Receipts from Other Trust Fund	2,026	
Receipts For Other Trust Fund	11,630	
Receipts from General Capital Fund	3	
Fees Payable	27,668	
Prepaid Taxes	215,390	
Reserve for Grants - Unappropriated	2,156	
Petty Cash	500	
Tax Overpayments	56,803	
Miscellaneous Reserves	<u>2</u>	
		<u>41,652,052</u>
		45,643,803
Decreased by Disbursements:		
2010 Budget Appropriations	11,856,878	
2009 Appropriation Reserves	163,493	
Due to County for Added and Omitted Taxes	21,064	
Regional High School Taxes Payable	10,375,365	
County Taxes Payable	4,311,101	
Local School District Tax Payable	13,561,165	
Payments to Open Space Preservation Trust Fund	119,624	
Accounts Payable	11,639	
Encumbrances Payable	284,181	
Petty Cash	500	
Reserve for Grants - Appropriated	582	
Payments for Animal Control Fund	1,539	
Payments to LOSAP Fund	19,550	
Tax Overpayments Refunded	48,072	
Fees Payable	25,115	
Refund of Prior Year Revenue	<u>1,025</u>	
		<u>40,800,893</u>
Balance, December 31, 2010		<u>\$ 4,842,910</u>

**BOROUGH OF MONTVALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2009</u>	Balance, December 31, <u>2010</u>
Tax Collector/Borough Clerk	\$ 100	\$ 100
Dog/Cat License Registrar	50	50
Municipal Court	200	200
Police Department	<u>50</u>	<u>50</u>
	<u>\$ 400</u>	<u>\$ 400</u>

STATEMENT OF PETTY CASH FUND

<u>Office</u>	Received From <u>Treasurer</u>	Returned To <u>Treasurer</u>
Borough Clerk	<u>\$ 500</u>	<u>\$ 500</u>
	<u>\$ 500</u>	<u>\$ 500</u>

**BOROUGH OF MONTVALE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2009</u>	Revenue <u>Realized</u>	<u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2010</u>
BCCD - Senior Citizens Activities		\$ 3,000	\$ 3,000		
County of Bergen					
Open Space - Land Acquisition	\$ 125,000			\$ 125,000	
Middletown Road Acquisition	25,000			25,000	
County of Bergen-Feasibility Study	20,000		18,900	1,100	
Municipal Alliance Program	5,443	10,356	4,893	3,941	\$ 6,965
NJ Department of Transportation - Mercedes Drive	57,318		31,916	25,402	
NJ Department of Transportation-Woodland Road Sec. II		200,000			200,000
Body Armor Grant - State Share		1,013	1,013		
Clean Communities Grant	-	13,789	13,789	-	-
	<u>\$ 232,761</u>	<u>\$ 228,158</u>	<u>\$ 73,511</u>	<u>\$ 180,443</u>	<u>\$ 206,965</u>
Appropriation Reserves				\$ 5,041	
Appropriated Grant Reserves				163,069	
Operations				<u>12,333</u>	
				<u>\$ 180,443</u>	

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

Balance, December 31, 2009		\$ 4,618
Increased by:		
Payment from State of New Jersey	\$ 65,000	
Senior Citizen's Deductions Disallowed by Tax Collector - 2010	750	
Senior Citizen's Deductions Disallowed by Tax Collector - 2009	<u>250</u>	
		<u>66,000</u>
		70,618
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	7,000	
Veterans' Deductions Per Tax Billings	58,500	
Veterans'/Senior Citizen Deductions Allowed by Tax Collector-2010	<u>2,000</u>	
		<u>67,500</u>
Balance, December 31, 2010		<u>\$ 3,118</u>

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

Year	Balance, December 31, 2009	2010 Levy	Senior Citizens' and Veterans' Deductions Disallowed	2009 Collections	2010 Collections	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2010
2009	\$ 337,694	\$	\$ 250	\$	\$ 324,309	\$	\$ 6,237	\$ 204	\$ 7,194
2010	-	<u>\$ 38,677,808</u>	750	<u>\$ 161,696</u>	<u>37,883,490</u>	<u>\$ 67,500</u>	<u>273,298</u>	<u>206</u>	<u>292,368</u>
	\$ <u>337,694</u>	\$ <u>38,677,808</u>	\$ <u>1,000</u>	\$ <u>161,696</u>	\$ <u>38,207,799</u>	\$ <u>67,500</u>	\$ <u>279,535</u>	\$ <u>410</u>	\$ <u>299,562</u>

Analysis of 2010 Property Tax Levy

ANALYSIS OF 2010 PROPERTY TAX LEVY

TAX YIELD	
General Purpose Tax	\$ 38,418,564
Added Taxes (54:4-63.1 et. seq.)	<u>259,244</u>
	<u>\$ 38,677,808</u>
Regional High School Tax	\$ 10,375,365
Local District School Tax	13,493,552
County Taxes:	
County Taxes	\$ 4,255,386
County Open Space	55,715
Due County for Added Taxes (54:4-63.1 et. seq.)	<u>29,282</u>
Municipal Open Space Tax	117,921
Municipal Open Space Added Taxes	<u>796</u>
	4,340,383
	118,717
Local Tax for Municipal Purposes Additional Tax Levied	<u>10,113,420</u>
	<u>236,371</u>
	<u>10,349,791</u>
	<u>\$ 38,677,808</u>

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

Balance, December 31, 2009		\$ 24,195
Increased by:		
Transfers from Taxes Receivable - 2009	\$ 204	
Transfers from Taxes Receivable - 2010	<u>206</u>	
		<u>410</u>
		<u>\$ 24,605</u>

EXHIBIT A-11

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

Balance, December 31, 2009		<u>\$ 29,400</u>
Balance, December 31, 2010		<u>\$ 29,400</u>

BOROUGH OF MONTVALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2009</u>	Accrued in <u>2010</u>	<u>Collected</u>	Balance, December 31, <u>2010</u>
Borough Clerk				
Licenses - Alcoholic Beverages		\$ 17,590	\$ 17,590	
Licenses - Other		21,245	21,245	
Fees and Permits		8,097	8,097	
Board of Health				
Fees and Permits		582	582	
Construction Code Official				
Uniform Construction Code Fees		354,994	354,994	
Fees and Permits - Other		65,200	65,200	
Police				
Fees and Permits		3,723	3,723	
Tax Collector				
Fees and Permits		792	792	
Board of Adjustment				
Fees and Permits		2,019	2,019	
Planning Board				
Fees and Permits		27,135	27,135	
Recreation				
Fees and Permits		97,403	97,403	
Municipal Court				
Fines and Costs		167,824	164,805	\$ 3,019
Interest and Costs on Taxes	\$ 11,161	74,120	76,701	8,580
Interest Earned on Investments and Deposits		3,254	3,254	
Energy Receipts Tax		1,262,378	1,262,378	
Cable TV Franchise Fees		82,033	82,033	
Sewer Agreement - Marriott		30,576	30,576	
Local School District-Fieldstone Fields		25,000	25,000	
Hotel/Motel Tax		171,553	171,553	
Uniform Fire Safety Act:				
Local Enforcement Fees		79,805	79,805	
LEA Rebate	-	11,251	11,251	-
	<u>\$ 11,161</u>	<u>\$ 2,506,574</u>	<u>\$ 2,506,136</u>	<u>\$ 11,599</u>
Cash Received			\$ 2,475,560	
Prepaid Revenues Applied			<u>30,576</u>	
			<u>\$ 2,506,136</u>	

**BOROUGH OF MONTVALE
STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-53 SPECIAL EMERGENCY**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2009</u>	<u>Raised in</u> <u>2010</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2010</u>
3/5/2005	Revaluation Program	\$ 215,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ -
				<u>\$ 43,000</u>	<u>\$ 43,000</u>	<u>\$ -</u>

**BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, <u>2009</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Transfers and <u>Cancellations</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES						
Administrative and Executive	\$ 4,831		\$ 4,831			\$ 4,831
Mayor and Council	77		77			77
Borough Clerk	526		526			526
Elections	397		397			397
Financial Administration	1,400		1,400			1,400
Assessment of Taxes	4		4			4
Collection of Taxes	8,336		8,336			8,336
Cable TV Committee	4,680		4,680			4,680
Environmental Commission	460		460			460
Historic Preservation Committee	460		460			460
Planning Board	2,744		2,744			2,744
Board of Adjustment	1,281		1,281			1,281
Zoning Official	2,628		2,628			2,628
Property Maintenance	459		459			459
Fire	5		5			5
Police	29,167		29,167	\$ 9,446		19,721
Uniform Fire Safety Act	1,489		1,489			1,489
Road Repair and Maintenance	9,703		9,703			9,703
Recycling	9		9			9
Public Buildings and Grounds	269		269			269
Public Health Services	364		364			364
Public Assistance	2		2			2
Recreation Services and Programs	7,556		7,556			7,556
Senior Citizen Van	3,459		3,459			3,459
Construction Code Official	6,567		6,567			6,567
Plumbing Subcode Official	1,209		1,209			1,209
Fire Subcode Official	909		909			909
Electrical Subcode Official	1,681		1,681			1,681
Elevator Subcode Official	601		601			601
Municipal Court	2,698		2,698			2,698
Police Dispatch/911	7,200	-	7,200	7,200	-	-
	<u>101,171</u>	<u>-</u>	<u>101,171</u>	<u>16,646</u>	<u>-</u>	<u>84,525</u>
OTHER EXPENSES						
Administrative and Executive	27,946	\$ 2,014	29,960	1,821		28,139
Mayor and Council	14,762		14,762	191		14,571
Borough Clerk	9,153		9,153			9,153
Elections	1,465		1,465			1,465
Financial Administration	5,094		5,094			5,094
Audit Services	35,000		35,000	35,000		-
Assessment of Taxes	20,075		20,075	236		19,839
Collection of Taxes	459		459	4		455
Legal Services and Costs	63,904		63,904	3,083		60,821
Engineering Services & Costs	25,908		25,908	22,758		3,150
Cable TV Commission	1,167		1,167	584		583
Public Employee Award Program	500		500			500
Environmental Commission	992		992			992
Historic Preservation Commission	780		780			780
Historian	672		672			672
Planning Board	12,896		12,896	80		12,816
Board of Adjustment	2,293		2,293			2,293
Fire	7,077	136	7,213			7,213
Fire Hydrant Service	331		331			331
Police	1,311	4,122	5,433			5,433
Purchase of Police Vehicles	109		109			109

**BOROUGH OF MONTVALE
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2009	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Transfers and Cancellations	Balance Lapsed
OTHER EXPENSES (Continued)						
Police Radio Communications	\$ 157	\$ 3,500	\$ 3,657			\$ 3,657
Emergency Management	1,918	31	1,949			1,949
Uniform Fire Safety Act	2,517		2,517			2,517
Prosecutor	500		500			500
Road Repair and Maintenance		6,943	6,943			6,943
Sewer System		2,401	2,401			2,401
Solid Waste Fees	17,863		17,863			17,863
Garbage and Trash Removal	7,000		7,000	\$ 4,947		2,053
Recycling Tax		1,028	1,028			1,028
Recycling	12,509		12,509			12,509
Public Buildings and Grounds	19,714		19,714	8,522		11,192
Maintenance of All Vehicles	8,219		8,219	1,538		6,681
Municipal Services Act	8,381		8,381	5,101		3,280
Public Health Services	11,486		11,486	123		11,363
Animal Regulation		75	75			75
Administration of Public Assistance	224		224			224
Parks and Playgrounds	548	233	781			781
Recreation Services and Programs	21,069		21,069	2,066		19,003
PEOSHA Compliance	2,000		2,000			2,000
Construction Code Officials	4,502		4,502	1,002		3,500
Utilities:						
Gasoline	24,473		24,473	6,397		18,076
Electricity	19,428		19,428	5,707		13,721
Telephone	8,367		8,367	1,965		6,402
Natural Gas	51,111		51,111	32,538		18,573
Street Lighting	25,135		25,135	11,395		13,740
Contingent	1,000		1,000			1,000
Social Security System	35,297		35,297	3,500		31,797
Defined Contribution Retirement Plan	1,108		1,108			1,108
Municipal Court	1,287	233	1,520			1,520
Public Defender		1,300	1,300			1,300
Fair Housing Compliance Act	15,000		15,000			15,000
Maintenance of Free Public Library	10,993		10,993	10,993		
Insurance						
Life Insurance	1,871	515	2,386			2,386
General Liability	9,162		9,162			9,162
Workers Compensation	1,724		1,724			1,724
Employee Group Health	101,239		101,239			101,239
Length of Service Award Program	30,850		30,850	13,464		17,386
Police Dispatch		7,200	7,200			7,200
Municipal Alliance Program						
State Share	3,941		3,941		\$ 3,941	
Local Share	986		986			986
Drunk Driving Enforcement	1,272		1,272		1,272	
County of Bergen Feasibility Study	1,100		1,100		1,100	
	<u>695,845</u>	<u>29,731</u>	<u>725,576</u>	<u>173,015</u>	<u>6,313</u>	<u>546,248</u>
	<u>\$ 797,016</u>	<u>\$ 29,731</u>	<u>\$ 826,747</u>	<u>\$ 189,661</u>	<u>\$ 6,313</u>	<u>\$ 630,773</u>
Cash Disbursed				\$ 163,493		
Accounts Payable				26,168		
Grants Receivable					\$ 5,041	
Appropriated Grant Reserves					<u>1,272</u>	
				<u>\$ 189,661</u>	<u>\$ 6,313</u>	

**BOROUGH OF MONTVALE
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2009	\$ 23,896
Increased by:	
Transferred from Appropriation Reserves	<u>26,168</u>
	50,064
Decreased by:	
Payments	<u>11,639</u>
Balance, December 31, 2010	<u>\$ 38,425</u>

EXHIBIT A-16

STATEMENT OF PREPAID TAXES

Balance, December 31, 2009	\$ 161,696
Increased by:	
2011 Prepaid Taxes Received	<u>215,390</u>
	377,086
Decreased by:	
Application to 2010 Taxes Receivable	<u>161,696</u>
Balance, December 31, 2010	<u>\$ 215,390</u>

EXHIBIT A-17

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2009	\$ 29,935
Increased by:	
Overpayments Received	<u>56,803</u>
	86,738
Decreased by:	
Refunded	<u>48,072</u>
Balance, December 31, 2010	<u>\$ 38,666</u>

**BOROUGH OF MONTVALE
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, December 31, 2009	\$	67,613
Increased by: 2010 Levy		<u>13,493,552</u>
		13,561,165
Decreased by: Payments	\$	<u>13,561,165</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by: 2010 Levy	\$	10,375,365
Decreased by: Payments	\$	<u>10,375,365</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by: 2010 Levy:			
General County Tax		\$ 4,255,386	
County Open Space Tax		<u>55,715</u>	
			\$ 4,311,101
Decreased by: Payments			<u>\$ 4,311,101</u>

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

Balance, December 31, 2009	\$	21,064
Increased by:		
2010 Levy Added Taxes		<u>29,282</u>
		50,346
Decreased by:		
Payments		<u>21,064</u>
Balance, December 31, 2010	\$	<u>29,282</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAXES

Increased by:		
2010 Levy	\$	117,921
2010 Added Levy		<u>796</u>
	\$	118,717
Decreased by:		
Due to Open Space Preservation Trust Fund	\$	<u>118,717</u>

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2010</u>
Marriage Licenses	\$ 125	\$ 625	\$ 625	\$ 125
BOCA Fees	<u>3,573</u>	<u>27,043</u>	<u>24,490</u>	<u>6,126</u>
	<u>\$ 3,698</u>	<u>\$ 27,668</u>	<u>\$ 25,115</u>	<u>\$ 6,251</u>

**BOROUGH OF MONTVALE
STATEMENT OF PREPAID REVENUE**

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	Applied to Current Year <u>Revenue</u>	Balance, December 31, <u>2010</u>
Sewer Fees - Marriott	\$ 30,576	\$ 35,922	\$ 30,576	\$ 35,922
	<u>\$ 30,576</u>	<u>\$ 35,922</u>	<u>\$ 30,576</u>	<u>\$ 35,922</u>

EXHIBIT A-25

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2009		\$ 313,912
Increased by:		
Charges to 2010 Budget Appropriations		<u>688,594</u>
		1,002,506
Decreased by:		
Cash Payments	\$ 284,181	
Cancellation Restored to Appropriation Reserves	<u>29,731</u>	
		<u>313,912</u>
Balance, December 31, 2010		<u>\$ 688,594</u>

**BOROUGH OF MONTVALE
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2009	<u>\$ 325,977</u>
Balance, December 31, 2010	<u>\$ 325,977</u>

EXHIBIT A-27

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2010</u>
Arbitrage Rebate	\$ 60,000			\$ 60,000
Sale of Municipal Assets	12,019			12,019
Security Deposit	<u>3,957</u>	<u>\$ 2</u>	<u>-</u>	<u>3,959</u>
	<u>\$ 75,976</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 75,978</u>

BOROUGH OF MONTVALE
STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2009</u>	<u>Received</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2010</u>
Recycling Tonnage Grant	\$ 10,474		\$ 10,474	
Drunk Driving Enforcement Fund	1,537		1,537	
Body Armor Fund	<u>-</u>	<u>\$ 2,156</u>	<u>-</u>	<u>\$ 2,156</u>
	<u>\$ 12,011</u>	<u>\$ 2,156</u>	<u>\$ 12,011</u>	<u>\$ 2,156</u>

EXHIBIT A-29

STATEMENT OF RESERVES FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2009</u>	Transfer from Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	<u>Cancelled</u>	Balance, December 31, <u>2010</u>
BC Open Space:					
Land Acquisition	\$ 125,000			\$ 125,000	
Middletown Road Acquisition	25,000			25,000	
Drunk Driving Enforcement Fund	3,995	\$ 1,272	\$ 582		\$ 4,685
FEMA-Gabion Walls-State	8,943				8,943
FEMA-Gabion Walls-Federal	13,373				13,373
DOT-Mercedes Drive Sec. 2	<u>13,069</u>	<u>-</u>	<u>-</u>	<u>13,069</u>	<u>-</u>
	<u>\$ 189,380</u>	<u>\$ 1,272</u>	<u>\$ 582</u>	<u>\$ 163,069</u>	<u>\$ 27,001</u>
				<u>\$ 163,069</u>	
				<u>Grants Receivable</u>	

TRUST FUNDS

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

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Open Space Preservation Trust Fund</u>
Balance, December 31, 2009	\$ 9,980	\$ 1,987,126	\$ 50,379	\$ 463,360
Increased by Receipts:				
State Dog License Fees	\$ 661			
Borough Dog License Fees	8,059			
Late Fees	100			
Borough Cat License Fees				
Interest Earned on Investments		\$ 602	\$ 1	\$ 598
Escrow Deposits		808,982		
Miscellaneous Reserves and Deposits		286,262		
Payroll Deductions Payable		2,641,525		
Net Payroll Deposits		3,339,746		
Receipts from Current Fund			25,000	119,624
Budget Appropriation			6,168	
Employee Contributions-Unemployment		7,077,117	31,169	120,222
	<u>18,800</u>	<u>9,064,243</u>	<u>81,548</u>	<u>583,582</u>
Decreased by Disbursements:				
Animal Control Expenditures Under				
R.S. 4:19-15.11	2,807			
State Dog License Fees	656			
Payments to State for Unemployment Claims			38,160	
Payments to Current Fund	5,188			
Escrow Deposits		2,026		
Miscellaneous Reserves and Deposits		915,452		
Reserve for Open Space Preservation		205,736		74,580
Payroll Deductions Payable		2,637,476		
Net Payroll		3,339,746		
	<u>8,651</u>	<u>7,100,436</u>	<u>38,160</u>	<u>74,580</u>
Balance, December 31, 2010	<u>\$ 10,149</u>	<u>\$ 1,963,807</u>	<u>\$ 43,388</u>	<u>\$ 509,002</u>

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

Balance, December 31, 2009		\$ 21
Increased by:		
State Fees Collected		<u>661</u>
		682
Decreased by:		
Payments		<u>656</u>
Balance, December 31, 2010		<u>\$ 26</u>

EXHIBIT B-5

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2009		\$ 6,310
Increased by:		
Dog License Fees Collected	\$ 8,059	
Late Fees	<u>100</u>	
		<u>8,159</u>
		14,469
Decreased by:		
Expenditures Under R.S.4:19-15.11		
Cash Disbursements	2,807	
Expenditures Paid by Current	<u>1,539</u>	
		<u>4,346</u>
Balance, December 31, 2010		<u>\$ 10,123</u>

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

Balance, December 31, 2009	\$	3,649
Increased by:		
Expenditures Paid by Current Fund		1,539
		5,188
Decreased by:		
Payment to Current Fund	\$	5,188

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

Balance, December 31, 2009	\$	44,889
Increased by:		
Interest Income	\$	1
Employee Contributions		6,168
Budget Appropriation		25,000
		31,169
		76,058
Decreased by:		
Unemployment Claims Due to State		36,817
Balance, December 31, 2010	\$	39,241

**STATEMENT OF DUE TO STATE
UNEMPLOYMENT INSURANCE FUND**

Balance, December 31, 2009	\$	5,490
Increased by:		
Unemployment Claims Charged to Reserve		36,817
		42,307
Decreased by:		
Cash Disbursements		38,160
Balance, December 31, 2010	\$	4,147

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

Balance, December 31, 2009 (Due to)		\$ 1,443
Increased by:		
Interest on Investments		<u>602</u>
		2,045
Decreased by:		
Receipts Collected by Current Fund for Other Trust	\$ 11,630	
Cash Disbursements	<u>2,026</u>	
		<u>13,656</u>
Balance, December 31, 2010 (Due From)		<u>\$ 11,611</u>

Analysis of Balance

Due to Current Fund - Developers' Accutrak Trust Account-Interest		\$ (19)
Due from Current Fund - Tax Sale Premium		11,200
Due from Current Fund - Dare Program		<u>430</u>
		<u>\$ 11,611</u>

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2009		\$ 797,077
Increased by:		
Developers' Deposits	\$ 807,634	
Developers' Interest Earned	<u>1,348</u>	
		<u>808,982</u>
		1,606,059
Decreased by:		
Cash Disbursements		<u>915,452</u>
Balance, December 31, 2010		<u>\$ 690,607</u>

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

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2010</u>
Engineering Fee Deposits	\$ 13,643	\$ 8,040	\$ 9,264	\$ 12,419
Planning Board Deposits	42,156		9,051	33,105
Affordable Housing Trust Fees	1,000,867	140,071	34,124	1,106,814
POAA Fees	948	188		1,136
Special Police Outside Duty	44,962	101,037	120,625	25,374
Tax Title Lien Premiums	10,600	11,200		21,800
Celebration of Public Events Donations	5,821	3,690	2,097	7,414
Senior Center Donations	343			343
Public Defender Fees	865	350	1,100	115
Reserve for Bonds	12,444			12,444
Reserve for Tax Title Liens		28,073	28,073	
Reserve for Retirement Dinner	1,402		1,402	
Reserve for DARE Program	2,001	680		2,681
Reserve for Uniform Fire Safety	1,250	2,250		3,500
Reserve for Fire Training/Equipment	250	2,250		2,500
Historic Preservation Donations	1,586			1,586
North/South Park-Improvement Donations	12,779	63	-	12,842
	<u>\$ 1,151,917</u>	<u>\$ 297,892</u>	<u>\$ 205,736</u>	<u>\$ 1,244,073</u>
		\$ 286,262		
Cash Receipts		11,630		
Due from Current Fund		<u>\$ 297,892</u>		

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

Balance, December 31, 2009	\$ 36,689
Increased by:	
Deposits:	
Payroll Deductions	<u>2,641,525</u>
	2,678,214
Decreased by:	
Disbursements:	
Payroll Deductions	<u>2,637,476</u>
Balance, December 31, 2010	<u>\$ 40,738</u>

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

Increased by:		
Net Payroll Deposits		\$ 3,339,746
Decreased by:		
Disbursements - Net Payroll		<u>\$ 3,339,746</u>

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

Balance, December 31, 2009		\$ 907
Increased by:		
2010 Levy	\$ 117,921	
2010 Added Levy	<u>796</u>	
		<u>118,717</u>
		119,624
Decreased by:		
Receipts from Current Fund		<u>\$ 119,624</u>

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

Balance, December 31, 2009		\$ 464,267
Increased by:		
Due from Current Fund		
2010 Levy	\$ 117,921	
2010 Added Levy	<u>796</u>	
		<u>\$ 118,717</u>
Interest on Deposits		<u>598</u>
		<u>119,315</u>
		583,582
Decreased by:		
Cash Disbursements for Expenditures		<u>74,580</u>
Balance, December 31, 2010		<u>\$ 509,002</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2009		\$ 777,278
Increased by:		
Reimbursement to Improvement Authorizations	\$ 8,224	
Unexpended Bond Issuance Costs	7,944	
Interest on Investments	<u>3</u>	
		<u>16,171</u>
		793,449
Decreased by Disbursements:		
Improvement Authorizations	53,903	
Payments to Current Fund	3	
Encumbrances Payable	<u>124,446</u>	
		<u>178,352</u>
Balance, December 31, 2010		<u>\$ 615,097</u>

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

		Balance, December 31, <u>2010</u>
Fund Balance		\$ 56,276
Encumbrances Payable		179,533
Capital Improvement Fund		144,741
Reserve for Payment of Debt		2,680
Excess Note Proceeds		88
Ord.		
<u>No.</u>	<u>Improvement Description</u>	
1153/1177/1199	Purchase and Renovation of Building	19,437
1178	Various Improvements-Recreation Field	1,527
1195	Various Capital Improvements - 2003	1,878
1201	Various Capital Improvements - 2003	171,474
1258	Improvements to Senior Center	1,181
1287	Various Capital Improvements-2008	(8,497)
1305	Various Capital Improvements-2009	6,493
1323	Various Capital Improvements-2010	25,718
1332	Various Road Improvements-2010	<u>12,568</u>
		<u>\$ 615,097</u>

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

Increased by:		
Interest Earned on Deposits	\$	3
Decreased by:		
Payments to Current Fund	\$	<u>3</u>

EXHIBIT C-5

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2009		\$ 11,270,000
Increased by:		
Refunding Bonds Issued		<u>3,775,000</u>
		15,045,000
Decreased by:		
Bonds Refunding	\$ 3,632,000	
2010 Budget Appropriations to Pay Bonds	<u>1,215,000</u>	
		<u>4,847,000</u>
Balance, December 31, 2010		<u>\$ 10,198,000</u>

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

Ord. No.	Improvement Description	Balance December 31, 2009	Notes Paid by Budget Appropriation	Reallocated Authorizations Cancellation	Balance, December 31, 2010	Analysis of Balance December 31, 2010			
						Bond Anticipation Notes	Unexpended Improvement Authorizations		
		\$ 550			\$ 550		\$ 550		
1195	Various Capital Improvements	696,291	\$ 75,000		621,291	\$ 621,291			
1201	Various Capital Improvements	321,912	25,000		296,912	296,912			
1242	Fire Dept. Facility Modifications & Equip. Acq.	799,900		\$ (66,000)	733,900	733,900			
1257	Regional Contribution Agreement	75,251			75,251	53,084	\$ 8,497		
1269	2007 Road Improvement Program	153,000		\$ 376	127,942	127,942			
1280	Various Capital Improvements				66,000	66,000			
1287	Various Capital Improvements				24,682	24,682			
1305	Various Capital Improvements					783	23,899		
1323	Various Capital Improvements								
1332	Various Road Improvements								
		<u>\$ 2,046,904</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 376</u>	<u>\$ 1,946,528</u>	<u>\$ 1,899,912</u>	<u>\$ 8,497</u>	<u>\$ 38,119</u>
							Bond Anticipation Notes	\$ 1,900,000	
							Less: Excess Note Proceeds		
							Ordinance 1269	88	
								<u>\$ 1,899,912</u>	
							Improvement Authorizations-Funded		\$ 71,113
							Less: Unexpended Proceeds of Bond		
							Anticipation Notes:		
							Ord. No. 1305	\$ 6,493	
							Ord. No. 1323	25,718	
							Ord. No. 1332	783	
								<u>32,994</u>	
									<u>\$ 38,119</u>

**BOROUGH OF MONTVALE
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2009	\$ <u>144,741</u>
Balance, December 31, 2010	\$ <u>144,741</u>

EXHIBIT C-8

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2009	\$ 211,242
Increased by:	
Charges to Improvement Authorizations	<u>93,019</u>
	304,261
Decreased by:	
Payments	\$ 124,446
Cancellations Restored to Improvement Authorizations	<u>282</u>
	<u>124,728</u>
Balance, December 31, 2010	\$ <u>179,533</u>

EXHIBIT C-9

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2009	\$ <u>2,680</u>
Balance, December 31, 2010	\$ <u>2,680</u>

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

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2009	Increased	Decreased	Reallocated	Balance, December 31, 2010
1242	Fire Dept. Facility Modifications and Equip. Acq.	12/20/2007	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	\$ 696,291	\$ 621,291	\$ 696,291		\$ 621,291
1269	Road Improvement Program	12/20/2007	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	322,000	297,000	322,000		297,000
1280/1269	Road Improvements Program	12/20/2007	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	58,000	58,000	58,000		58,000
1280	Various Capital Improvements	12/18/2008	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	741,900	741,900	741,900	\$ (66,000)	675,900
1287	Various Capital Improvements	12/20/2008	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	25,000	25,000	25,000		25,000
1287/1242	Various Capital Improvements	12/18/2007	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	28,084	28,084	28,084		28,084
1305/1280	Various Capital Improvements	12/17/2008	12/17/2009 12/16/2010	12/17/2010 12/16/2011	1.50 1.50	128,725	128,725	128,725	(783)	127,942
1323/1280	Various Capital Improvements	12/16/2008	12/16/2010	12/16/2011	1.50				66,000	66,000
1332/1305	Various Road Improvements	12/16/2008	12/16/2010	12/16/2011	1.50				783	783
						<u>\$ 2,000,000</u>	<u>\$ 1,900,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>
	Renewals						\$ 1,900,000	\$ 1,900,000		\$ 1,900,000
	Paid by Budget Appropriation							100,000		
							<u>\$ 1,900,000</u>	<u>\$ 2,000,000</u>		<u>\$ 1,900,000</u>

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

Issue	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2010	Interest Rate	Balance, December 31, 2009	Increase	Decrease	Balance, December 31, 2010
General Improvements	8/15/2001	6,147,000	\$ 450,000	4.00-4.625	\$ 4,532,000	\$ 4,082,000	\$	450,000
General Improvements	10/1/2003	7,413,000	750,000					
			763,000	3.50-3.625	6,738,000	725,000		6,013,000
Refunding Bonds	5/11/2010	3,775,000	30,000					
			480,000					
			475,000					
			460,000					
			465,000					
			455,000					
			450,000	2.00-4.375	-	\$ 3,775,000	40,000	3,735,000
					\$ 11,270,000	\$ 3,775,000	\$ 4,847,000	\$ 10,198,000
						\$ 3,775,000		
							\$ 1,215,000	
							3,632,000	
						\$ 3,775,000	\$ 4,847,000	

Refunding Bond Issued
Paid by Budget Appropriation
Paid by Refunding Bonds

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2009</u>	Authorizations <u>Cancelled</u>	<u>Reallocation</u>	Balance, December 31, <u>2010</u>
1201	Various Capital Improvements	\$ 550			\$ 550
1287	Various Capital Improvements	22,167			22,167
1305/1280	Various Capital Improvements	24,275	\$ 376	\$ (23,899)	
1332/1305	Various Road Improvements	<u>-</u>	<u>-</u>	<u>23,899</u>	<u>23,899</u>
		<u>\$ 46,992</u>	<u>\$ 376</u>	<u>\$ -</u>	<u>\$ 46,616</u>

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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, 2009	\$ 35	\$ 13,628	\$ 13,663
Increased by:			
Receipts	<u>-</u>	<u>14,341</u>	<u>14,341</u>
	35	27,969	28,004
Decreased by:			
Disbursements	<u>-</u>	<u>11,278</u>	<u>11,278</u>
Balance, December 31, 2010	<u>\$ 35</u>	<u>\$ 16,691</u>	<u>\$ 16,726</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Balance, December 31, 2009	\$ 35	\$ 13,628	\$ 13,663
Increased by:			
Revenues	<u>-</u>	<u>14,341</u>	<u>14,341</u>
	35	27,969	28,004
Decreased by:			
Expenditures	<u>-</u>	<u>11,278</u>	<u>11,278</u>
Balance, December 31, 2010	<u>\$ 35</u>	<u>\$ 16,691</u>	<u>\$ 16,726</u>

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

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
State Aid Payments		\$ 12,300	\$ 12,300
Supplemental Security Income: Municipal Refund	-	<u>2,041</u>	<u>2,041</u>
Total Revenues/Receipts	<u>\$ -</u>	<u>\$ 14,341</u>	<u>\$ 14,341</u>

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Account #1</u>	<u>Account #2</u>	<u>Total</u>
Current Year Assistance (Reported):			
Maintenance Payments		\$ 7,770	\$ 7,770
Temporary Rental Assistance		975	975
Emergency Assistance			
Relocation Cost		975	975
Security Deposit	-	<u>1,463</u>	<u>1,463</u>
Total Payments Reported	-	11,183	11,183
Payments for Assistance Not Reported	-	<u>95</u>	<u>95</u>
Total Expenditures/Disbursements	<u>\$ -</u>	<u>\$ 11,278</u>	<u>\$ 11,278</u>

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

PART II

**GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31, 2010**

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
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GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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

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

We have audited the financial statements – regulatory basis of the Borough of Montvale as of and for the year ended December 31, 2010, and have issued our report thereon dated April 12, 2011 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Montvale's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

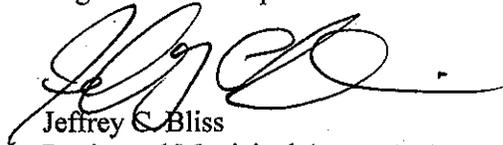
As part of obtaining reasonable assurance about whether the Borough of Montvale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

We noted certain matters we reported to management of the Borough of Montvale in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fair Lawn, New Jersey
April 12, 2011

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

**BOROUGH OF MONTVALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

State Account Number	CFDA Number	Grant Period	Grant Award Amount	2010 Grant Receipts	Balance, January 1, 2010	Revenue Realized	Expenditures	Cancelled	Balance, December 31, 2010	(Memo) Cumulative Expenditures
Federal Funding Department U.S. Department of Housing and Urban Development (Passed Through the County Dept. of Community Development)	14.218	2010	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000		\$	\$ 3,000
Community Development Block Grants										
Public Services - Senior Citizens										
U.S. Department of Justice Bulletproof Vest Partnership Program	16.607	2010	2,565	2,565		2,565	2,565			2,565
U. S. Department of Homeland Security Disaster Grants - Public Assistance (Passed Through the State Department of Law and Public Safety)	97.036	2007	22,316		\$ 22,316				\$ 22,316	
FEMA - Flood relief	1200-703-011									
U.S. Department of Transportation Highway Planning and Construction (Passed Through State Department of Transportation)	20.205	2004 2010	150,000 200,000	31,916	13,069	200,000	200,000	\$ (13,069)		136,931 200,000
Municipal Aid Mercedes Drive Woodland Road Section 2 Occupant Protection Grant (Passed Through State Division of Law and Public Safety)	20.602	2010	3,758	3,758		3,758	3,758			3,758
Click It or Ticket Reimbursements	1160-100-113									
					\$ 35,385	\$ 209,323	\$ 209,323	\$ (13,069)	\$ 22,316	

BOROUGH OF MONTVALE
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2010

State Grant Program	Account Number	Grant Year	Grant Award	2010 Grant Receipts	Balance, January 1, 2010	Revenue Realized	Expended	Refunds/ (Cancellations)	Balance, December 31, 2010	(Memo) Cumulative Expenditures
Clean Communities Grant	4900-765-042-4900-004-UCMB-6020	2010	\$ 13,789	\$ 13,789	\$ 13,789	\$ 13,789	\$ 13,789		\$ 1,174	\$ 13,789
Recycling Tonnage Grant	4900-752-178810-60	2009 2008	10,474 5,619		10,474	9,300				9,300
Municipal Drug and Alcohol Alliance Program (Passed Through County of Bergen)	N/A	2010 2009	10,356 11,017	3,391 1,502	\$ 3,941	10,356	4,506	\$ (3,941)	5,850	4,506
Body Armor Grant	1020-718-0661020-001	2010	3,169	3,169	1,013				1,013	
Drunk Driving Enforcement Fund	1110-448-031020-22	2009 2007 2004 2003	4,082 3,363 3,217 3,368		1,272 1,681 762 1,552	1,537	769		2,040 1,681 762 970	2,042 1,682 2,455 2,398
Dept of Human Services General Assistance	7500-150-158010-60	2010	12,300	12,300	13,628	12,300	11,278	2,041	16,691	11,278
					\$ 22,836	\$ 49,469	\$ 40,224	\$ (1,900)	\$ 30,181	

**BOROUGH OF MONTVALE
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2010**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 209,323	\$ 37,169	\$ 246,492
Public Assistance Fund	-	12,300	12,300
	<u>\$ 209,323</u>	<u>\$ 49,469</u>	<u>\$ 258,792</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 RECLASSIFICATION

Certain federal grant programs passed thru state agencies were reclassified from the schedule of state financial assistance to the schedule of federal awards at January 1, 2010.

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Qualified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

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

Noncompliance material to the financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF MONTVALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010**

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

Finding 2009-1

Condition

Certain documentation supporting adjustments to property tax accounts made in the first half of the year were not retained and made available for audit.

Current Status

Corrective action has been taken.

BOROUGH OF MONTVALE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2010

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

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

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,800,000	4.08 %	\$ 2,325,000	5.47 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,219,804	7.30	2,697,541	6.34
Collection of Delinquent Taxes				
Tax and Tax Title Liens	324,309	0.74	250,547	0.59
Collection of Current Tax Levy	38,111,936	86.44	36,631,875	86.11
Other Credits to Income	<u>635,865</u>	<u>1.44</u>	<u>633,398</u>	<u>1.49</u>
 Total Income	 <u>44,091,914</u>	 <u>100.00 %</u>	 <u>42,538,361</u>	 <u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	13,184,638	31.75 %	13,444,167	32.72 %
County Taxes	4,340,383	10.45	4,333,551	10.55
Local & Regional School Taxes	23,868,917	57.48	23,177,281	56.42
Municipal Open Space Taxes	118,717	0.29	118,447	0.29
Other Expenditures	<u>13,608</u>	<u>0.03</u>	<u>8,608</u>	<u>0.02</u>
 Total Expenditures	 <u>41,526,263</u>	 <u>100.00 %</u>	 <u>41,082,054</u>	 <u>100.00 %</u>
 Excess in Revenue	 2,565,651		 1,456,307	
 Fund Balance, January 1	 <u>2,190,087</u>		 <u>3,058,780</u>	
	4,755,738		4,515,087	
 Less: Utilization as Anticipated Revenue	 <u>1,800,000</u>		 <u>2,325,000</u>	
 Fund Balance, December 31	 <u>\$ 2,955,738</u>		 <u>\$ 2,190,087</u>	

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	\$ 1.629	\$ 1.579	\$ 1.514
 <u>Apportionment of Tax Rate</u>			
Municipal	0.428	0.407	0.387
Municipal Open Space	0.005	0.005	0.006
County	0.181	0.174	0.161
County Open Space	0.003	0.010	0.010
Local School	0.572	0.561	0.545
Regional High School	0.440	0.422	0.405
 <u>Assessed Valuation</u>			
2010	<u>\$ 2,358,413,899</u>		
2009		<u>\$ 2,357,333,562</u>	
2008			<u>\$ 2,334,579,166</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>
2010	\$ 38,677,808	\$ 38,111,936	98.53%
2009	37,403,321	36,754,510	98.26%
2008	35,723,049	35,319,667	98.87%

**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.

December 31, <u>Year</u>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2010	\$ 299,562	\$ 24,605	\$ 324,167	.84%
2009	337,694	24,195	361,889	.97%
2008	249,691	24,131	273,822	.77%

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>
2010	\$29,400
2009	29,400
2008	29,400

Comparative Schedule of Fund Balances

	<u>Year</u>	Balance, <u>December 31</u>	Utilized In Budget of <u>Succeeding Year</u>
Current Fund	2010	\$2,955,738	\$1,800,000
	2009	2,190,087	1,800,000
	2008	3,058,780	2,325,000
	2007	3,591,807	2,715,000
	2006	3,503,152	2,500,000

**BOROUGH OF MONTVALE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Roger Fyfe	Mayor
Leah LaMonica	Councilwoman
William Greco	Councilman
Timothy Lane	Councilman
Theresa Cudequest	Councilwoman
Salvatore Talarico	Councilman
Mike Ghassali	Councilman
Maureen Iarossi-Alwan	Borough Clerk/Administrator
Kenneth Sesholtz	Chief Financial Officer
Phillip Boggia	Attorney
Carl Bello	Treasurer
Judith Curran	Tax Collector
Fran Scordo	Acting Tax Collector
Michael Leposki	Assessor
Jeffrey Fette	Building Code Official
Robert Culvert	Superintendent of Public Works
Jeremy Abrams	Chief of Police
Katherine Bowen	Director of Welfare
Susan Ruttenber	Library Director
Harry D. Norton, Jr.	Magistrate
Catherine Cullen	Court Administrator and Violations Clerk
Julie T. O'Connor	Deputy Court Clerk
Robert J. Tafuri	Prosecutor
Maser Consulting, PA	Engineer

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

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

GENERAL COMMENTS

Current Year Findings

Our audit of the Other Trust Fund revealed affordable housing developer fees were not deposited within forty-eight (48) hours of receipt as required by N.J.S.A. 40A:5-15. It is recommended that affordable housing developer fees be deposited within forty-eight hours of receipt in accordance with N.J.S.A. 40A:5-15.

Our audit of expenditures made under a per unit time and material competitive bid award for sanitary and storm system emergency repairs revealed certain overtime charges that may not have been made in accordance with the approved contract award. It is recommended that a review be made of payments made under the contract for sanitary and storm system emergency repairs to ensure they comply with the terms of the approved contract award.

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 \$21,000 before July 1, 2010 and \$26,000 as of July 1, 2010 except by contract or agreement."

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

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

Improvements to Woodland Road

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

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 3, 2010 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 2010, shall be computed at the rate of eight (8%) percent per annum and,

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

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 30, 2010.

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>
2010	2
2009	1
2008	1

Suggestions to Management

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

APPRECIATION

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

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

RECOMMENDATIONS

It is recommended that

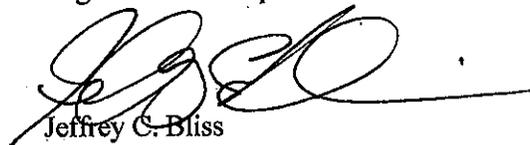
1. Affordable housing developer fees be deposited within forty-eight hours of receipt in accordance with N.J.S.A. 40A:5-15.
2. A review be made of payments made under the contract for sanitary and storm system emergency repairs to ensure they comply with the terms of the approved contract award.

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

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

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

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


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

