

**BOROUGH OF MONTVALE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2021**

# BOROUGH OF MONTVALE

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

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2021**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Montvale, as of December 31, 2021 and 2020, 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, 2021, and the related notes to the financial statements.

#### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the financial statements - regulatory basis referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Montvale as of December 31, 2021 and 2020, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the respective revenues - regulatory basis and expenditures - regulatory basis of the various funds for the year ended December 31, 2021 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Montvale as of December 31, 2021 and 2020, or changes in financial position for the years then ended.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Montvale and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2021 and 2020. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 25.3 percent and 22.3 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2021 and 2020, respectively.

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

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

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor’s Responsibilities for the Audit of Financial Statements***

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Montvale’s internal control. Accordingly, no such opinion is expressed.

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Montvale as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Montvale. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

### ***Other Information***

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

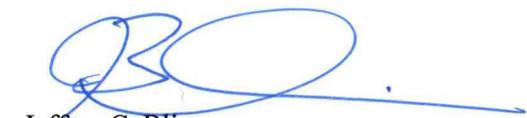
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2022 on our consideration of the Borough of Montvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Montvale's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Montvale's internal control over financial reporting and compliance.

*LERCH, VINCI & BLISS, LLP*

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

  
Jeffery C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429

Fair Lawn, New Jersey  
August 30, 2022

**BOROUGH OF MONTVALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2021 AND 2020**

|                                                                         | <u>Reference</u> | <u>2021</u>              | <u>2020</u>             |
|-------------------------------------------------------------------------|------------------|--------------------------|-------------------------|
| <b>ASSETS</b>                                                           |                  |                          |                         |
| Cash                                                                    | A-4              | \$ 10,516,623            | \$ 8,483,644            |
| Cash - Change Fund                                                      | A-5              | 600                      | 400                     |
| Grants Receivable                                                       | A-7              | <u>405,523</u>           | <u>357,780</u>          |
|                                                                         |                  | <u>10,922,746</u>        | <u>8,841,824</u>        |
| Receivables and Other Assets with Full Reserves:                        |                  |                          |                         |
| Delinquent Property Taxes Receivable                                    | A-9              | 160,017                  | 201,712                 |
| Tax Title Liens Receivable                                              | A-10             | 41,572                   | 28,468                  |
| Property Acquired for Taxes at Assessed Valuation                       | A-11             | 29,400                   | 29,400                  |
| Revenue Accounts Receivable                                             | A-12             | 60,280                   | 92,583                  |
| Due from Animal Control Fund                                            | B-6              | 1,022                    | 4,786                   |
| Due from Other Trust Fund                                               | B-9              | <u>5,016</u>             | <u>5,058</u>            |
|                                                                         |                  | <u>297,307</u>           | <u>362,007</u>          |
| Deferred Charges                                                        |                  |                          |                         |
| Special Emergency Authorization                                         | A-13             | <u>320,000</u>           | <u>320,000</u>          |
| <br>Total Assets                                                        |                  | <br><u>\$ 11,540,053</u> | <br><u>\$ 9,523,831</u> |
| <br><b>LIABILITIES, RESERVES AND FUND BALANCE</b>                       |                  |                          |                         |
| Appropriation Reserves                                                  | A-3,A-14         | \$ 2,331,500             | \$ 1,026,918            |
| Encumbrances Payable                                                    | A-15             | 816,528                  | 960,378                 |
| Accounts Payable                                                        | A-16             | 67,733                   | 194,411                 |
| Due to Length of Service Award Program Fund                             | B                | 20,250                   | 18,900                  |
| Fees Payable                                                            | A-24             | 23,483                   | 9,634                   |
| Prepaid Taxes                                                           | A-17             | 441,782                  | 529,722                 |
| Tax Overpayments                                                        | A-18             | 425,446                  |                         |
| County Taxes Payable - Added and Omitted Taxes                          | A-22             | 51,472                   | 22,098                  |
| Prepaid Revenues - Sewer Fees                                           | A-25             | 25,110                   | 46,923                  |
| Due to General Capital Fund                                             | C-4              |                          | 9,020                   |
| Due to State of New Jersey Senior Citizens'<br>and Veterans' Deductions | A-8              | 13,221                   | 11,096                  |
| Reserve for Tax Appeals                                                 | A-26             | 763,402                  | 769,334                 |
| Miscellaneous Reserves                                                  | A-27             | 365,766                  | 386,092                 |
| Reserve for Grants:                                                     |                  |                          |                         |
| Unappropriated                                                          | A-28             | 449,505                  | 5,363                   |
| Appropriated                                                            | A-29             | <u>71,334</u>            | <u>195,062</u>          |
|                                                                         |                  | 5,866,532                | 4,184,951               |
| Reserve for Receivables                                                 | A                | 297,307                  | 362,007                 |
| Fund Balance                                                            | A-1              | <u>5,376,214</u>         | <u>4,976,873</u>        |
| <br>Total Liabilities, Reserves and Fund Balance                        |                  | <br><u>\$ 11,540,053</u> | <br><u>\$ 9,523,831</u> |

The accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|                                                         | <u>Reference</u> | <u>2021</u>         | <u>2020</u>         |
|---------------------------------------------------------|------------------|---------------------|---------------------|
| <b>REVENUE AND OTHER INCOME REALIZED</b>                |                  |                     |                     |
| Fund Balance Utilized                                   | A-2              | \$ 3,650,000        | \$ 4,100,000        |
| Miscellaneous Revenue Anticipated                       | A-2              | 4,658,726           | 3,334,836           |
| Receipts from Delinquent Tax                            | A-2              | 199,097             | 205,012             |
| Receipts from Current Taxes                             | A-2              | 51,317,709          | 49,605,358          |
| Non-Budget Revenue                                      | A-2              | 1,213,070           | 861,908             |
| Other Credits to Income                                 |                  |                     |                     |
| Unexpended Balance of Appropriation Reserves            | A-14             | 757,457             | 1,065,432           |
| Special Emergency Authorization - COVID-19 Revenue Loss | A-1              |                     | 320,000             |
| Tax Appeal Reserves Cancelled                           | A-1              |                     | 250,000             |
| Miscellaneous Reserves Cancelled                        | A-27             | 20,326              |                     |
| Accounts Payable Cancelled                              | A-16             | 51,517              | 187,128             |
| Appropriated Grant Reserves Cancelled                   | A-29             | 2,954               | 3,504               |
| Statutory Excess in Animal Control Fund                 | B-6              | 1,022               | 4,786               |
| Outstanding Checks Voided                               | A-4              | 260                 | 1,626               |
| Prior Year Interfunds Returned                          | A                | 4,844               | 147,925             |
|                                                         |                  | <u>61,876,982</u>   | <u>60,087,515</u>   |
| Total Income                                            |                  |                     |                     |
| <b>EXPENDITURES</b>                                     |                  |                     |                     |
| Budget Appropriations                                   |                  |                     |                     |
| Operations                                              |                  |                     |                     |
| Salaries and Wages                                      | A-3              | 5,901,454           | 5,671,132           |
| Other Expenses                                          | A-3              | 9,206,355           | 9,190,518           |
| Deferred Charges and Statutory Expenditures -           |                  |                     |                     |
| Municipal                                               | A-3              | 1,358,767           | 1,279,470           |
| Capital Improvements                                    | A-3              | 1,401,309           | 324,050             |
| Municipal Debt Service                                  | A-3              | 1,599,645           | 1,627,025           |
| County Taxes Payable                                    | A-21             | 5,977,163           | 5,917,087           |
| Due County for Added Taxes                              | A-22             | 51,472              | 22,098              |
| Local District School Taxes Payable                     | A-19             | 17,690,538          | 17,245,537          |
| Regional High School Tax Payable                        | A-20             | 14,533,207          | 14,329,352          |
| Municipal Open Space Taxes                              | A-23             | 104,872             | 102,692             |
| Prior Year Senior Citizen Deduction Disallowed          | A-8              | 250                 |                     |
| Refund Prior Year Revenue                               | A-4              | 1,571               | 5,011               |
| Interfund Advances Originating                          | A                | 1,038               | 9,844               |
|                                                         |                  | <u>57,827,641</u>   | <u>55,723,816</u>   |
| Total Expenditures                                      |                  |                     |                     |
| Excess in Revenue                                       |                  | 4,049,341           | 4,363,699           |
| Fund Balance, January 1                                 | A                | <u>4,976,873</u>    | <u>4,713,174</u>    |
|                                                         |                  | 9,026,214           | 9,076,873           |
| Decreased by:                                           |                  |                     |                     |
| Utilization as Anticipated Revenue                      | A-1              | <u>3,650,000</u>    | <u>4,100,000</u>    |
| Fund Balance, December 31                               | A                | <u>\$ 5,376,214</u> | <u>\$ 4,976,873</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, 2021**

|                                                                 | Reference | Budget        | Added<br>by NJSA<br>40A:4-87 | Realized      | Excess<br>or<br>(Deficit) |
|-----------------------------------------------------------------|-----------|---------------|------------------------------|---------------|---------------------------|
| Surplus Anticipated                                             | A-1       | \$ 3,650,000  | -                            | \$ 3,650,000  | -                         |
| Miscellaneous Revenues                                          |           |               |                              |               |                           |
| Licenses                                                        |           |               |                              |               |                           |
| Alcoholic Beverages                                             | A-12      | 17,000        |                              | 17,590        | \$ 590                    |
| Other                                                           | A-2       | 44,000        |                              | 35,020        | (8,980)                   |
| Fees and Permits                                                | A-2       | 150,000       |                              | 150,321       | 321                       |
| Fines and Costs - Municipal Court                               | A-12      | 100,000       |                              | 93,284        | (6,716)                   |
| Interest and Costs on Taxes                                     | A-12      | 63,000        |                              | 63,246        | 246                       |
| Interest on Investments and Deposits                            | A-12      | 3,000         |                              | 381           | (2,619)                   |
| Uniform Fire Safety Act Local Enforcement                       |           |               |                              |               |                           |
| Fees                                                            | A-12      | 116,000       |                              | 126,633       | 10,633                    |
| Uniform Construction Code Fees                                  | A-12      | 500,000       |                              | 710,761       | 210,761                   |
| Energy Receipts Tax                                             | A-12      | 1,262,378     |                              | 1,262,378     | -                         |
| Municipal Court Shared Service                                  | A-12      | 188,319       |                              | 166,756       | (21,563)                  |
| Uniform Fire Safety Act - LEA Rebate                            | A-12      | 15,000        |                              | 19,532        | 4,532                     |
| Cable TV Franchise Fees                                         | A-12      | 123,327       |                              | 123,327       | -                         |
| Sewer Agreement - Marriott Corporation                          | A-12      | 46,923        |                              | 46,923        | -                         |
| Pascack Valley - Special Police Shared Service                  | A-12      | 176,213       |                              | 176,190       | (23)                      |
| Hotel/Motel Tax                                                 | A-12      | 90,000        |                              | 76,842        | (13,158)                  |
| Reserve for Field Maintenance                                   | A-12      | 5,000         |                              | 5,000         | -                         |
| Sloan Kettering Contribution - Municipal Services               | A-12      | 72,000        |                              | 72,000        | -                         |
| Clothing Bin Fees - American Recycling                          | A-12      | 750           |                              | 3,000         | 2,250                     |
| General Capital Fund Balance (Surplus)                          | A-12      | 50,000        |                              | 50,000        | -                         |
| Reserve for Retirement of Debt                                  | A-12      | 100,000       |                              | 100,000       | -                         |
| Public and Private Revenues Offset With<br>Appropriations       |           |               |                              |               |                           |
| Municipal Alliance on Alcoholism and<br>Drug Abuse              | A-7       | 3,126         |                              | 3,126         | -                         |
| NJ DOT - Various Street Improvements                            | A-7       | 210,000       |                              | 210,000       | -                         |
| Police Donation - Wegmans                                       | A-12      |               | \$ 7,500                     | 7,500         | -                         |
| Bergen County Open Space - LaTrenta Field Improvements          | A-7       |               | 96,309                       | 96,309        | -                         |
| Bergen County Open Space - Bocce Ball Courts                    | A-7       |               | 45,000                       | 45,000        | -                         |
| Drunk Driving Enforcement Fund                                  | A-7       |               | 4,267                        | 4,267         | -                         |
| Montvale Development Associates - Various Road Improvements     | A-12      |               | 950,000                      | 950,000       | -                         |
| Title Assoc. of NJ Environmental Commission (ANJEC)             | A-7       |               | 1,500                        | 1,500         | -                         |
| Bullet Proof Vest - Federal                                     | A-28      | 2,780         |                              | 2,780         | -                         |
| BCMJIF - Safety Incentive                                       | A-28      | 1,750         |                              | 1,750         | -                         |
| Alcohol Education and Rehabilitation                            | A-28      | 834           |                              | 833           | (1)                       |
| Body Armor Grant - State Share                                  | A-7       | 1,973         |                              | 1,973         | -                         |
| Clean Communities Grant                                         | A-7       |               | 18,120                       | 18,120        | -                         |
| County Health - Mini Grant                                      | A-7       |               | 800                          | 800           | -                         |
| Recycling Tonnage Grant                                         | A-7       |               | 15,584                       | 15,584        | -                         |
| Total Miscellaneous Revenues                                    | A-1       | 3,343,373     | 1,139,080                    | 4,658,726     | 176,273                   |
| Receipts from Delinquent Taxes                                  | A-1,A-2   | 200,000       | -                            | 199,097       | (903)                     |
| Sub-Total General Revenues                                      |           | 7,193,373     | 1,139,080                    | 8,507,823     | 175,370                   |
| Amount to be Raised by Taxes for Support<br>of Municipal Budget |           |               |                              |               |                           |
| Local Tax for Municipal Purposes                                | A-9       | 12,031,140    |                              | 13,856,515    | 1,825,375                 |
| Minimum Library Tax                                             | A-9       | 778,684       |                              | 778,684       | -                         |
| Total Amount to be Raised by Taxes                              | A-2       | 12,809,824    |                              | 14,635,199    | 1,825,375                 |
| Total General Revenues                                          | A-3       | \$ 20,003,197 | \$ 1,139,080                 | 23,143,022    | \$ 2,000,745              |
| Non-Budget Revenue                                              | A-1,A-2   |               |                              | 1,213,070     |                           |
|                                                                 |           |               |                              | \$ 24,356,092 |                           |

**BOROUGH OF MONTVALE  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                               | <u>Reference</u>         |                      |
|---------------------------------------------------------------|--------------------------|----------------------|
| <b>ANALYSIS OF REALIZED REVENUES</b>                          |                          |                      |
| Allocation of Current Tax Collections                         |                          |                      |
| Revenue from Current Taxes                                    | A-1, A-9                 | \$ 51,317,709        |
| Allocated to School, County and Municipal<br>Open Space Taxes | A-19,A-20,A-21,A-22,A-23 | <u>38,357,252</u>    |
| Balance for Support of Municipal Budget Appropriation         |                          | 12,960,457           |
| Add Appropriation "Reserve for Uncollected Taxes"             | A-3                      | <u>1,674,742</u>     |
| Amount for Support of Municipal Budget Appropriation          | A-2                      | <u>\$ 14,635,199</u> |
| Licenses - Other                                              |                          |                      |
| Board of Health                                               | A-12                     | <u>\$ 35,020</u>     |
|                                                               | A-2                      | <u>\$ 35,020</u>     |
| Fees and Permits                                              |                          |                      |
| Borough Clerk                                                 | A-12                     | \$ 150               |
| Registrar of Vital Statistics                                 | A-12                     | 678                  |
| Planning Board                                                | A-12                     | 36,006               |
| Police                                                        | A-12                     | 3,428                |
| Tax Collector                                                 | A-12                     | 356                  |
| Recreation                                                    | A-12                     | 5,470                |
| Construction Code Official - Zoning                           | A-12                     | <u>104,233</u>       |
|                                                               | A-2                      | <u>\$ 150,321</u>    |
| <br>                                                          |                          |                      |
|                                                               | <u>Reference</u>         |                      |
| <b>ANALYSIS OF NON-BUDGET REVENUE</b>                         |                          |                      |
| Excess Sewer Fees                                             |                          | \$ 330,156           |
| Traffic Control Reimbursements - PY                           |                          | 185,355              |
| Police Outside Duty Vehicle Fee                               |                          | 148,061              |
| Insurance Dividends                                           |                          | 137,504              |
| Police Outside Duty Administration Fee                        |                          | 126,132              |
| Sewer Fees - Interlocal Agreements                            |                          | 72,936               |
| Cell Tower Fees                                               |                          | 42,833               |
| Streets and Roads Reimbursement                               |                          | 41,705               |
| Tax Sale Premium (Escheat)                                    |                          | 36,100               |
| FEMA Reimbursement - Tropical Storm Isaias                    |                          | 35,415               |
| Rental of Borough Property                                    |                          | 25,100               |
| Miscellaneous                                                 |                          | 13,590               |
| PILOT - Montvale Commons                                      |                          | 10,384               |
| Vacant Property Registration Fees                             |                          | 5,300                |
| LOSAP Refund - Resignations                                   |                          | 1,723                |
| Recycling Fees                                                |                          | <u>776</u>           |
|                                                               | A-2                      | <u>\$ 1,213,070</u>  |
| <br>                                                          |                          |                      |
| Cash Receipts                                                 | A-4                      | \$ 872,530           |
| Revenue Accounts Receivable                                   | A-12                     | <u>340,540</u>       |
|                                                               | A-2                      | <u>\$ 1,213,070</u>  |

**BOROUGH OF MONTVALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                | <u>Appropriated</u> |                     | <u>Expended</u> |                 | <u>Unexpended</u> |
|--------------------------------|---------------------|---------------------|-----------------|-----------------|-------------------|
|                                | <u>Budget</u>       | <u>Budget After</u> | <u>Paid or</u>  | <u>Reserved</u> | <u>Balance</u>    |
|                                |                     | <u>Modification</u> | <u>Charged</u>  |                 | <u>Cancelled</u>  |
| OPERATIONS - WITHIN "CAPS"     |                     |                     |                 |                 |                   |
| GENERAL GOVERNMENT FUNCTIONS   |                     |                     |                 |                 |                   |
| Administrative and Executive   |                     |                     |                 |                 |                   |
| Salaries and Wages             | \$ 242,450          | \$ 244,650          | \$ 243,465      | \$ 1,185        |                   |
| Other Expenses                 | 180,337             | 211,137             | 188,013         | 23,124          |                   |
| Mayor and Council              |                     |                     |                 |                 |                   |
| Salaries and Wages             | 54,425              | 54,425              | 51,117          | 3,308           |                   |
| Other Expenses                 | 20,600              | 20,600              | 20,600          | -               |                   |
| Borough Clerk                  |                     |                     |                 |                 |                   |
| Salaries and Wages             | 154,850             | 154,850             | 154,084         | 766             |                   |
| Other Expenses                 | 17,150              | 17,150              | 11,385          | 5,765           |                   |
| Elections                      |                     |                     |                 |                 |                   |
| Salaries and Wages             | 2,500               | 2,500               | 1,758           | 742             |                   |
| Other Expenses                 | 10,300              | 10,300              | 8,060           | 2,240           |                   |
| Financial Administration       |                     |                     |                 |                 |                   |
| Salaries and Wages             | 216,800             | 216,800             | 216,769         | 31              |                   |
| Other Expenses                 | 40,000              | 40,000              | 31,037          | 8,963           |                   |
| Audit Services                 |                     |                     |                 |                 |                   |
| Other Expenses                 | 45,000              | 45,000              | 44,250          | 750             |                   |
| Assessment of Taxes            |                     |                     |                 |                 |                   |
| Salaries and Wages             | 38,425              | 38,425              | 38,415          | 10              |                   |
| Other Expenses                 | 32,700              | 32,700              | 23,956          | 8,744           |                   |
| Collection of Taxes            |                     |                     |                 |                 |                   |
| Salaries and Wages             | 68,350              | 68,350              | 68,323          | 27              |                   |
| Other Expenses                 | 26,700              | 25,700              | 19,253          | 6,447           |                   |
| Legal Services and Costs       |                     |                     |                 |                 |                   |
| Other Expenses                 | 325,000             | 325,000             | 273,864         | 51,136          |                   |
| Engineering Services and Costs |                     |                     |                 |                 |                   |
| Other Expenses                 | 152,000             | 152,000             | 128,600         | 23,400          |                   |
| Cable TV Committee             |                     |                     |                 |                 |                   |
| Salaries and Wages             | 7,500               | 7,500               | 4,528           | 2,972           |                   |
| Other Expenses                 | 58,750              | 58,750              | 58,165          | 585             |                   |

**BOROUGH OF MONTVALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                          | <u>Appropriated</u> |                     | <u>Expended</u> |                 | <u>Unexpended</u> |
|------------------------------------------|---------------------|---------------------|-----------------|-----------------|-------------------|
|                                          | <u>Budget</u>       | <u>Budget After</u> | <u>Paid or</u>  | <u>Reserved</u> | <u>Balance</u>    |
|                                          |                     | <u>Modification</u> | <u>Charged</u>  |                 | <u>Cancelled</u>  |
| OPERATIONS - WITHIN "CAPS" (Continued)   |                     |                     |                 |                 |                   |
| GENERAL GOVERNMENT FUNCTIONS (Continued) |                     |                     |                 |                 |                   |
| Historic Preservation Commission         |                     |                     |                 |                 |                   |
| Other Expenses                           | \$ 200              | \$ 200              | \$ 76           | \$ 124          |                   |
| Historian                                |                     |                     |                 |                 |                   |
| Other Expenses                           | 50                  | 50                  |                 |                 | 50                |
| Municipal Land Use Law                   |                     |                     |                 |                 |                   |
| Planning Board                           |                     |                     |                 |                 |                   |
| Salaries and Wages                       | 98,600              | 98,600              | 96,864          |                 | 1,736             |
| Other Expenses                           | 110,000             | 78,000              | 46,893          |                 | 31,107            |
| Zoning Official                          |                     |                     |                 |                 |                   |
| Salaries and Wages                       | 7,150               | 7,150               | 7,140           |                 | 10                |
| Code Enforcement and Administration      |                     |                     |                 |                 |                   |
| Property Maintenance                     |                     |                     |                 |                 |                   |
| Salaries and Wages                       | 3,100               | 10,100              | 9,660           |                 | 440               |
| Insurance                                |                     |                     |                 |                 |                   |
| Life Insurance                           | 3,420               | 3,420               | 2,875           |                 | 545               |
| General Liability                        | 229,040             | 229,040             | 220,019         |                 | 9,021             |
| Workers Compensation                     | 175,718             | 175,718             | 173,219         |                 | 2,499             |
| Employee Group Health                    | 765,608             | 765,608             | 710,584         |                 | 55,024            |
| Employee Group Health -Waiver            | 57,750              | 57,750              | 43,033          |                 | 14,717            |
| PUBLIC SAFETY FUNCTIONS                  |                     |                     |                 |                 |                   |
| Fire                                     |                     |                     |                 |                 |                   |
| Other Expenses                           | 174,050             | 174,050             | 164,928         |                 | 9,122             |
| Fire Hydrant Service                     | 200,000             | 191,500             | 185,094         |                 | 6,406             |
| Police                                   |                     |                     |                 |                 |                   |
| Salaries and Wages                       | 4,001,300           | 4,001,300           | 3,932,317       |                 | 68,983            |
| Other Expenses                           | 216,900             | 216,900             | 210,698         |                 | 6,202             |
| Purchase of Police Vehicles              | 25,000              | 25,000              | 19,668          |                 | 5,332             |
| Police Dispatch                          |                     |                     |                 |                 |                   |
| Other Expenses                           | 55,000              | 55,000              | 23,684          |                 | 31,316            |

**BOROUGH OF MONTVALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                     | <u>Budget</u> | <u>Appropriated<br/>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Expended<br/>Reserved</u> | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|-------------------------------------|---------------|-------------------------------------------------------|----------------------------|------------------------------|---------------------------------------------|
| OPERATIONS - WITHIN "CAPS" (Cont'd) |               |                                                       |                            |                              |                                             |
| PUBLIC SAFETY FUNCTIONS (Continued) |               |                                                       |                            |                              |                                             |
| First Aid Organization              |               |                                                       |                            |                              |                                             |
| Other Expenses                      | \$ 34,000     | \$ 34,000                                             | \$ 21,716                  | \$ 12,284                    |                                             |
| Emergency Management                |               |                                                       |                            |                              |                                             |
| Salaries and Wages                  | 5,725         | 5,725                                                 | 5,718                      | 7                            |                                             |
| Other Expenses                      | 15,100        | 15,100                                                | 3,408                      | 11,692                       |                                             |
| Uniform Fire Safety Act             |               |                                                       |                            |                              |                                             |
| Salaries and Wages                  | 106,200       | 115,200                                               | 114,982                    | 218                          |                                             |
| Other Expenses                      | 9,800         | 9,800                                                 | 3,830                      | 5,970                        |                                             |
| Prosecutor                          |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 16,500        | 16,500                                                | 14,850                     | 1,650                        |                                             |
| PUBLIC WORKS FUNCTIONS              |               |                                                       |                            |                              |                                             |
| Road Repair and Maintenance         |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 80,000        | 80,000                                                | 45,000                     | 35,000                       |                                             |
| Sewer System                        |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 75,000        | 75,000                                                | 64,415                     | 10,585                       |                                             |
| Snow Removal                        |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 50,000        | 50,000                                                | 50,000                     | -                            |                                             |
| Garbage and Trash Removal           |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 805,000       | 805,000                                               | 790,000                    | 15,000                       |                                             |
| Recycling                           |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 5,000         | 5,000                                                 | 776                        | 4,224                        |                                             |
| Public Buildings and Grounds        |               |                                                       |                            |                              |                                             |
| Salaries and Wages                  | 20,600        | 20,600                                                | 20,400                     | 200                          |                                             |
| Other Expenses                      | 183,825       | 183,825                                               | 165,439                    | 18,386                       |                                             |
| Maintenance of All Vehicles         |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 55,000        | 55,000                                                | 29,798                     | 25,202                       |                                             |
| Municipal Services Act              |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 19,000        | 19,000                                                | 17,481                     | 1,519                        |                                             |
| Stormwater Management               |               |                                                       |                            |                              |                                             |
| Other Expenses                      | 50,000        | 50,000                                                |                            | 50,000                       |                                             |

**BOROUGH OF MONTVALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                     | <u>Appropriated</u> |                     | <u>Expended</u> |                 | <u>Unexpended</u> |
|-------------------------------------|---------------------|---------------------|-----------------|-----------------|-------------------|
|                                     | <u>Budget</u>       | <u>Budget After</u> | <u>Paid or</u>  | <u>Reserved</u> | <u>Balance</u>    |
|                                     |                     | <u>Modification</u> | <u>Charged</u>  |                 | <u>Cancelled</u>  |
| OPERATIONS - WITHIN "CAPS" (Cont'd) |                     |                     |                 |                 |                   |
| HEALTH AND HUMAN SERVICES FUNCTIONS |                     |                     |                 |                 |                   |
| Public Health Services              |                     |                     |                 |                 |                   |
| Salaries and Wages                  | \$ 8,000            | \$ 11,000           | \$ 9,897        | \$ 1,103        |                   |
| Other Expenses                      | 91,450              | 88,450              | 76,469          | 11,981          |                   |
| Environmental Commission            |                     |                     |                 |                 |                   |
| Salaries and Wages                  | 4,500               | 4,700               | 4,057           | 643             |                   |
| Other Expenses                      | 12,900              | 12,700              | 12,700          | -               |                   |
| Animal Regulation                   |                     |                     |                 |                 |                   |
| Other Expenses                      | 12,500              | 12,500              | 10,500          | 2,000           |                   |
| Administration of Public Assistance |                     |                     |                 |                 |                   |
| Salaries and Wages                  | 7,325               | 7,325               | 6,963           | 362             |                   |
| Other Expenses                      | 450                 | 450                 | 318             | 132             |                   |
| PARK AND RECREATION FUNCTIONS       |                     |                     |                 |                 |                   |
| Parks and Playgrounds               |                     |                     |                 |                 |                   |
| Other Expenses                      | 6,000               | 6,000               | 528             | 5,472           |                   |
| Recreation Services and Programs    |                     |                     |                 |                 |                   |
| Salaries and Wages                  | 59,525              | 70,025              | 67,824          | 2,201           |                   |
| Other Expenses                      | 27,500              | 20,000              | 14,044          | 5,956           |                   |
| Senior Citizen Van                  |                     |                     |                 |                 |                   |
| Salaries and Wages                  | 17,250              | 17,250              | 11,040          | 6,210           |                   |
| Senior Citizens                     |                     |                     |                 |                 |                   |
| Other Expenses                      | 29,500              | 29,500              | 24,657          | 4,843           |                   |
| Celebration of Public Events        |                     |                     |                 |                 |                   |
| Other Expenses                      | 25,000              | 25,000              | 20,495          | 4,505           |                   |
| OTHER COMMON OPERATING FUNCTIONS    |                     |                     |                 |                 |                   |
| PEOSHA Compliance                   |                     |                     |                 |                 |                   |
| Other Expenses                      | 2,000               | 2,000               |                 | 2,000           |                   |
| Salary Adjustment Account           | 10,000              |                     |                 | -               |                   |
| MUNICIPAL COURT FUNCTIONS           |                     |                     |                 |                 |                   |
| Municipal Court Administration      |                     |                     |                 |                 |                   |
| Salaries and Wages                  | 134,350             | 134,350             | 116,532         | 17,818          |                   |
| Other Expenses                      | 15,051              | 15,051              | 8,498           | 6,553           |                   |

**BOROUGH OF MONTVALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                                              | <u>Appropriated</u> |                                     | <u>Expended</u>           |                 | Unexpended                  |
|------------------------------------------------------------------------------|---------------------|-------------------------------------|---------------------------|-----------------|-----------------------------|
|                                                                              | <u>Budget</u>       | Budget After<br><u>Modification</u> | Paid or<br><u>Charged</u> | <u>Reserved</u> | Balance<br><u>Cancelled</u> |
| OPERATIONS - WITHIN "CAPS" (Cont'd)                                          |                     |                                     |                           |                 |                             |
| MUNICIPAL COURT FUNCTIONS (Continued)                                        |                     |                                     |                           |                 |                             |
| Public Defender                                                              |                     |                                     |                           |                 |                             |
| Other Expenses                                                               | \$ 5,500            | \$ 5,500                            | \$ 5,500                  | -               |                             |
| STATE UNIFORM CONSTRUCTION CODE                                              |                     |                                     |                           |                 |                             |
| Construction Code Officials                                                  |                     |                                     |                           |                 |                             |
| Salaries and Wages                                                           | 219,500             | 210,500                             | 197,529                   | \$ 12,971       |                             |
| Other Expenses                                                               | 40,000              | 40,000                              | 20,328                    | 19,672          |                             |
| Building Subcode Official                                                    |                     |                                     |                           |                 |                             |
| Salaries and Wages                                                           | 41,850              | 41,850                              | 41,820                    | 30              |                             |
| Plumbing Subcode Official                                                    |                     |                                     |                           |                 |                             |
| Salaries and Wages                                                           | 28,925              | 28,925                              | 28,922                    | 3               |                             |
| Fire Subcode Official                                                        |                     |                                     |                           |                 |                             |
| Salaries and Wages                                                           | 16,740              | 16,740                              | 16,736                    | 4               |                             |
| Electrical Subcode Official                                                  |                     |                                     |                           |                 |                             |
| Salaries and Wages                                                           | 44,930              | 44,930                              | 44,925                    | 5               |                             |
| Elevator Subcode Official                                                    |                     |                                     |                           |                 |                             |
| Other Expenses                                                               | 36,000              | 36,000                              | 28,471                    | 7,529           |                             |
| UNCLASSIFIED                                                                 |                     |                                     |                           |                 |                             |
| Utilities                                                                    |                     |                                     |                           |                 |                             |
| Gasoline                                                                     | 45,000              | 53,500                              | 42,791                    | 10,709          |                             |
| Electricity                                                                  | 151,680             | 151,680                             | 124,282                   | 27,398          |                             |
| Telephone                                                                    | 44,910              | 44,910                              | 33,312                    | 11,598          |                             |
| Natural Gas                                                                  | 49,120              | 49,120                              | 28,771                    | 20,349          |                             |
| Street Lighting                                                              | <u>125,000</u>      | <u>125,000</u>                      | <u>111,865</u>            | <u>13,135</u>   | -                           |
| Total Operations Within "CAPS"                                               | 10,659,929          | 10,659,929                          | 9,889,981                 | 769,948         | -                           |
| Contingent                                                                   | <u>1,000</u>        | <u>1,000</u>                        | -                         | 1,000           | -                           |
| Total Operations including Contingent -<br>Within "CAPS"                     | <u>10,660,929</u>   | <u>10,660,929</u>                   | <u>9,889,981</u>          | <u>770,948</u>  | -                           |
| Detail:                                                                      |                     |                                     |                           |                 |                             |
| Salaries and Wages                                                           | 5,620,870           | 5,633,770                           | 5,511,785                 | 121,985         | -                           |
| Other Expenses                                                               | <u>5,040,059</u>    | <u>5,027,159</u>                    | <u>4,378,196</u>          | <u>648,963</u>  | -                           |
| DEFERRED CHARGES AND STATUTORY<br>EXPENDITURES-MUNICIPAL<br>WITHIN "CAPS"    |                     |                                     |                           |                 |                             |
| STATUTORY CHARGES                                                            |                     |                                     |                           |                 |                             |
| Social Security System (O.A.S.I.)                                            | 210,983             | 210,983                             | 193,597                   | 17,386          |                             |
| Defined Contribution Retirement Plan (DCRP)                                  | 10,814              | 10,814                              | 5,474                     | 5,340           |                             |
| Public Employees Retirement System                                           | 205,248             | 205,248                             | 205,248                   | -               |                             |
| Police and Fireman's Retirement System                                       | <u>931,722</u>      | <u>931,722</u>                      | <u>931,722</u>            | -               | -                           |
| Total Deferred Charges and Statutory<br>Expenditures Municipal Within "CAPS" | <u>1,358,767</u>    | <u>1,358,767</u>                    | <u>1,336,041</u>          | <u>22,726</u>   | -                           |
| Total General Appropriations for<br>Municipal Purposes Within "CAPS"         | <u>12,019,696</u>   | <u>12,019,696</u>                   | <u>11,226,022</u>         | <u>793,674</u>  | -                           |

**BOROUGH OF MONTVALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                                    | <u>Appropriated</u> |                                      | <u>Expended</u>            |                 | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|--------------------------------------------------------------------|---------------------|--------------------------------------|----------------------------|-----------------|---------------------------------------------|
|                                                                    | <u>Budget</u>       | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u> |                                             |
| <b>OPERATIONS - EXCLUDED FROM "CAPS"</b>                           |                     |                                      |                            |                 |                                             |
| Maintenance of Free Public Library                                 |                     |                                      |                            |                 |                                             |
| Chap. 82, 541 P.L. 85 - Minimum                                    | \$ 778,684          | \$ 778,684                           | \$ 744,976                 | \$ 33,708       |                                             |
| Chap. 82, 541 P.L. 85 - Addition                                   | 15,513              | 15,513                               | 15,513                     | -               |                                             |
| Sewerage Processing and Disposal<br>(Sanitation Chap. 74, P.L. 87) |                     |                                      |                            |                 |                                             |
| Contractual                                                        | 1,050,000           | 1,050,000                            | 905,690                    | 144,310         |                                             |
| Length of Service Award Program (LOSAP)                            | 55,000              | 55,000                               | 20,250                     | 34,750          |                                             |
| Police Dispatch/911                                                |                     |                                      |                            |                 |                                             |
| Other Expenses                                                     | 202,500             | 202,500                              | 202,490                    | 10              |                                             |
| Interlocal Services Agreements                                     |                     |                                      |                            |                 |                                             |
| Municipal Court Administration                                     |                     |                                      |                            |                 |                                             |
| Salaries & Wages                                                   | 110,050             | 110,050                              | 95,344                     | 14,706          |                                             |
| Other Expenses                                                     | 60,269              | 60,269                               | 56,362                     | 3,907           |                                             |
| Prosecutor                                                         |                     |                                      |                            |                 |                                             |
| Other Expenses                                                     | 13,500              | 13,500                               | 12,150                     | 1,350           |                                             |
| Public Defender                                                    |                     |                                      |                            |                 |                                             |
| Other Expenses                                                     | 4,500               | 4,500                                | 4,500                      | -               |                                             |
| Pascack Valley Regional School District                            |                     |                                      |                            |                 |                                             |
| Special Police                                                     |                     |                                      |                            |                 |                                             |
| Salaries and Wages                                                 | 155,500             | 155,500                              | 155,480                    | 20              |                                             |
| Other Expenses                                                     | 20,713              | 20,713                               | 20,713                     | -               |                                             |
| Pascack Valley Department of Public Works                          |                     |                                      |                            |                 |                                             |
| Department of Public Works                                         |                     |                                      |                            |                 |                                             |
| Other Expenses                                                     | 1,921,635           | 1,921,635                            | 1,921,612                  | 23              | -                                           |
| Total Other Operations Excluded from "CAPS"                        | <u>4,387,864</u>    | <u>4,387,864</u>                     | <u>4,155,080</u>           | <u>232,784</u>  | <u>-</u>                                    |
| <b>OPERATIONS - EXCLUDED FROM "CAPS"</b>                           |                     |                                      |                            |                 |                                             |
| <b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>              |                     |                                      |                            |                 |                                             |
| Recycling Tonnage Grant                                            |                     | 15,584                               |                            | 15,584          |                                             |
| Bergen County Municipal JIF Safety Incentive Program               | 1,750               | 1,750                                | 502                        | 1,248           |                                             |
| Clean Communities Grant                                            |                     | 18,120                               |                            | 18,120          |                                             |
| Municipal Alliance Program                                         |                     |                                      |                            |                 |                                             |
| County Share                                                       | 3,126               | 3,126                                |                            | 3,126           |                                             |
| Local Share                                                        | 782                 | 782                                  |                            | 782             |                                             |
| Alcohol Education and Rehab. Grant                                 | 834                 | 834                                  |                            | 834             |                                             |
| Bullet Proof Vest Program - Federal                                | 2,780               | 2,780                                |                            | 2,780           |                                             |
| Drunk Driving Enforcement Grant                                    |                     |                                      |                            |                 |                                             |
| Salaries and Wages                                                 |                     | 2,134                                |                            | 2,134           |                                             |
| Other Expenses                                                     |                     | 2,133                                |                            | 2,133           |                                             |
| Body Armor Grant-State Share                                       | 1,973               | 1,973                                |                            | 1,973           |                                             |
| Donation - Police (Wegmans)                                        |                     | 7,500                                | 7,481                      | 19              |                                             |
| ANJEC - Stewardship Project                                        |                     | 1,500                                | 1,500                      | -               |                                             |
| County of Bergen - Health (Mini) Grant                             | -                   | 800                                  | 800                        | -               | -                                           |
| Total Public and Private Programs Offset<br>by Revenues            | <u>11,245</u>       | <u>59,016</u>                        | <u>10,283</u>              | <u>48,733</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, 2021**

|                                                                            | <u>Appropriated</u> | <u>Expended</u>     | <u>Unexpended</u>    |                 |                  |
|----------------------------------------------------------------------------|---------------------|---------------------|----------------------|-----------------|------------------|
|                                                                            | <u>Budget</u>       | <u>Budget After</u> | <u>Paid or</u>       | <u>Reserved</u> | <u>Balance</u>   |
|                                                                            |                     | <u>Modification</u> | <u>Charged</u>       |                 | <u>Cancelled</u> |
| OPERATIONS - EXCLUDED FROM "CAPS"                                          |                     |                     |                      |                 |                  |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES                             |                     |                     |                      |                 |                  |
| Total Operations Excluded from "CAPS"                                      | \$ 4,399,109        | \$ 4,446,880        | \$ 4,165,363         | \$ 281,517      | -                |
| Detail:                                                                    |                     |                     |                      |                 |                  |
| Salaries and Wages                                                         | 265,550             | 267,684             | 250,824              | 16,860          | -                |
| Other Expenses                                                             | 4,133,559           | 4,179,196           | 3,914,539            | 264,657         | -                |
| CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"                                  |                     |                     |                      |                 |                  |
| Capital Improvement Fund                                                   | 100,000             | 100,000             | 100,000              | -               | -                |
| Open Space - Bocce Ball Courts                                             |                     | 45,000              | 45,000               | -               | -                |
| Open Space - LaTrenta Improvements                                         |                     | 96,309              |                      | 96,309          | -                |
| Donation - Roads (Montvale Develop. Assoc.)                                |                     | 950,000             |                      | 950,000         | -                |
| NJ DOT - Various Streets                                                   | 210,000             | 210,000             | -                    | 210,000         | -                |
| Total Capital Improvements Excluded from "CAPS"                            | 310,000             | 1,401,309           | 145,000              | 1,256,309       | -                |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"                              |                     |                     |                      |                 |                  |
| Payment of Bond Principal                                                  | 1,275,000           | 1,275,000           | 1,275,000            |                 |                  |
| Interest on Bonds                                                          | 286,550             | 286,550             | 286,550              |                 |                  |
| Interest on Notes                                                          | 38,100              | 38,100              | 38,095               | -               | \$ 5             |
| Total Municipal Debt Service Excluded from "CAPS"                          | 1,599,650           | 1,599,650           | 1,599,645            | -               | 5                |
| Total General Appropriations for Municipal Purposes - Excluded from "CAPS" | 6,308,759           | 7,447,839           | 5,910,008            | \$ 1,537,826    | 5                |
| Subtotal General Appropriations                                            | 18,328,455          | 19,467,535          | 17,136,030           | 2,331,500       | 5                |
| Reserve for Uncollected Taxes                                              | 1,674,742           | 1,674,742           | 1,674,742            | -               | -                |
| Total General Appropriations                                               | \$ 20,003,197       | \$ 21,142,277       | \$ 18,810,772        | \$ 2,331,500    | \$ 5             |
|                                                                            | <u>Reference</u>    | A-2                 | A-3                  | A-1             | A,A-1            |
| Budget as Adopted                                                          | A-3                 |                     | \$ 20,003,197        |                 |                  |
| Appropriation by 40A:4-87                                                  | A-2                 |                     | 1,139,080            |                 |                  |
|                                                                            |                     |                     | <u>\$ 21,142,277</u> |                 |                  |
| Cash Disbursed                                                             | A-4                 |                     | \$ 16,141,453        |                 |                  |
| Encumbrances Payable                                                       | A-15                |                     | 816,528              |                 |                  |
| Due to LOSAP Trust Fund                                                    | B                   |                     | 20,250               |                 |                  |
| Due to General Capital Fund                                                | C-4                 |                     | 157,799              |                 |                  |
| Reserve for Uncollected Taxes                                              | A-2                 |                     | 1,674,742            |                 |                  |
|                                                                            |                     |                     | <u>\$ 18,810,772</u> |                 |                  |

**BOROUGH OF MONTVALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2021 AND 2020**

|                                                              | <u>Reference</u> | <u>2021</u>         | <u>2020</u>         |
|--------------------------------------------------------------|------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                |                  |                     |                     |
| <b>ANIMAL CONTROL FUND</b>                                   |                  |                     |                     |
| Cash                                                         | B-3              | \$ 12,329           | \$ 17,387           |
| <b>OTHER TRUST FUND</b>                                      |                  |                     |                     |
| Cash                                                         | B-3              | <u>2,558,728</u>    | <u>2,542,835</u>    |
| <b>UNEMPLOYMENT INSURANCE FUND</b>                           |                  |                     |                     |
| Cash                                                         | B-3              | <u>291,909</u>      | <u>286,869</u>      |
| <b>OPEN SPACE PRESERVATION TRUST FUND</b>                    |                  |                     |                     |
| Cash                                                         | B-3              | <u>167,201</u>      | <u>175,822</u>      |
| <b>LENGTH OF SERVICE AWARDS PROGRAM<br/>FUND (UNAUDITED)</b> |                  |                     |                     |
| Investments                                                  | B                | 1,003,344           | 848,496             |
| Due from Current Fund                                        | A                | <u>20,250</u>       | <u>18,900</u>       |
|                                                              |                  | <u>1,023,594</u>    | <u>867,396</u>      |
| Total Assets                                                 |                  | <u>\$ 4,053,761</u> | <u>\$ 3,890,309</u> |

**BOROUGH OF MONTVALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2021 AND 2020**

|                                                          | <u>Reference</u> | <u>2021</u>         | <u>2020</u>         |
|----------------------------------------------------------|------------------|---------------------|---------------------|
| <b>LIABILITIES AND RESERVES</b>                          |                  |                     |                     |
| <b>ANIMAL CONTROL FUND</b>                               |                  |                     |                     |
| Due to State of NJ - Fees Payable                        | B-4              |                     | \$ 18               |
| Due to Current Fund                                      | B-6              | \$ 1,022            | 4,786               |
| Reserve for Animal Control Expenditures                  | B-5              | <u>11,307</u>       | <u>12,583</u>       |
|                                                          |                  | <u>12,329</u>       | <u>17,387</u>       |
| <b>OTHER TRUST FUND</b>                                  |                  |                     |                     |
| Due to Current Fund                                      | B-9              | 5,016               | 5,058               |
| Escrow Deposits                                          | B-10             | 1,086,284           | 1,172,338           |
| Payroll Deductions Payable                               | B-11             | 58,086              | 59,098              |
| Miscellaneous Reserves and Deposits                      | B-12             | <u>1,409,342</u>    | <u>1,306,341</u>    |
|                                                          |                  | <u>2,558,728</u>    | <u>2,542,835</u>    |
| <b>UNEMPLOYMENT INSURANCE FUND</b>                       |                  |                     |                     |
| Due to State of NJ - Claims Payable                      | B-7              | 2,201               | 3,675               |
| Reserve for Unemployment Compensation Insurance Claims   | B-8              | <u>289,708</u>      | <u>283,194</u>      |
|                                                          |                  | <u>291,909</u>      | <u>286,869</u>      |
| <b>OPEN SPACE PRESERVATION TRUST FUND</b>                |                  |                     |                     |
| Encumbrances Payable                                     | B-16             | 9,353               | 58,335              |
| Reserve for Open Space Preservation                      | B-15             | <u>157,848</u>      | <u>117,487</u>      |
|                                                          |                  | <u>167,201</u>      | <u>175,822</u>      |
| <b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b> |                  |                     |                     |
| Reserve for LOSAP Contributions                          | B                | <u>1,023,594</u>    | <u>867,396</u>      |
| <b>Total Liabilities and Reserves</b>                    |                  | <u>\$ 4,053,761</u> | <u>\$ 3,890,309</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, 2021**

|                                 | <u>Anticipated</u> |                   |                   |               |
|---------------------------------|--------------------|-------------------|-------------------|---------------|
|                                 | Budget             | Budget After      |                   | Excess or     |
|                                 | (Memo)             | Modifications     | <u>Realized</u>   | (Deficit)     |
| Amount to be Raised by Taxation | \$ 103,979         | \$ 103,979        | \$ 104,872        | \$ 893        |
|                                 | <u>\$ 103,979</u>  | <u>\$ 103,979</u> | <u>\$ 104,872</u> | <u>\$ 893</u> |
| <u>Reference</u>                | B-2                | B-2               | B-15              |               |

EXHIBIT B-2

**STATEMENT OF EXPENDITURES-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                                     | <u>Appropriated</u> |                   | <u>Expended</u>  |                  |
|-----------------------------------------------------|---------------------|-------------------|------------------|------------------|
|                                                     | Budget              | Budget After      | Paid or          |                  |
|                                                     | (Memo)              | Modification      | Charged          | <u>Reserved</u>  |
| Development of Land for Recreation and Conservation |                     |                   |                  |                  |
| Other Expenses                                      |                     | \$ 54,579         | \$ 54,579        |                  |
| Maintenance of Land for Recreation and Conservation |                     |                   |                  |                  |
| Other Expenses                                      |                     | 9,932             | 9,932            |                  |
| Reserve for Future Use                              | \$ 103,979          | 39,468            | -                | \$ 39,468        |
|                                                     | <u>\$ 103,979</u>   | <u>\$ 103,979</u> | <u>\$ 64,511</u> | <u>\$ 39,468</u> |
| <u>Reference</u>                                    | B-1                 | B-1               | B-15             |                  |

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF MONTVALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2021 AND 2020**

|                                                   | <u>Reference</u> | <u>2021</u>          | <u>2020</u>          |
|---------------------------------------------------|------------------|----------------------|----------------------|
| <b>ASSETS</b>                                     |                  |                      |                      |
| Cash                                              | C-2,C-3          | \$ 3,501,193         | \$ 2,981,310         |
| Grants Receivable                                 | C-7              | 55,000               | 55,000               |
| Due from Current Fund                             | C-4              |                      | 9,020                |
| Deferred Charges to Future Taxation               |                  |                      |                      |
| Funded                                            | C-5              | 13,235,000           | 8,350,000            |
| Unfunded                                          | C-6              | <u>58,814</u>        | <u>4,361,914</u>     |
| <br>                                              |                  |                      |                      |
| Total Assets                                      |                  | <u>\$ 16,850,007</u> | <u>\$ 15,757,244</u> |
| <br><b>LIABILITIES, RESERVES AND FUND BALANCE</b> |                  |                      |                      |
| General Serial Bonds                              | C-13             | \$ 13,235,000        | \$ 8,350,000         |
| Bond Anticipation Notes                           | C-14             |                      | 4,500,000            |
| Encumbrances Payable                              | C-9              | 428,179              | 1,065,847            |
| Improvement Authorizations                        |                  |                      |                      |
| Funded                                            | C-8              | 2,684,155            | 536,387              |
| Unfunded                                          | C-8              | 58,814               | 746,710              |
| Capital Improvement Fund                          | C-10             | 48,341               | 56,441               |
| Reserve for Payment of Debt                       | C-11             | 100,785              | 200,785              |
| Reserve for Improvement of Fields                 | C-12             | 167,820              | 126,520              |
| Reserve for Grants Receivable                     | C-7              | 55,000               | 55,000               |
| Fund Balance                                      | C-1              | <u>71,913</u>        | <u>119,554</u>       |
| <br>                                              |                  |                      |                      |
| Total Liabilities, Reserves and Fund Balance      |                  | <u>\$ 16,850,007</u> | <u>\$ 15,757,244</u> |

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 of \$58,814 and \$26,250, respectively. (Exhibit C-15)

**BOROUGH OF MONTVALE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|                                         | <u>Reference</u> | <u>2021</u>      | <u>2020</u>       |
|-----------------------------------------|------------------|------------------|-------------------|
| Balance, January 1                      | C                | \$ 119,554       | \$ 152,245        |
| Increased by:                           |                  |                  |                   |
| Premium on Serial Bonds Issued          | C-2              | <u>2,359</u>     | <u>19,309</u>     |
|                                         |                  | 121,913          | 171,554           |
| Decreased by:                           |                  |                  |                   |
| Due Current Fund as Anticipated Revenue | C-4              | <u>50,000</u>    | <u>52,000</u>     |
| Balance, December 31                    | C                | <u>\$ 71,913</u> | <u>\$ 119,554</u> |

**BOROUGH OF MONTVALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2021 AND 2020**

|                                            | <u>Reference</u> | <u>2021</u>     | <u>2020</u>     |
|--------------------------------------------|------------------|-----------------|-----------------|
| <b>ASSETS</b>                              |                  |                 |                 |
| Cash                                       | D-1              | \$ 4,593        | \$ 4,593        |
| Total Assets                               |                  | <u>\$ 4,593</u> | <u>\$ 4,593</u> |
| <b>LIABILITIES AND RESERVES</b>            |                  |                 |                 |
| Reserve for Public Assistance Expenditures | D-2              | \$ 4,593        | \$ 4,593        |
| Total Liabilities and Reserves             |                  | <u>\$ 4,593</u> | <u>\$ 4,593</u> |

**BOROUGH OF MONTVALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2021 AND 2020**

|                                     | <u>2021</u>          | <u>2020</u>          |
|-------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                       |                      |                      |
| Land and Land Improvements          | \$ 20,246,565        | \$ 19,231,603        |
| Buildings and Building Improvements | 17,121,558           | 16,737,717           |
| Machinery and Equipment             | <u>9,661,791</u>     | <u>9,388,104</u>     |
|                                     | <u>\$ 47,029,914</u> | <u>\$ 45,357,424</u> |
| <b>FUND BALANCE</b>                 |                      |                      |
| Investment in General Fixed Assets  | <u>\$ 47,029,914</u> | <u>\$ 45,357,424</u> |

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

**B. Description of Regulatory Basis of Accounting**

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

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

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2020 balances to conform to the December 31, 2021 presentation.

**Financial Statements – Regulatory Basis**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

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

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

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

**BOROUGH OF MONTVALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Montvale has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

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

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

|                         |                  |
|-------------------------|------------------|
| Land and Buildings      | Assessed Value   |
| Machinery and Equipment | Replacement Cost |

No depreciation has been provided for in the financial statements.

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021 and 2020 the Borough Council increased the original budget by \$1,139,080 and \$117,029, respectively. The increases in both 2021 and 2020 were funded by additional aid allotted to and donations received by the Borough. In addition, the governing body approved several budget transfers during 2021 and 2020.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2021 and 2020, the book value of the Borough's deposits were \$17,053,176 and \$14,488,267 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,085,024 and \$15,182,948, 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>2021</u>         | <u>2020</u>   |
| Insured                   | \$ 17,085,024       | \$ 15,182,948 |

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, 2021 and 2020 none of the Borough's bank balances were exposed to custodial credit risk.

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

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

As of December 31, 2021 and 2020, the Borough had the following investments:

|                                                              | <u>2021</u>  | <u>2020</u> |
|--------------------------------------------------------------|--------------|-------------|
| Investment:                                                  |              |             |
| Lincoln Financial Group LOSAP<br>Investment Fund (Unaudited) | \$ 1,003,344 | \$ 848,496  |

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2021 and 2020, \$1,003,344 and \$848,496 of the Borough’s investments was exposed to custodial credit risk as follows:

|                                                                                                                   | <u>2021</u>  | <u>2020</u> |
|-------------------------------------------------------------------------------------------------------------------|--------------|-------------|
| Uninsured and Collateralized:                                                                                     |              |             |
| Collateral held by pledging financial institution's trust department<br>but not in the Borough's name (Unaudited) | \$ 1,003,344 | \$ 848,496  |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2021 and 2020, the Borough’s investment in Lincoln Financial Group a subsidiary of Lincoln National Life Insurance Company was rated Baa1 by Moody’s Investor Service.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

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

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

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2.

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

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2021 and 2020 consisted of the following:

| <u>Current</u>  | <u>2021</u>       | <u>2020</u>       |
|-----------------|-------------------|-------------------|
| Property Taxes  | \$ 160,017        | \$ 201,712        |
| Tax Title Liens | <u>41,572</u>     | <u>28,468</u>     |
|                 | <u>\$ 201,589</u> | <u>\$ 230,180</u> |

In 2021 and 2020, the Borough collected \$199,097 and \$205,012 from delinquent taxes, which represented 86% and 89%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

|                      | <u>2021</u>                    |                              | <u>2020</u>                    |                              |
|----------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|                      | Due from<br><u>Other Funds</u> | Due to<br><u>Other Funds</u> | Due from<br><u>Other Funds</u> | Due to<br><u>Other Funds</u> |
| Current Fund         | \$ 6,038                       | \$ 20,250                    | \$ 9,844                       | \$ 27,920                    |
| Trust Funds          |                                |                              |                                |                              |
| Animal Control       |                                | 1,022                        |                                | 4,786                        |
| Other Trust          |                                | 5,016                        |                                | 5,058                        |
| LOSAP Fund           | 20,250                         |                              | 18,900                         |                              |
| General Capital Fund | <u>-</u>                       | <u>-</u>                     | <u>9,020</u>                   | <u>-</u>                     |
| <br>Total            | <br><u>\$ 26,288</u>           | <br><u>\$ 26,288</u>         | <br><u>\$ 37,764</u>           | <br><u>\$ 37,764</u>         |

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

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

|                                 | Balance<br><u>December 31,</u> | Subsequent Year<br>Budget<br><u>Appropriation</u> | Balance to<br>Succeeding<br><u>Budgets</u> |
|---------------------------------|--------------------------------|---------------------------------------------------|--------------------------------------------|
| <u>2021</u>                     |                                |                                                   |                                            |
| Special Emergency Authorization | <u>\$ 320,000</u>              | <u>\$ 320,000</u>                                 | <u>\$ -</u>                                |
| <u>2020</u>                     |                                |                                                   |                                            |
| Special Emergency Authorization | <u>\$ 320,000</u>              | <u>\$ -</u>                                       | <u>\$ 320,000</u>                          |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

|                  | <u>2021</u>                            |                                            | <u>2020</u>                            |                                            |
|------------------|----------------------------------------|--------------------------------------------|----------------------------------------|--------------------------------------------|
|                  | Fund<br>Balance<br><u>December 31,</u> | Utilized<br>in Subsequent<br>Year's Budget | Fund<br>Balance<br><u>December 31,</u> | Utilized<br>in Subsequent<br>Year's Budget |
| Current Fund     |                                        |                                            |                                        |                                            |
| Cash Surplus     | \$ 4,650,691                           | \$ 3,800,000                               | \$ 4,299,093                           | \$ 3,650,000                               |
| Non-Cash Surplus | <u>725,523</u>                         | <u>-</u>                                   | <u>677,780</u>                         | <u>-</u>                                   |
|                  | <u>\$ 5,376,214</u>                    | <u>\$ 3,800,000</u>                        | <u>\$ 4,976,873</u>                    | <u>\$ 3,650,000</u>                        |

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2021 and 2020.

|                                     | Balance,<br>December 31, |                     |                   | Balance,<br>December 31, |
|-------------------------------------|--------------------------|---------------------|-------------------|--------------------------|
|                                     | <u>2020</u>              | <u>Increases</u>    | <u>Decreases</u>  |                          |
| <b><u>2021</u></b>                  |                          |                     |                   |                          |
| Land and Land Improvements          | \$ 19,231,603            | \$ 1,014,962        |                   | \$ 20,246,565            |
| Buildings and Building Improvements | 16,737,717               | 383,841             |                   | 17,121,558               |
| Machinery and Equipment             | <u>9,388,104</u>         | <u>273,687</u>      | <u>-</u>          | <u>9,661,791</u>         |
|                                     | <u>\$ 45,357,424</u>     | <u>\$ 1,672,490</u> | <u>\$ -</u>       | <u>\$ 47,029,914</u>     |
|                                     |                          |                     |                   |                          |
|                                     | Balance,<br>December 31, |                     |                   | Balance,<br>December 31, |
|                                     | <u>2019</u>              | <u>Increases</u>    | <u>Decreases</u>  |                          |
| <b><u>2020</u></b>                  |                          |                     |                   |                          |
| Land and Land Improvements          | \$ 19,058,038            | \$ 173,565          |                   | \$ 19,231,603            |
| Buildings and Building Improvements | 15,476,881               | 1,260,836           |                   | 16,737,717               |
| Machinery and Equipment             | <u>9,265,646</u>         | <u>126,208</u>      | <u>\$ (3,750)</u> | <u>9,388,104</u>         |
|                                     | <u>\$ 43,800,565</u>     | <u>\$ 1,560,609</u> | <u>\$ (3,750)</u> | <u>\$ 45,357,424</u>     |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

|                                                             | <u>2021</u>          | <u>2020</u>          |
|-------------------------------------------------------------|----------------------|----------------------|
| Issued                                                      |                      |                      |
| General                                                     |                      |                      |
| Bonds and Notes                                             | \$ 13,235,000        | \$ 12,850,000        |
| Less Funds Temporarily Held to Pay Bonds and Notes          | <u>100,785</u>       | <u>365,121</u>       |
| Net Debt Issued                                             | 13,134,215           | 12,484,879           |
| Authorized But Not Issued                                   |                      |                      |
| General                                                     |                      |                      |
| Bonds and Notes                                             | <u>58,814</u>        | <u>26,250</u>        |
| Net Bonds and Notes Issued and Authorized<br>But Not Issued | <u>\$ 13,193,029</u> | <u>\$ 12,511,129</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 .552% and .537% at December 31, 2021 and 2020, respectively.

| <u>2021</u>  | <u>Gross Debt</u>    | <u>Deductions</u>    | <u>Net Debt</u>      |
|--------------|----------------------|----------------------|----------------------|
| General Debt | \$ 13,293,814        | \$ 100,785           | \$ 13,193,029        |
| School Debt  | <u>33,691,595</u>    | <u>33,691,595</u>    | <u>-</u>             |
| Total        | <u>\$ 46,985,409</u> | <u>\$ 33,792,380</u> | <u>\$ 13,193,029</u> |
| <u>2020</u>  | <u>Gross Debt</u>    | <u>Deductions</u>    | <u>Net Debt</u>      |
| General Debt | \$ 12,876,250        | \$ 365,121           | \$ 12,511,129        |
| School Debt  | <u>5,239,543</u>     | <u>5,239,543</u>     | <u>-</u>             |
| Total        | <u>\$ 18,115,793</u> | <u>\$ 5,604,664</u>  | <u>\$ 12,511,129</u> |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

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

|                                                             | <u>2021</u>                        | <u>2020</u>                        |
|-------------------------------------------------------------|------------------------------------|------------------------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal)<br>Net Debt | \$ 83,590,489<br><u>13,193,029</u> | \$ 81,517,897<br><u>12,511,129</u> |
| Remaining Borrowing Power                                   | <u>\$ 70,397,460</u>               | <u>\$ 69,006,768</u>               |

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

|                                                                                                                                      | <u>2021</u>          | <u>2020</u>         |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| \$3,695,000, 2011 Bonds, final<br>installment of \$430,000 due<br>December, 2021, interest at 2.50%                                  |                      | \$ 430,000          |
| \$9,305,000, 2018 Bonds, due in annual<br>installments of \$760,000 to \$905,000<br>through August, 2030, interest at 3.00% to 5.00% | \$ 7,075,000         | 7,920,000           |
| \$6,160,000, 2021 Bonds, due in annual<br>installments of \$360,000 to \$715,000<br>through August, 2031, interest at 0.05% to 2.00% | <u>6,160,000</u>     | <u>-</u>            |
|                                                                                                                                      | <u>\$ 13,235,000</u> | <u>\$ 8,350,000</u> |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

| Calendar<br>Year | General              |                     | Total                |
|------------------|----------------------|---------------------|----------------------|
|                  | Principal            | Interest            |                      |
| 2022             | \$ 1,265,000         | \$ 344,513          | \$ 1,609,513         |
| 2023             | 1,290,000            | 318,240             | 1,608,240            |
| 2024             | 1,310,000            | 295,175             | 1,605,175            |
| 2025             | 1,345,000            | 256,900             | 1,601,900            |
| 2026             | 1,395,000            | 207,050             | 1,602,050            |
| 2027-2031        | <u>6,630,000</u>     | <u>447,850</u>      | <u>7,077,850</u>     |
|                  | <u>\$ 13,235,000</u> | <u>\$ 1,869,728</u> | <u>\$ 15,104,728</u> |

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

|                      | Balance,<br>December 31,<br><u>2020</u> | <u>Increase</u>     | <u>Reductions</u>   | Balance,<br>December 31,<br><u>2021</u> | Due<br>Within<br><u>One Year</u> |
|----------------------|-----------------------------------------|---------------------|---------------------|-----------------------------------------|----------------------------------|
| <b><u>2021</u></b>   |                                         |                     |                     |                                         |                                  |
| General Capital Fund |                                         |                     |                     |                                         |                                  |
| Bonds Payable        | <u>\$ 8,350,000</u>                     | <u>\$ 6,160,000</u> | <u>\$ 1,275,000</u> | <u>\$ 13,235,000</u>                    | <u>\$ 1,265,000</u>              |
|                      |                                         |                     |                     |                                         |                                  |
|                      | Balance,<br>December 31,<br><u>2019</u> | <u>Increase</u>     | <u>Reductions</u>   | Balance,<br>December 31,<br><u>2020</u> | Due<br>Within<br><u>One Year</u> |
| <b><u>2020</u></b>   |                                         |                     |                     |                                         |                                  |
| General Capital Fund |                                         |                     |                     |                                         |                                  |
| Bonds Payable        | <u>\$ 9,620,000</u>                     | <u>\$ -</u>         | <u>\$ 1,270,000</u> | <u>\$ 8,350,000</u>                     | <u>\$ 1,275,000</u>              |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

**Bond Anticipation Notes**

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

| <u>Capital Project</u>            | <u>Construction<br/>Commitment</u> | <u>Estimated<br/>Date of<br/>Completion</u> |
|-----------------------------------|------------------------------------|---------------------------------------------|
| <b><u>2021</u></b>                |                                    |                                             |
| Various Road Improvements         | \$ 113,313                         | 2022                                        |
| Municipal Complex HVAC Upgrades   | 170,112                            | 2022                                        |
| Acquisition of 4 Wheel Drive SUVs | 86,643                             | 2022                                        |
| Restoration of Huff Pond          | 54,249                             | 2022                                        |
| <br>                              |                                    |                                             |
| <b><u>2020</u></b>                |                                    |                                             |
| Various Road Improvements         | \$ 696,281                         | 2021                                        |
| Municipal Complex HVAC Upgrades   | 243,002                            | 2021                                        |
| Restoration of Huff Pond          | 268,042                            | 2021                                        |

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, certain employees are allowed to accumulate (with certain restrictions) unused sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave and compensation time in cash (with certain limitations) upon retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$687,945 and \$878,772 at December 31, 2021 and 2020, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2021 and 2020 were as follows:

|                                     | Balance,<br>December 31,<br><u>2020</u> | <u>Additions</u>  | <u>Reductions</u>   | Balance,<br>December 31,<br><u>2021</u> | <u>Due<br/>Within<br/>One Year</u> |
|-------------------------------------|-----------------------------------------|-------------------|---------------------|-----------------------------------------|------------------------------------|
| <b><u>2021</u></b>                  |                                         |                   |                     |                                         |                                    |
| Compensated Absences/Terminal Leave | \$ 878,772                              |                   | \$ 190,827          | \$ 687,945                              |                                    |
| Net Pension Liability - PERS (1)    | 4,002,977                               |                   |                     | 4,002,977                               |                                    |
| Net Pension Liability - PFRS (1)    | <u>10,776,397</u>                       | <u>-</u>          | <u>-</u>            | <u>10,776,397</u>                       | <u>-</u>                           |
| Other Long-Term Liabilities         | <u>\$ 15,658,146</u>                    | <u>\$ -</u>       | <u>\$ 190,827</u>   | <u>\$ 15,467,319</u>                    | <u>\$ -</u>                        |
| <br>                                |                                         |                   |                     |                                         |                                    |
|                                     | Balance,<br>December 31,<br><u>2019</u> | <u>Additions</u>  | <u>Reductions</u>   | Balance,<br>December 31,<br><u>2020</u> | <u>Due<br/>Within<br/>One Year</u> |
| <b><u>2020</u></b>                  |                                         |                   |                     |                                         |                                    |
| Compensated Absences/Terminal Leave | \$ 627,035                              | \$ 251,737        |                     | \$ 878,772                              |                                    |
| Net Pension Liability - PERS        | 4,272,581                               |                   | \$ 269,604          | 4,002,977                               |                                    |
| Net Pension Liability - PFRS        | <u>11,030,313</u>                       | <u>656,527</u>    | <u>910,443</u>      | <u>10,776,397</u>                       | <u>-</u>                           |
| Other Long-Term Liabilities         | <u>\$ 15,929,929</u>                    | <u>\$ 908,264</u> | <u>\$ 1,180,047</u> | <u>\$ 15,658,146</u>                    | <u>\$ -</u>                        |

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

**Other Pension Funds**

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

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

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2021 and 2020 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2021 and 2020 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2021, 2020 and 2019 were equal to the required contributions.

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions (Contributions)**

During the years ended December 31, 2021, 2020 and 2019, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

| <u>Year Ended</u><br><u>December 31</u> | <u>PFRS</u> | <u>PERS (1)</u> | <u>DCRP</u> |
|-----------------------------------------|-------------|-----------------|-------------|
| 2021                                    | \$ 931,722  | \$ 268,532      | \$ 5,474    |
| 2020                                    | 910,443     | 230,651         | 3,748       |
| 2019                                    | 851,295     | 234,082         | 4,556       |

(1) Included Municipal Library’s portion of contribution for the year.

In addition for the years ended December 31, 2021, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$651, and \$343, respectively for PERS.

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

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

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

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

|                                                                                                              | <u>2020</u>                                   |                                              |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
|                                                                                                              | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
| Difference Between Expected and Actual Experience                                                            | \$ 72,888                                     | \$ 14,156                                    |
| Changes of Assumptions                                                                                       | 129,861                                       | 1,676,084                                    |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                             | 136,825                                       |                                              |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>248,986</u>                                | <u>128,012</u>                               |
| Total                                                                                                        | <u>\$ 588,560</u>                             | <u>\$ 1,818,252</u>                          |

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

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

**BOROUGH OF MONTVALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Long-Term Expected Rate of Return*

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

| <u>Asset Class</u>              | <u>2020</u>              |                                               |
|---------------------------------|--------------------------|-----------------------------------------------|
|                                 | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies      | 3.00%                    | 3.40%                                         |
| Cash Equivalents                | 4.00%                    | 0.50%                                         |
| U.S. Treasuries                 | 5.00%                    | 1.94%                                         |
| Investment Grade Credit         | 8.00%                    | 2.67%                                         |
| US Equity                       | 27.00%                   | 7.71%                                         |
| Non-US Developed Markets Equity | 13.50%                   | 8.57%                                         |
| Emerging Markets Equity         | 5.50%                    | 10.23%                                        |
| High Yield                      | 2.00%                    | 5.95%                                         |
| Real Assets                     | 3.00%                    | 9.73%                                         |
| Private Credit                  | 8.00%                    | 7.59%                                         |
| Real Estate                     | 8.00%                    | 9.56%                                         |
| Private Equity                  | 13.00%                   | 11.42%                                        |

*Discount Rate*

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

|                                   | <u>2020</u> |
|-----------------------------------|-------------|
| Period of Projected Benefit       |             |
| Payments for which the Following  |             |
| Rates were Applied:               |             |
| Long-Term Expected Rate of Return | All Periods |

***Sensitivity of Net Pension Liability***

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

| <u>2020</u>                                                        | <b>1%<br/>Decrease<br/>(6.00%)</b> | <b>Current<br/>Discount Rate<br/>(7.00%)</b> | <b>1%<br/>Increase<br/>(8.00%)</b> |
|--------------------------------------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|
| Borough's Proportionate Share of<br>the PERS Net Pension Liability | <u>\$ 5,039,080</u>                | <u>\$ 4,002,977</u>                          | <u>\$ 3,123,815</u>                |

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Pension Plan Fiduciary Net Position*

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

**Police and Firemen’s Retirement System (PFRS)**

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

For the year ended December 31, 2020, the pension system has determined the Borough pension expense to be \$825,842 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$910,443. At December 31, 2020, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

|                                                                                                              | <b>2020</b>                                          |                                                     |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
|                                                                                                              | <b><u>Deferred<br/>Outflows<br/>of Resources</u></b> | <b><u>Deferred<br/>Inflows<br/>of Resources</u></b> |
| Difference Between Expected and Actual Experience                                                            | \$ 108,644                                           | \$ 38,675                                           |
| Changes of Assumptions                                                                                       | 27,119                                               | 2,889,088                                           |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                             | 631,871                                              |                                                     |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>844,929</u>                                       | <u>889,843</u>                                      |
| Total                                                                                                        | <u>\$ 1,612,563</u>                                  | <u>\$ 3,817,606</u>                                 |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

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

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

***Actuarial Assumptions***

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

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Long-Term Expected Rate of Return*

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

| <u>Asset Class</u>              | <u>2020</u>              |                                               |
|---------------------------------|--------------------------|-----------------------------------------------|
|                                 | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies      | 3.00%                    | 3.40%                                         |
| Cash Equivalents                | 4.00%                    | 0.50%                                         |
| U.S. Treasuries                 | 5.00%                    | 1.94%                                         |
| Investment Grade Credit         | 8.00%                    | 2.67%                                         |
| US Equity                       | 27.00%                   | 7.71%                                         |
| Non-US Developed Markets Equity | 13.50%                   | 8.57%                                         |
| Emerging Markets Equity         | 5.50%                    | 10.23%                                        |
| High Yield                      | 2.00%                    | 5.95%                                         |
| Real Assets                     | 3.00%                    | 9.73%                                         |
| Private Credit                  | 8.00%                    | 7.59%                                         |
| Real Estate                     | 8.00%                    | 9.56%                                         |
| Private Equity                  | 13.00%                   | 11.42%                                        |

*Discount Rate*

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Discount Rate (Continued)***

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

|                                                                                  | <u>2020</u> |
|----------------------------------------------------------------------------------|-------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: |             |
| Long-Term Expected Rate of Return                                                | All Periods |

***Sensitivity of Net Pension Liability***

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

| <u>2020</u>                                                     | <b>1%<br/>Decrease<br/>(6.00%)</b> | <b>Current<br/>Discount Rate<br/>(7.00%)</b> | <b>1%<br/>Increase<br/>(8.00%)</b> |
|-----------------------------------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|
| Borough's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 14,330,390</u>               | <u>\$ 10,776,397</u>                         | <u>\$ 7,824,534</u>                |

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

***Special Funding Situation – PFRS***

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

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

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

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

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

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

The employers participating in the OPEB plan made contributions of \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The nonemployer allocation percentages presented are based on the ratio of the contributions made as an individual nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

***Special Funding Situation***

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

At December 31, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$8,768,799. For the year ended December 31, 2020 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$436,513. At December 31, 2020, (measurement date June 30, 2020), the State's share of the OPEB liability attributable to the Borough was .16053 percent, which was an increase of .03977 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .12076 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

**BOROUGH OF MONTVALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

*Actuarial Assumptions*

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

|                                     | <u>2020</u>                                                                                                                                                                       |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation Rate                      | 2.50%                                                                                                                                                                             |
| Salary Increases*                   |                                                                                                                                                                                   |
| PERS:                               |                                                                                                                                                                                   |
| Initial Fiscal Year Applied Through | 2026                                                                                                                                                                              |
| Rate                                | 2.00% to 6.00%                                                                                                                                                                    |
| Rate Thereafter                     | 3.00% to 7.00%                                                                                                                                                                    |
| PFRS:                               |                                                                                                                                                                                   |
| Initial Fiscal Year Applied Through | Rate for All Future Years                                                                                                                                                         |
| Rate                                | 3.25% to 15.25%                                                                                                                                                                   |
| Rate Thereafter                     | Not Applicable                                                                                                                                                                    |
| Mortality                           |                                                                                                                                                                                   |
| PERS                                | Pub-2010 General Classification Headcount-<br>Weighted Mortality Table with fully generational<br>mortality improvement projections from the central<br>year using Scale MP-2020. |
| PFRS                                | Pub-2010 Safety Classification Headcount-<br>Weighted Mortality Table with fully generational<br>mortality improvement projections from the central<br>year using Scale MP-2020.  |

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**Discount Rate**

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

| <b>Calendar</b> |                         |                      |
|-----------------|-------------------------|----------------------|
| <u>Year</u>     | <u>Measurement Date</u> | <u>Discount Rate</u> |
| 2020            | June 30, 2020           | 2.21%                |
| 2019            | June 30, 2019           | 3.50%                |

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

***OPEB Plan Fiduciary Net Position***

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 14 RISK MANAGEMENT**

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

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

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

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

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

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

| <u>Year Ended<br/>December 31</u> | <u>Borough<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Claims<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|-----------------------------------|----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2021                              | None                             | \$ 8,445                          | \$ 1,931                     | \$ 289,708                |
| 2020                              | None                             | 7,502                             | 4,929                        | 283,194                   |
| 2019                              | None                             | 7,665                             | 2,200                        | 280,621                   |

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 15 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2020. 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, 2021 and 2020, the Borough reserved \$763,402 and \$769,334, 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, 2021 and 2020, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2021 and 2020, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

The Borough of Montvale has contributed \$1,350 for both 2021 and 2020, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough contributed a total of \$20,250 and \$18,900 for 2021 and 2020, respectively into the Plan.

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**Interlocal Services Agreement**

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

The contributions are made in accordance with the plan established by the Borough of Park Ridge pursuant to N.J.S.A.40A:14-183 et seq. Montvale's share of the Tri-Borough Volunteer Ambulance Corps. LOSAP contributions for the years ended December 31, 2021 and 2020 were both \$10,798, respectively.

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

**NOTE 18 TAX ABATEMENTS**

For the years ended December 31, 2021 and 2020, the Borough provided property tax abatements through certain programs authorized under State statutes. This program includes the New Jersey Housing and Mortgage Financing Act (NJHMFA).

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 18 TAX ABATEMENTS (Continued)**

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2021 and 2020 the Borough abated property taxes totaling \$75,706 and \$74,875, respectively, under the NJHMFA program. The Borough received \$10,384 and \$6,255 in PILOT payments under this program for both years ended December 31, 2021 and 2020, respectively.

**NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

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

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

**BOROUGH OF MONTVALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

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

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

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

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

The Borough will receive \$897,009 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$448,505. The Borough utilized the full allocation from the Plan in the 2022 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

**NOTE 20 SUBSEQUENT EVENTS**

**Debt Authorized**

On May 31, 2022, the Borough adopted a bond ordinance appropriating \$1,690,000 and authorizing the issuance of \$1,605,500 in bonds or bond anticipation notes to fund various capital improvements. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On August 30, 2022, the Borough adopted a bond ordinance appropriating \$4,600,000 and authorizing the issuance of \$4,380,950 in bonds or bond anticipation notes to fund the purchase of property. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

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

|                                                                     |                      |
|---------------------------------------------------------------------|----------------------|
| Balance, December 31, 2020                                          | \$ 8,483,644         |
| Increased by:                                                       |                      |
| Taxes Receivable                                                    | \$ 50,951,334        |
| Non-Budget Revenue                                                  | 872,530              |
| Prepaid Revenues                                                    | 25,110               |
| Due from State of NJ - Senior Citizens'<br>and Veterans' Deductions | 37,625               |
| Revenue Accounts Receivable                                         | 4,394,976            |
| Grants Receivable                                                   | 259,800              |
| Receipts for Other Trust Fund                                       | 36,100               |
| Receipts from Other Trust Fund                                      | 367                  |
| Receipts from Animal Control Fund                                   | 4,786                |
| Fees Payable                                                        | 49,639               |
| Tax Overpayments                                                    | 483,160              |
| Prepaid Taxes                                                       | 441,782              |
| Reserve for Grants - Unappropriated                                 | 449,505              |
| Outstanding Checks Voided                                           | 260                  |
| Petty Cash                                                          | 800                  |
|                                                                     | <u>58,007,774</u>    |
|                                                                     | 66,491,418           |
| Decreased by Disbursements:                                         |                      |
| 2021 Budget Appropriations                                          | 16,141,453           |
| 2020 Appropriation Reserves                                         | 376,963              |
| County Taxes Payable                                                | 5,977,163            |
| Due to County for Added and Omitted Taxes                           | 22,098               |
| Local School District Tax Payable                                   | 17,690,538           |
| Regional High School Taxes Payable                                  | 14,533,207           |
| Reserve for Tax Appeals                                             | 5,932                |
| Payments to General Capital Fund                                    | 11,819               |
| Payments to Other Trust Fund                                        | 36,100               |
| Payments to Open Space Preservation Trust Fund                      | 104,872              |
| Payments to LOSAP Fund                                              | 18,900               |
| Accounts Payable                                                    | 96,989               |
| Encumbrances Payable                                                | 756,123              |
| Petty Cash                                                          | 800                  |
| Change Fund                                                         | 200                  |
| Reserve for Grants - Appropriated                                   | 106,563              |
| Tax Overpayments Refunded                                           | 57,714               |
| Fees Payable                                                        | 35,790               |
| Refund Prior Year Revenue                                           | 1,571                |
|                                                                     | <u>55,974,795</u>    |
| Balance, December 31, 2021                                          | <u>\$ 10,516,623</u> |

**BOROUGH OF MONTVALE  
STATEMENT OF CHANGE FUNDS**

| <u>Office</u>               | Balance,<br>December 31,<br><u>2020</u> | Received from<br><u>Treasurer</u> | Balance,<br>December 31,<br><u>2021</u> |
|-----------------------------|-----------------------------------------|-----------------------------------|-----------------------------------------|
| Tax Collector/Borough Clerk | \$ 100                                  |                                   | \$ 100                                  |
| Dog/Cat License Registrar   | 50                                      |                                   | 50                                      |
| Municipal Court             | 200                                     | \$ 200                            | 400                                     |
| Police Department           | <u>50</u>                               | <u>-</u>                          | <u>50</u>                               |
|                             | <u>\$ 400</u>                           | <u>\$ 200</u>                     | <u>\$ 600</u>                           |

**STATEMENT OF PETTY CASH FUND**

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

**BOROUGH OF MONTVALE  
STATEMENT OF GRANTS RECEIVABLE**

|                                                        | Balance,<br>December 31,<br><u>2020</u> | Revenue<br><u>Realized</u> | <u>Received</u>   | <u>Cancelled</u>                | Balance,<br>December 31,<br><u>2021</u> |
|--------------------------------------------------------|-----------------------------------------|----------------------------|-------------------|---------------------------------|-----------------------------------------|
| NJ Department of Transportation -                      |                                         |                            |                   |                                 |                                         |
| Various Street Improvements - 2018                     | \$ 92,392                               |                            | \$ 3,256          | \$ 89,136                       |                                         |
| Various Street Improvements - 2019                     | 51,750                                  |                            |                   |                                 | \$ 51,750                               |
| Various Street Improvements - 2021                     |                                         | \$ 210,000                 |                   |                                 | 210,000                                 |
| Municipal Alliance Program                             |                                         | 3,126                      | 1,162             |                                 | 1,964                                   |
| ANJEC                                                  |                                         | 1,500                      | 1,000             |                                 | 500                                     |
| Recycling Tonnage Grant                                | -                                       | 15,584                     | 15,584            |                                 | -                                       |
| Clean Communities Grant                                |                                         | 18,120                     | 18,120            |                                 |                                         |
| Drunk Driving Enforcement Fund                         |                                         | 4,267                      | 4,267             |                                 |                                         |
| Body Armour Grant - State                              |                                         | 1,973                      | 1,973             |                                 |                                         |
| County Health - Mini Grant                             |                                         | 800                        | 800               |                                 |                                         |
| Bergen County Open Space - Field Improvements          | 178,538                                 |                            | 178,538           |                                 |                                         |
| Bergen County Open Space - LaTrenta Field Improvements |                                         | 96,309                     |                   |                                 | 96,309                                  |
| Bergen County Open Space - Bocce Ball Courts           |                                         | 45,000                     |                   |                                 | 45,000                                  |
| County of Bergen - County Prosecutor                   | <u>35,100</u>                           | <u>-</u>                   | <u>35,100</u>     | <u>-</u>                        | <u>-</u>                                |
|                                                        | <u>\$ 357,780</u>                       | <u>\$ 396,679</u>          | <u>\$ 259,800</u> | <u>\$ 89,136</u>                | <u>\$ 405,523</u>                       |
|                                                        |                                         |                            |                   | <u>\$ 89,136</u>                |                                         |
|                                                        |                                         |                            |                   | Reserve for Grants-Appropriated |                                         |

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

|                                                                          |                  |
|--------------------------------------------------------------------------|------------------|
| Balance, December 31, 2020                                               | \$ 11,096        |
| Increased by:                                                            |                  |
| Payment from State of New Jersey                                         | \$ 37,625        |
| Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2020 | 250              |
| Veterans'/Senior Citizen's Deductions Disallowed by Tax Collector - 2021 | <u>2,250</u>     |
|                                                                          | <u>40,125</u>    |
|                                                                          | 51,221           |
| Decreased by:                                                            |                  |
| Senior Citizens' Deductions Per Tax Billings                             | 1,375            |
| Veterans' Deductions Per Tax Billings                                    | 35,000           |
| Veterans'/Senior Citizen's Deductions Allowed by Tax Collector - 2021    | <u>1,625</u>     |
|                                                                          | <u>38,000</u>    |
| Balance, December 31, 2021                                               | <u>\$ 13,221</u> |

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

| Year | Balance,<br>December 31,<br>2020 | 2021<br>Levy         | Senior<br>Citizens'<br>and<br>Veterans'<br>Deductions<br>Disallowed | Cash<br>Collections |                      | Senior<br>Citizens'<br>and<br>Veterans'<br>Deductions<br>Allowed | Cancelled        | Transferred<br>to<br>Tax Title<br>Liens | Balance,<br>December 31,<br>2021 |
|------|----------------------------------|----------------------|---------------------------------------------------------------------|---------------------|----------------------|------------------------------------------------------------------|------------------|-----------------------------------------|----------------------------------|
|      |                                  |                      |                                                                     | 2020                | 2021                 |                                                                  |                  |                                         |                                  |
| 2018 | \$ 114                           |                      |                                                                     |                     |                      |                                                                  |                  |                                         | \$ 114                           |
| 2019 | 456                              |                      |                                                                     |                     |                      |                                                                  |                  |                                         | 456                              |
| 2020 | <u>201,142</u>                   | -                    | \$ 250                                                              | -                   | \$ 199,097           | -                                                                | -                | \$ 1,826                                | <u>469</u>                       |
|      | 201,712                          | -                    | 250                                                                 | -                   | 199,097              | -                                                                | -                | 1,826                                   | 1,039                            |
| 2021 | -                                | \$ 51,554,090        | 2,250                                                               | \$ 529,722          | 50,752,237           | \$ 38,000                                                        | \$ 66,995        | 10,408                                  | 158,978                          |
|      | <u>\$ 201,712</u>                | <u>\$ 51,554,090</u> | <u>\$ 2,500</u>                                                     | <u>\$ 529,722</u>   | <u>\$ 50,951,334</u> | <u>\$ 38,000</u>                                                 | <u>\$ 66,995</u> | <u>\$ 12,234</u>                        | <u>\$ 160,017</u>                |

Analysis of 2021 Property Tax Levy

ANALYSIS OF 2021 PROPERTY TAX LEVY

TAX YIELD

|                                  |                      |
|----------------------------------|----------------------|
| General Purpose Tax              | \$ 51,115,946        |
| Added Taxes (54:4-63.1 et. seq.) | <u>438,144</u>       |
|                                  | <u>\$ 51,554,090</u> |

TAX LEVY

|                                                    |                      |
|----------------------------------------------------|----------------------|
| Local District School Tax                          | \$ 17,690,538        |
| Regional High School Tax                           | 14,533,207           |
| County Taxes:                                      |                      |
| County Taxes                                       | \$ 5,738,995         |
| County Open Space                                  | 238,168              |
| Due County for Added Taxes<br>(54:4-63.1 et. seq.) | <u>51,472</u>        |
|                                                    | 6,028,635            |
| Municipal Open Space Tax                           | 103,979              |
| Municipal Open Space Added Taxes                   | <u>893</u>           |
|                                                    | 104,872              |
| Local Tax for Municipal Purposes                   | 12,031,140           |
| Minimum Library Tax                                | 778,684              |
| Additional Tax Levied                              | <u>387,014</u>       |
|                                                    | <u>13,196,838</u>    |
|                                                    | <u>\$ 51,554,090</u> |

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

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Balance, December 31, 2020         |           | \$ 28,468 |
| Increased by:                      |           |           |
| Transfers from Taxes Receivable    | \$ 12,234 |           |
| Interest and Costs Accrued by Sale | 870       |           |
|                                    |           | 13,104    |
| Balance, December 31, 2021         |           | \$ 41,572 |

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

|                            |  |           |
|----------------------------|--|-----------|
| Balance, December 31, 2020 |  | \$ 29,400 |
| Balance, December 31, 2021 |  | \$ 29,400 |

**BOROUGH OF MONTVALE**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

|                                                   | Balance,<br>December 31,<br><u>2020</u> | Accrued<br>in 2021  | <u>Collected</u>    | Balance,<br>December 31,<br><u>2021</u> |
|---------------------------------------------------|-----------------------------------------|---------------------|---------------------|-----------------------------------------|
| Borough Clerk                                     |                                         |                     |                     |                                         |
| Licenses - Alcoholic Beverages                    |                                         | \$ 17,590           | \$ 17,590           |                                         |
| Fees and Permits - Parking Permits                |                                         | 150                 | 150                 |                                         |
| Board of Health                                   |                                         |                     |                     |                                         |
| Licenses                                          |                                         | 35,020              | 35,020              |                                         |
| Register of Vital Statistics                      |                                         |                     |                     |                                         |
| Fees and Permits                                  |                                         | 678                 | 678                 |                                         |
| Construction Code Official                        |                                         |                     |                     |                                         |
| Uniform Construction Code Fees                    |                                         | 710,761             | 710,761             |                                         |
| Fees and Permits - Other                          |                                         | 104,233             | 104,233             |                                         |
| Police                                            |                                         |                     |                     |                                         |
| Fees and Permits                                  |                                         | 3,428               | 3,428               |                                         |
| Tax Collector                                     |                                         |                     |                     |                                         |
| Fees and Permits - Tax Search Fees                |                                         | 356                 | 356                 |                                         |
| Planning Board                                    |                                         |                     |                     |                                         |
| Fees and Permits                                  |                                         | 36,006              | 36,006              |                                         |
| Recreation                                        |                                         |                     |                     |                                         |
| Fees and Permits                                  |                                         | 5,470               | 5,470               |                                         |
| Municipal Court                                   |                                         |                     |                     |                                         |
| Fines and Costs                                   | \$ 1,043                                | 94,335              | 93,284              | \$ 2,094                                |
| Interest and Costs on Taxes                       | 1,862                                   | 63,792              | 63,246              | 2,408                                   |
| Interest on Investments and Deposits              |                                         | 381                 | 381                 |                                         |
| Municipal Court Shared Service                    | 45,636                                  | 164,754             | 166,756             | 43,634                                  |
| Pascack Valley Regional School District           |                                         |                     |                     |                                         |
| Special Police Shared Service                     |                                         | 176,190             | 176,190             |                                         |
| Energy Receipts Tax                               |                                         | 1,262,378           | 1,262,378           |                                         |
| Cable TV Franchise Fees                           |                                         | 123,327             | 123,327             |                                         |
| Sewer Agreement - Marriott Corporation            |                                         | 46,923              | 46,923              |                                         |
| Hotel/Motel Tax                                   |                                         | 76,842              | 76,842              |                                         |
| Uniform Fire Safety Act:                          |                                         |                     |                     |                                         |
| Local Enforcement Fees                            |                                         | 126,633             | 126,633             |                                         |
| LEA Rebate                                        |                                         | 19,532              | 19,532              |                                         |
| Sloan Kettering Contribution - Municipal Services |                                         | 72,000              | 72,000              |                                         |
| Clothing Bin Fees - American Recycling            | 750                                     | 2,250               | 3,000               |                                         |
| Reserve for Field Maintenance                     |                                         | 5,000               | 5,000               |                                         |
| General Capital Fund Balance (Surplus)            |                                         | 50,000              | 50,000              |                                         |
| Reserve for Retirement of Debt                    |                                         | 100,000             | 100,000             |                                         |
| Police Donations (Wegman's)                       |                                         | 7,500               | 7,500               |                                         |
| Montvale Development Association Contribution     |                                         | 950,000             | 950,000             |                                         |
| Excess Sewer User Fees (MRNA)                     | 41,298                                  | 301,002             | 330,156             | 12,144                                  |
| Pilot Montvale Commons (MRNA)                     | 1,994                                   | 8,390               | 10,384              | -                                       |
|                                                   | <u>\$ 92,583</u>                        | <u>\$ 4,564,921</u> | <u>\$ 4,597,224</u> | <u>\$ 60,280</u>                        |
|                                                   |                                         |                     |                     |                                         |
|                                                   |                                         |                     | \$ 4,394,976        |                                         |
|                                                   |                                         |                     | 46,923              |                                         |
|                                                   |                                         |                     | 325                 |                                         |
|                                                   |                                         |                     | <u>155,000</u>      |                                         |
|                                                   |                                         |                     | <u>\$ 4,597,224</u> |                                         |

**BOROUGH OF MONTVALE  
STATEMENT OF DEFERRED CHARGES**

| <u>Date</u><br><u>Authorized</u> | <u>Purpose</u>                                                      | <u>Net Amount</u><br><u>Authorized</u> | <u>1/5 of Net</u><br><u>Amount</u><br><u>Authorized</u> | <u>Balance</u><br><u>December 31,</u><br><u>2020</u> | <u>Balance,</u><br><u>December 31,</u><br><u>2021</u> |
|----------------------------------|---------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------|
| 12/29/2020                       | Special Emergency Authorization (40A:4-53)<br>COVID-19 Revenue Loss | \$ 320,000                             | \$ 64,000                                               | <u>\$ 320,000</u>                                    | <u>\$ 320,000</u>                                     |
|                                  |                                                                     |                                        |                                                         | <u>\$ 320,000</u>                                    | <u>\$ 320,000</u>                                     |

**BOROUGH OF MONTVALE**  
**STATEMENT OF APPROPRIATION RESERVES**

|                                                     | Balance,<br>December 31,<br><u>2020</u> | Balance<br>After<br><u>Modification</u> | Paid or<br><u>Charged</u> | Transfer to<br>Appropriated<br><u>Grants</u> | Balance<br><u>Lapsed</u> |
|-----------------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------|----------------------------------------------|--------------------------|
| <b>SALARIES AND WAGES</b>                           |                                         |                                         |                           |                                              |                          |
| Administrative and Executive                        | \$ 13,181                               | \$ 13,181                               |                           |                                              | \$ 13,181                |
| Mayor and Council                                   | 2,850                                   | 2,850                                   |                           |                                              | 2,850                    |
| Borough Clerk                                       | 1,351                                   | 1,351                                   |                           |                                              | 1,351                    |
| Elections                                           | 1,472                                   | 1,472                                   |                           |                                              | 1,472                    |
| Financial Administration                            | 873                                     | 873                                     |                           |                                              | 873                      |
| Collection of Taxes                                 | 17                                      | 17                                      |                           |                                              | 17                       |
| Cable TV Committee                                  | 3,873                                   | 3,873                                   |                           |                                              | 3,873                    |
| Planning Board                                      | 3,209                                   | 3,209                                   |                           |                                              | 3,209                    |
| Zoning Official                                     | 125                                     | 125                                     |                           |                                              | 125                      |
| Code Enforcement and Administration Property Maint. | 125                                     | 125                                     |                           |                                              | 125                      |
| Police                                              | 12,370                                  | 42,370                                  | \$ 33,419                 |                                              | 8,951                    |
| Uniform Fire Safety Act                             | 496                                     | 496                                     |                           |                                              | 496                      |
| Public Buildings and Grounds                        | 250                                     | 250                                     |                           |                                              | 250                      |
| Public Health Services                              | 595                                     | 595                                     |                           |                                              | 595                      |
| Environmental Commission                            | 855                                     | 855                                     |                           |                                              | 855                      |
| Senior Citizen Van                                  | 4,935                                   | 4,935                                   |                           |                                              | 4,935                    |
| Municipal Court                                     | 13,195                                  | 13,195                                  |                           |                                              | 13,195                   |
| Municipal Court Administration                      | 12,676                                  | 12,676                                  |                           |                                              | 12,676                   |
| Special Police - Shared Services                    | 875                                     | 875                                     |                           |                                              | 875                      |
| Construction Code Official                          | 1,853                                   | 1,853                                   |                           |                                              | 1,853                    |
| Building Subcode Official                           | 78                                      | 78                                      | -                         | -                                            | 78                       |
|                                                     | <u>75,254</u>                           | <u>105,254</u>                          | <u>33,419</u>             | <u>-</u>                                     | <u>71,835</u>            |
| <b>OTHER EXPENSES</b>                               |                                         |                                         |                           |                                              |                          |
| Administrative and Executive                        | \$ 49,358                               | \$ 24,358                               | \$ 1,007                  |                                              | \$ 23,351                |
| Mayor and Council                                   | 17,836                                  | 7,836                                   |                           |                                              | 7,836                    |
| Borough Clerk                                       | 15,171                                  | 5,185                                   |                           |                                              | 5,185                    |
| Elections                                           | 2,942                                   | 2,942                                   |                           |                                              | 2,942                    |
| Financial Administration                            | 10,539                                  | 10,539                                  | 3,890                     |                                              | 6,649                    |
| Audit Services                                      | -                                       | 956                                     |                           |                                              | 956                      |
| Assessment of Taxes                                 | 15,495                                  | 10,495                                  | 302                       |                                              | 10,193                   |
| Collection of Taxes                                 | 4,154                                   | 4,154                                   |                           |                                              | 4,154                    |
| Legal Services and Costs                            | 10,754                                  | 55,739                                  |                           |                                              | 55,739                   |
| Engineering Services & Costs                        | 47,629                                  | 47,629                                  | 28,407                    |                                              | 19,222                   |
| Cable TV Commission                                 | 8,134                                   | 8,134                                   |                           |                                              | 8,134                    |
| Historic Preservation Commission                    | 116                                     | 116                                     |                           |                                              | 116                      |
| Historian                                           | 50                                      | 50                                      |                           |                                              | 50                       |
| Planning Board                                      | 55,268                                  | 25,268                                  | 1,967                     |                                              | 23,301                   |
| Fire                                                | 16,614                                  | 17,018                                  |                           |                                              | 17,018                   |
| Fire Hydrant Service                                | 15,980                                  | 15,980                                  |                           |                                              | 15,980                   |
| Police                                              | 2,991                                   | 7,991                                   | 572                       |                                              | 7,419                    |
| Purchase of Police Vehicles                         | 295                                     | 5,598                                   |                           |                                              | 5,598                    |
| Police Dispatch                                     | 6,461                                   | 6,461                                   |                           |                                              | 6,461                    |
| First Aid Organization                              | 5,898                                   | 5,898                                   | 140                       |                                              | 5,758                    |
| Emergency Management                                | 12,100                                  | 7,100                                   |                           |                                              | 7,100                    |
| Uniform Fire Safety Act                             | 2                                       | 1,313                                   |                           |                                              | 1,313                    |
| Municipal Prosecutor                                | 510                                     | 510                                     |                           |                                              | 510                      |
| Road Repair and Maintenance                         | 7,425                                   | 17,425                                  |                           |                                              | 17,425                   |
| Sewer System                                        | 29,000                                  | 29,000                                  |                           |                                              | 29,000                   |

**BOROUGH OF MONTVALE  
STATEMENT OF APPROPRIATION RESERVES**

|                                              | Balance,<br>December 31,<br><u>2020</u> | Balance<br>After<br><u>Modification</u> | Paid or<br><u>Charged</u> | Transfer to<br>Appropriated<br><u>Grants</u> | Balance<br><u>Lapsed</u> |
|----------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------|----------------------------------------------|--------------------------|
| OTHER EXPENSES (Continued)                   |                                         |                                         |                           |                                              |                          |
| Garbage and Trash Removal                    | \$ 5,762                                | \$ 230,762                              | \$ 207,711                |                                              | \$ 23,051                |
| Recycling                                    | 5,000                                   | 5,000                                   |                           |                                              | 5,000                    |
| Public Buildings and Grounds                 | 42,805                                  | 37,805                                  | 27,300                    |                                              | 10,505                   |
| Maintenance of All Vehicles                  | 25,958                                  | 25,958                                  |                           |                                              | 25,958                   |
| Municipal Services Act                       | 6,167                                   | 9,775                                   |                           |                                              | 9,775                    |
| Public Health Services                       | 7,115                                   | 7,115                                   | 976                       |                                              | 6,139                    |
| Environmental Commission                     | 5,598                                   | 5,598                                   | 394                       |                                              | 5,204                    |
| Administration of Public Assistance          | 147                                     | 147                                     |                           |                                              | 147                      |
| Animal Regulation                            | 2,260                                   | 2,260                                   | 60                        |                                              | 2,200                    |
| Parks and Playgrounds                        | 1,231                                   | 1,231                                   |                           |                                              | 1,231                    |
| Recreation Services and Programs             | 12,287                                  | 12,287                                  |                           |                                              | 12,287                   |
| Senior Citizens Van                          | 25,022                                  | 10,022                                  | 8                         |                                              | 10,014                   |
| Celebration of Public Events                 | 10,000                                  | -                                       |                           |                                              | -                        |
| PEOSHA Compliance                            | 2,000                                   | 2,000                                   |                           |                                              | 2,000                    |
| Utilities:                                   |                                         |                                         |                           |                                              |                          |
| Gasoline                                     | 22,336                                  | 22,336                                  | 5,435                     |                                              | 16,901                   |
| Electricity                                  | 98,367                                  | 58,367                                  | 14,002                    |                                              | 44,365                   |
| Telephone                                    | 14,109                                  | 14,109                                  | 918                       |                                              | 13,191                   |
| Natural Gas                                  | 24,823                                  | 24,823                                  | 9,156                     |                                              | 15,667                   |
| Street Lighting                              | 15,695                                  | 15,695                                  | 10,662                    |                                              | 5,033                    |
| Social Security System                       | 9,524                                   | 9,524                                   |                           |                                              | 9,524                    |
| Defined Contribution Retirement Plan         | 5,077                                   | 5,077                                   |                           |                                              | 5,077                    |
| Construction Code                            | 20,019                                  | 15,019                                  | 283                       |                                              | 14,736                   |
| Elevator Sub-Code                            | 8,801                                   | 8,801                                   | 769                       |                                              | 8,032                    |
| Maintenance of Free Public Library           | 17,780                                  | 17,780                                  | 17,780                    |                                              | -                        |
| Insurance                                    |                                         |                                         |                           |                                              |                          |
| Life Insurance                               | 87                                      | 183                                     |                           |                                              | 183                      |
| General Liability                            | 11,348                                  | 11,348                                  |                           |                                              | 11,348                   |
| Workers Compensation                         | 2,700                                   | 2,700                                   |                           |                                              | 2,700                    |
| Employee Group Health                        | 77,582                                  | 42,582                                  |                           |                                              | 42,582                   |
| Employee Group Health - Waiver               | 12,083                                  | 12,083                                  |                           |                                              | 12,083                   |
| Length of Service Award Program              | 36,100                                  | 36,100                                  | 9,662                     |                                              | 26,438                   |
| Municipal Court                              | 6,898                                   | 6,898                                   | 713                       |                                              | 6,185                    |
| Municipal Court Administration               | 6,387                                   | 6,620                                   |                           |                                              | 6,620                    |
| Municipal Prosecutor - Shared Services       | 490                                     | 490                                     |                           |                                              | 490                      |
| Public Defender                              | 1,275                                   | 1,275                                   |                           |                                              | 1,275                    |
| Public Defender - Shared Services            | 1,225                                   | 1,225                                   |                           |                                              | 1,225                    |
| Clean Communities                            | 17,029                                  | 17,029                                  |                           | \$ 17,029                                    | -                        |
| Body Armor Grant - State Share               | 2,573                                   | 2,573                                   | 1,430                     | 1,143                                        | -                        |
| Bullet Proof Vest                            | 400                                     | 400                                     |                           | 400                                          | -                        |
| Alcohol Education                            | 723                                     | 723                                     |                           | 723                                          | -                        |
| Recycling Tonnage                            | 14,063                                  | 14,063                                  |                           | 14,063                                       | -                        |
| Acquisition of Equipment - Police            | 16,850                                  | 16,850                                  |                           |                                              | 16,850                   |
| Acquisition of Equipment - Fire Dept.        | 21,050                                  | 30,000                                  |                           |                                              | 30,000                   |
| Various Improvements - Buildings and Grounds | 196                                     | 196                                     | -                         | -                                            | 196                      |
|                                              | <u>951,664</u>                          | <u>1,062,524</u>                        | <u>343,544</u>            | <u>33,358</u>                                | <u>685,622</u>           |
|                                              | <u>\$ 1,026,918</u>                     | <u>\$ 1,167,778</u>                     | <u>\$ 376,963</u>         | <u>\$ 33,358</u>                             | <u>\$ 757,457</u>        |
|                                              |                                         |                                         |                           |                                              |                          |
| Balance December 31, 2020                    |                                         | \$ 1,026,918                            |                           |                                              |                          |
| Encumbrances Cancelled                       |                                         | 140,860                                 |                           |                                              |                          |
| Cash Disbursed                               |                                         |                                         | \$ 376,963                |                                              |                          |
| Transfer to Appropriated Grant Reserves      |                                         | -                                       | -                         | \$ 33,358                                    |                          |
|                                              |                                         | <u>\$ 1,167,778</u>                     | <u>\$ 376,963</u>         | <u>\$ 33,358</u>                             |                          |

**BOROUGH OF MONTVALE  
STATEMENT OF ENCUMBRANCES PAYABLE**

|                                                 |    |               |                       |
|-------------------------------------------------|----|---------------|-----------------------|
| Balance, December 31, 2020                      |    | \$            | 960,378               |
| Increased by:                                   |    |               |                       |
| Charges to 2021 Budget Appropriations           |    |               | <u>816,528</u>        |
|                                                 |    |               | 1,776,906             |
| Decreased by:                                   |    |               |                       |
| Cash Payments                                   | \$ | 756,123       |                       |
| Cancellation Restored to Appropriation Reserves |    | 140,860       |                       |
| Transferred to Accounts Payable                 |    | <u>63,395</u> |                       |
|                                                 |    |               | <u>960,378</u>        |
| Balance, December 31, 2021                      |    | \$            | <u><u>816,528</u></u> |

EXHIBIT A-16

**STATEMENT OF ACCOUNTS PAYABLE**

|                                                      |    |               |                      |
|------------------------------------------------------|----|---------------|----------------------|
| Balance, December 31, 2020                           |    | \$            | 194,411              |
| Increased by:                                        |    |               |                      |
| Transferred from Encumbrances Payable                |    |               | <u>63,395</u>        |
|                                                      |    |               | 257,806              |
| Decreased by:                                        |    |               |                      |
| Cash Payments                                        | \$ | 96,989        |                      |
| Cancellation Restored to Appropriated Grant Reserves |    | 41,567        |                      |
| Cancelled to Operations                              |    | <u>51,517</u> |                      |
|                                                      |    |               | <u>190,073</u>       |
| Balance, December 31, 2021                           |    | \$            | <u><u>67,733</u></u> |

EXHIBIT A-17

**STATEMENT OF PREPAID TAXES**

|                                      |  |    |                       |
|--------------------------------------|--|----|-----------------------|
| Balance, December 31, 2020           |  | \$ | 529,722               |
| Increased by:                        |  |    |                       |
| 2022 Prepaid Taxes Received          |  |    | <u>441,782</u>        |
|                                      |  |    | 971,504               |
| Decreased by:                        |  |    |                       |
| Application to 2021 Taxes Receivable |  |    | <u>529,722</u>        |
| Balance, December 31, 2021           |  | \$ | <u><u>441,782</u></u> |

**BOROUGH OF MONTVALE  
STATEMENT OF TAX OVERPAYMENTS**

|                            |  |                   |
|----------------------------|--|-------------------|
| Increased by:              |  |                   |
| Overpayments in 2021       |  | \$ 483,160        |
| Decreased by:              |  |                   |
| Overpayments Refunded      |  | <u>57,714</u>     |
| Balance, December 31, 2021 |  | <u>\$ 425,446</u> |

EXHIBIT A-19

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

|               |  |                      |
|---------------|--|----------------------|
| Increased by: |  |                      |
| 2021 Levy     |  | \$ 17,690,538        |
| Decreased by: |  |                      |
| Payments      |  | <u>\$ 17,690,538</u> |

EXHIBIT A-20

**STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE**

|               |  |                      |
|---------------|--|----------------------|
| Increased by: |  |                      |
| 2021 Levy     |  | \$ 14,533,207        |
| Decreased by: |  |                      |
| Payments      |  | <u>\$ 14,533,207</u> |

EXHIBIT A-21

**STATEMENT OF COUNTY TAXES PAYABLE**

|                       |  |                |                     |
|-----------------------|--|----------------|---------------------|
| Increased by:         |  |                |                     |
| 2021 Levy:            |  |                |                     |
| General County Tax    |  | \$ 5,738,995   |                     |
| County Open Space Tax |  | <u>238,168</u> |                     |
|                       |  |                | \$ 5,977,163        |
| Decreased by:         |  |                |                     |
| Payments              |  |                | <u>\$ 5,977,163</u> |

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

|                            |    |        |
|----------------------------|----|--------|
| Balance, December 31, 2020 | \$ | 22,098 |
| Increased by:              |    |        |
| 2021 Added Tax Levy        |    | 51,472 |
|                            |    | 73,570 |
| Decreased by:              |    |        |
| Payments                   |    | 22,098 |
| Balance, December 31, 2021 | \$ | 51,472 |

**STATEMENT OF MUNICIPAL OPEN SPACE TAXES**

|                                           |    |         |
|-------------------------------------------|----|---------|
| Increased by:                             |    |         |
| 2021 Levy                                 | \$ | 103,979 |
| 2021 Added Levy                           |    | 893     |
|                                           | \$ | 104,872 |
| Decreased by:                             |    |         |
| Due to Open Space Preservation Trust Fund |    | 104,872 |

**STATEMENT OF FEES PAYABLE**

|                   | Balance,<br>December 31,<br><u>2020</u> | <u>Receipts</u> | <u>Disbursements</u> | Balance,<br>December 31,<br><u>2021</u> |
|-------------------|-----------------------------------------|-----------------|----------------------|-----------------------------------------|
| Marriage Licenses | \$ 150                                  | \$ 650          | \$ 625               | \$ 175                                  |
| BOCA Fees         | 9,484                                   | 48,989          | 35,165               | 23,308                                  |
|                   | \$ 9,634                                | \$ 49,639       | \$ 35,790            | \$ 23,483                               |

**BOROUGH OF MONTVALE  
STATEMENT OF PREPAID REVENUE**

|                       | Balance,<br>December 31,<br><u>2020</u> | <u>Receipts</u>  | Applied to<br>Current Year<br><u>Revenue</u> | Balance,<br>December 31,<br><u>2021</u> |
|-----------------------|-----------------------------------------|------------------|----------------------------------------------|-----------------------------------------|
| Sewer Fees - Marriott | \$ 46,923                               | \$ 25,110        | \$ 46,923                                    | \$ 25,110                               |
|                       | <u>\$ 46,923</u>                        | <u>\$ 25,110</u> | <u>\$ 46,923</u>                             | <u>\$ 25,110</u>                        |

EXHIBIT A-26

**STATEMENT OF RESERVE FOR TAX APPEALS**

|                            |                   |
|----------------------------|-------------------|
| Balance, December 31, 2020 | \$ 769,334        |
| Decreased by:              |                   |
| Tax Appeal Refunds         | <u>5,932</u>      |
| Balance, December 31, 2021 | <u>\$ 763,402</u> |

EXHIBIT A-27

**STATEMENT OF MISCELLANEOUS RESERVES**

|                                              | Balance,<br>December 31,<br><u>2020</u> | Cancelled to<br><u>Operations</u> | Balance,<br>December 31,<br><u>2021</u> |
|----------------------------------------------|-----------------------------------------|-----------------------------------|-----------------------------------------|
| Arbitrage Rebate                             | \$ 60,000                               |                                   | \$ 60,000                               |
| Sale of Municipal Assets                     | 20,326                                  | \$ 20,326                         | -                                       |
| Sale of Property - Affordable Housing (CDBG) | 300,000                                 |                                   | 300,000                                 |
| Security Deposit                             | <u>5,766</u>                            | <u>-</u>                          | <u>5,766</u>                            |
|                                              | <u>\$ 386,092</u>                       | <u>\$ 20,326</u>                  | <u>\$ 365,766</u>                       |

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

|                                                | Balance,<br>December 31,<br><u>2020</u> | <u>Received</u>   | Realized as<br>Budgeted<br><u>Revenue</u> | Balance,<br>December 31,<br><u>2021</u> |
|------------------------------------------------|-----------------------------------------|-------------------|-------------------------------------------|-----------------------------------------|
| Alcohol Education and Rehab Fund               | \$ 833                                  |                   | \$ 833                                    |                                         |
| Bergen County Municipal JIF - Safety Incentive | 1,750                                   | \$ 1,000          | 1,750                                     | \$ 1,000                                |
| Federal DOJ - Police Bulletproof Vest Program  | 2,780                                   |                   | 2,780                                     | -                                       |
| American Rescue Plan (ARP)                     | -                                       | 448,505           | -                                         | 448,505                                 |
|                                                | <u>\$ 5,363</u>                         | <u>\$ 449,505</u> | <u>\$ 5,363</u>                           | <u>\$ 449,505</u>                       |

EXHIBIT A-29

**STATEMENT OF RESERVES FOR GRANTS - APPROPRIATED**

|                                             | Balance,<br>December 31,<br><u>2020</u> | Transfer from<br>Appropriation<br><u>Reserves</u> | Accounts<br>Payable<br><u>Cancelled</u> | Paid or<br><u>Charged</u> | <u>Cancelled</u> | Balance,<br>December 31,<br><u>2021</u> |
|---------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------|------------------|-----------------------------------------|
| Drunk Driving Enforcement Fund              | \$ 10,911                               |                                                   |                                         | \$ 3,084                  |                  | \$ 7,827                                |
| Alcohol Education and Rehab. Fund           | 5,303                                   | \$ 723                                            |                                         | 347                       |                  | 5,679                                   |
| Clean Communities Grant                     | 15,167                                  | 17,029                                            |                                         | 14,193                    |                  | 18,003                                  |
| Donation Police - KPMG                      | 10,000                                  |                                                   |                                         |                           |                  | 10,000                                  |
| Donation Police - Wegmans                   | 7,680                                   |                                                   |                                         |                           |                  | 7,680                                   |
| Donation - Park, Pond, & Trail Improvements | 88,939                                  |                                                   |                                         | 88,939                    |                  | -                                       |
| Bullet Proof Vest                           | 2,000                                   | 400                                               |                                         |                           |                  | 2,400                                   |
| NJDOT - Various Street Improvements         | 50,523                                  |                                                   | \$ 41,567                               |                           | \$ 92,090        | -                                       |
| Recycling Tonnage Grant                     | 4,539                                   | 14,063                                            |                                         |                           |                  | 18,602                                  |
| Body Armor Grant - State                    | -                                       | 1,143                                             | -                                       | -                         | -                | 1,143                                   |
|                                             | <u>\$ 195,062</u>                       | <u>\$ 33,358</u>                                  | <u>\$ 41,567</u>                        | <u>\$ 106,563</u>         | <u>\$ 92,090</u> | <u>\$ 71,334</u>                        |

|                         |                   |                  |
|-------------------------|-------------------|------------------|
| Cash Disbursed          | \$ 106,563        |                  |
| Grants Receivable       |                   | \$ 89,136        |
| Cancelled to Operations | -                 | 2,954            |
|                         | <u>\$ 106,563</u> | <u>\$ 92,090</u> |

**TRUST FUNDS**

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

|                                           | <u>Animal Control</u><br><u>Fund</u> | <u>Other Trust</u><br><u>Fund</u> | <u>Unemployment</u><br><u>Insurance</u><br><u>Fund</u> | <u>Open Space</u><br><u>Preservation Trust</u><br><u>Fund</u> |
|-------------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------------------------|---------------------------------------------------------------|
| Balance, December 31, 2020                | \$ 17,387                            | \$ 2,542,835                      | \$ 286,869                                             | \$ 175,822                                                    |
| Increased by Receipts:                    |                                      |                                   |                                                        |                                                               |
| State Dog License Fees                    | \$ 592                               |                                   |                                                        |                                                               |
| Borough Dog License Fees                  | 5,037                                |                                   |                                                        |                                                               |
| Borough Cat License Fees                  | 512                                  |                                   |                                                        |                                                               |
| Late Fees                                 | 215                                  |                                   |                                                        |                                                               |
| Interest Earned on Deposits               |                                      | \$ 1,141                          |                                                        |                                                               |
| Escrow Deposits                           |                                      | 469,129                           |                                                        |                                                               |
| Miscellaneous Reserves and Deposits       |                                      | 1,953,632                         |                                                        |                                                               |
| Payroll Deductions Payable                |                                      | 3,183,079                         |                                                        |                                                               |
| Net Payroll Deposits                      |                                      | 4,705,915                         |                                                        |                                                               |
| Receipts from Current Fund                |                                      | 36,100                            |                                                        | \$ 104,872                                                    |
| Employee Contributions-Unemployment       | -                                    | -                                 | \$ 8,445                                               | -                                                             |
|                                           | <u>6,356</u>                         | <u>10,348,996</u>                 | <u>8,445</u>                                           | <u>104,872</u>                                                |
|                                           | 23,743                               | 12,891,831                        | 295,314                                                | 280,694                                                       |
| Decreased by Disbursements:               |                                      |                                   |                                                        |                                                               |
| Animal Control Expenditures Under         |                                      |                                   |                                                        |                                                               |
| R.S. 4:19-15.11                           | 6,018                                |                                   |                                                        |                                                               |
| Payments to State for Dog License Fees    | 610                                  |                                   |                                                        |                                                               |
| Payments to State for Unemployment Claims |                                      |                                   | 3,604                                                  |                                                               |
| Payments to Current Fund                  | 4,786                                | 367                               |                                                        |                                                               |
| Escrow Deposits                           |                                      | 555,999                           |                                                        |                                                               |
| Miscellaneous Reserves and Deposits       |                                      | 1,886,731                         |                                                        |                                                               |
| Reserve for Open Space Preservation       |                                      |                                   |                                                        | 55,158                                                        |
| Encumbrances Payable                      |                                      |                                   |                                                        | 58,335                                                        |
| Payroll Deductions Payable                |                                      | 3,184,091                         |                                                        |                                                               |
| Net Payroll                               | -                                    | 4,705,915                         | -                                                      | -                                                             |
|                                           | <u>11,414</u>                        | <u>10,333,103</u>                 | <u>3,604</u>                                           | <u>113,493</u>                                                |
| Balance, December 31, 2021                | <u>\$ 12,329</u>                     | <u>\$ 2,558,728</u>               | <u>\$ 291,710</u>                                      | <u>\$ 167,201</u>                                             |

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

|                            |    |            |
|----------------------------|----|------------|
| Balance, December 31, 2020 | \$ | 18         |
| Increased by:              |    |            |
| State Fees Collected       |    | <u>592</u> |
|                            |    | 610        |
| Decreased by:              |    |            |
| Payments                   | \$ | <u>610</u> |

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

|                                      |              |               |
|--------------------------------------|--------------|---------------|
| Balance, December 31, 2020           | \$           | 12,583        |
| Increased by:                        |              |               |
| Dog License Fees Collected           | \$           | 5,037         |
| Cat License Fees Collected           |              | 512           |
| Late Fees                            |              | <u>215</u>    |
|                                      |              | <u>5,764</u>  |
|                                      |              | 18,347        |
| Decreased by:                        |              |               |
| Expenditures Under R.S.4:19-15.11    |              |               |
| Cash Disbursements                   | 6,018        |               |
| Statutory Excess Due to Current Fund | <u>1,022</u> |               |
|                                      |              | <u>7,040</u>  |
| Balance, December 31, 2021           | \$           | <u>11,307</u> |

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

|                                                             |          |
|-------------------------------------------------------------|----------|
| Balance, December 31, 2020                                  | \$ 4,786 |
| Increased by:                                               |          |
| Statutory Excess in Reserve for Animal Control Expenditures | 1,022    |
|                                                             | 5,808    |
| Decreased by:                                               |          |
| Payments to Current Fund                                    | 4,786    |
| Balance, December 31, 2021                                  | \$ 1,022 |

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

|                                        |          |
|----------------------------------------|----------|
| Balance, December 31, 2020             | \$ 3,675 |
| Increased by:                          |          |
| Unemployment Claims Charged to Reserve | 1,931    |
|                                        | 5,606    |
| Decreased by:                          |          |
| Cash Disbursements                     | 3,405    |
| Balance, December 31, 2021             | \$ 2,201 |

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

|                                  |            |
|----------------------------------|------------|
| Balance, December 31, 2020       | \$ 283,194 |
| Increased by:                    |            |
| Employee Contributions           | 8,445      |
|                                  | 291,639    |
| Decreased by:                    |            |
| Unemployment Claims Due to State | 2,130      |
| Balance, December 31, 2021       | \$ 289,509 |

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

|                                                                          |               |                 |
|--------------------------------------------------------------------------|---------------|-----------------|
| Balance, December 31, 2020                                               |               | \$ 5,058        |
| Increased by:                                                            |               |                 |
| Receipts from Current Fund                                               | \$ 36,100     |                 |
| Interest on Deposits                                                     | <u>325</u>    |                 |
|                                                                          |               | <u>36,425</u>   |
|                                                                          |               | 41,483          |
| Decreased by:                                                            |               |                 |
| Payments to Current Fund                                                 | 367           |                 |
| Receipts Deposited in Current Fund - Miscellaneous Reserves and Deposits | <u>36,100</u> |                 |
|                                                                          |               | <u>36,467</u>   |
|                                                                          |               | 5,016           |
| Balance, December 31, 2021                                               |               | <u>\$ 5,016</u> |

Analysis of Balance

|                                                                   |  |                 |
|-------------------------------------------------------------------|--|-----------------|
| Due to Current Fund - Developers' Accutrak Trust Account-Interest |  | \$ 16           |
| Due to Current Fund - Flex Spending Account                       |  | <u>5,000</u>    |
|                                                                   |  | <u>\$ 5,016</u> |

**STATEMENT OF ESCROW DEPOSITS  
OTHER TRUST FUND**

|                             |            |                     |
|-----------------------------|------------|---------------------|
| Balance, December 31, 2020  |            | \$ 1,172,338        |
| Increased by:               |            |                     |
| Developers' Deposits        | \$ 469,129 |                     |
| Developers' Interest Earned | <u>816</u> |                     |
|                             |            | <u>469,945</u>      |
|                             |            | 1,642,283           |
| Decreased by:               |            |                     |
| Cash Disbursements          |            | <u>555,999</u>      |
| Balance, December 31, 2021  |            | <u>\$ 1,086,284</u> |

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

|                            |                  |
|----------------------------|------------------|
| Balance, December 31, 2020 | \$ 59,098        |
| Increased by:              |                  |
| Deposits:                  |                  |
| Payroll Deductions         | <u>3,183,079</u> |
|                            | 3,242,177        |
| Decreased by:              |                  |
| Disbursements:             |                  |
| Payroll Deductions         | <u>3,184,091</u> |
| Balance, December 31, 2021 | <u>\$ 58,086</u> |

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

|                                                   | Balance,<br>December 31,<br><u>2020</u> | <u>Receipts</u>     | <u>Disbursements</u> | Balance,<br>December 31,<br><u>2021</u> |
|---------------------------------------------------|-----------------------------------------|---------------------|----------------------|-----------------------------------------|
| Engineering Fee Deposits                          | \$ 24,981                               | \$ 20,793           | \$ 13,917            | \$ 31,857                               |
| Planning Board Deposits                           | 20,944                                  |                     |                      | 20,944                                  |
| Affordable Housing Trust Fees                     | 639,598                                 | 225,489             | 54,670               | 810,417                                 |
| POAA Fees                                         | 723                                     | 90                  |                      | 813                                     |
| Special Police Outside Duty Fees                  | 109,532                                 | 1,245,325           | 1,286,836            | 68,021                                  |
| Tax Sale Premiums                                 | 255,000                                 | 30,500              | 255,000              | 30,500                                  |
| Outside Lien Holder Deposits                      |                                         | 158,748             | 158,748              | -                                       |
| Celebration of Public Events Donations            | 83                                      |                     |                      | 83                                      |
| Public Defender Fees                              | 1,842                                   | 200                 |                      | 2,042                                   |
| Performance Bond Deposits                         | 40,759                                  | 6,130               | 1,000                | 45,889                                  |
| DARE Program Donations                            | 1,202                                   |                     |                      | 1,202                                   |
| Uniform Fire Safety Act Penalty Monies            | 20,043                                  | 35,875              | 5,489                | 50,429                                  |
| Fire Training/Equipment UFSA Penalty Monies       | 3,864                                   |                     |                      | 3,864                                   |
| Historic Preservation Donations                   | 1,621                                   |                     |                      | 1,621                                   |
| Flex Spending Account Deposits                    | 2,886                                   | 997                 | 1,155                | 2,728                                   |
| Vision Benefit Deposits                           | 6,502                                   | 5,000               | 6,059                | 5,443                                   |
| Retirement Dinner Deposits                        | 1,279                                   |                     | 39                   | 1,240                                   |
| Recreation Fees                                   | 53,643                                  | 94,606              | 94,668               | 53,581                                  |
| Self Insurance - Employee Health Ins. Deductibles | 50,000                                  |                     |                      | 50,000                                  |
| North/South Park-Improvement Donations            | 12,867                                  |                     |                      | 12,867                                  |
| Miscellaneous Deposits                            | 116                                     | 2,011               | 1,585                | 542                                     |
| Storm Recovery Reserves                           | 50,615                                  | 163,968             | 7,565                | 207,018                                 |
| Community Policing Program Donations              | 8,241                                   | -                   | -                    | 8,241                                   |
|                                                   | <u>\$ 1,306,341</u>                     | <u>\$ 1,989,732</u> | <u>\$ 1,886,731</u>  | <u>\$ 1,409,342</u>                     |
| Cash Receipts                                     |                                         | \$ 1,953,632        |                      |                                         |
| Due from Current Fund                             |                                         | 36,100              |                      |                                         |
| Cash Disbursed                                    |                                         | -                   | \$ 1,886,731         |                                         |
|                                                   |                                         | <u>\$ 1,989,732</u> | <u>\$ 1,886,731</u>  |                                         |

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

|                             |  |                     |
|-----------------------------|--|---------------------|
| Increased by:               |  |                     |
| Net Payroll Deposits        |  | \$ 4,705,915        |
| Decreased by:               |  |                     |
| Disbursements - Net Payroll |  | <u>\$ 4,705,915</u> |

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

|                            |            |                   |
|----------------------------|------------|-------------------|
| Increased by:              |            |                   |
| 2021 Levy                  | \$ 103,979 |                   |
| 2021 Added Levy            | <u>893</u> |                   |
|                            |            | \$ 104,872        |
| Decreased by:              |            |                   |
| Receipts from Current Fund |            | <u>\$ 104,872</u> |

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

|                                     |              |                   |
|-------------------------------------|--------------|-------------------|
| Balance, December 31, 2020          |              | \$ 117,487        |
| Increased by:                       |              |                   |
| Due from Current Fund               |              |                   |
| 2021 Levy                           | \$ 103,979   |                   |
| 2021 Added Levy                     | <u>893</u>   |                   |
|                                     |              | <u>104,872</u>    |
|                                     |              | 222,359           |
| Decreased by:                       |              |                   |
| Cash Disbursements for Expenditures | 55,158       |                   |
| Encumbrances Payable                | <u>9,353</u> |                   |
|                                     |              | <u>64,511</u>     |
| Balance, December 31, 2021          |              | <u>\$ 157,848</u> |

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

|                                                |                        |
|------------------------------------------------|------------------------|
| Balance, December 31, 2020                     | \$ 58,335              |
| Increased by:                                  |                        |
| Charges to Reserve for Open Space Preservation | <u>9,353</u>           |
|                                                | 67,688                 |
| Decreased by:                                  |                        |
| Cash Disbursements                             | <u>58,335</u>          |
| Balance, December 31, 2021                     | <u><u>\$ 9,353</u></u> |

**GENERAL CAPITAL FUND**

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

|                                   |                  |                            |
|-----------------------------------|------------------|----------------------------|
| Balance, December 31, 2020        |                  | \$ 2,981,310               |
| Increased by:                     |                  |                            |
| Serial Bonds Issued               | \$ 6,160,000     |                            |
| Premium on Serial Bonds Issued    | 307,359          |                            |
| Receipts from Current Fund        | 11,819           |                            |
| Reserve for Improvement of Fields | <u>46,300</u>    |                            |
|                                   |                  | <u>6,525,478</u>           |
|                                   |                  | 9,506,788                  |
| Decreased by Disbursements:       |                  |                            |
| Payments Made for Current Fund    | 57,799           |                            |
| Improvement Authorizations        | 671,464          |                            |
| Encumbrances Payable              | 776,332          |                            |
| Bond Anticipation Notes           | <u>4,500,000</u> |                            |
|                                   |                  | <u>6,005,595</u>           |
| Balance, December 31, 2021        |                  | <u><u>\$ 3,501,193</u></u> |

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

|                                   |    |         |
|-----------------------------------|----|---------|
| Fund Balance                      | \$ | 71,913  |
| Encumbrances Payable              |    | 428,179 |
| Capital Improvement Fund          |    | 48,341  |
| Reserve for Payment of Debt       |    | 100,785 |
| Reserve for Improvement of Fields |    | 167,820 |

| <u>Ord.</u> |                                     |                  |                     |
|-------------|-------------------------------------|------------------|---------------------|
| <u>No.</u>  | <u>Improvement Description</u>      |                  |                     |
| 1413        | Various Capital Improvements - 2016 | 211,764          |                     |
| 1425        | Various Capital Improvements - 2017 | 68,393           |                     |
| 1430        | Acquisition of Property             | 10,762           |                     |
| 1447        | Various Capital Improvements - 2018 | 385,916          |                     |
| 1470        | Various Capital Improvements - 2019 | 287,595          |                     |
| 1482        | Various Capital Improvements - 2020 | 499,616          |                     |
| 1497        | Various Capital Improvements - 2021 | <u>1,220,109</u> |                     |
|             |                                     |                  | <u>\$ 3,501,193</u> |

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

|                                                      |  |    |                       |
|------------------------------------------------------|--|----|-----------------------|
| Balance, December 31, 2020                           |  | \$ | 9,020                 |
| Increased by:                                        |  |    |                       |
| Payments Made for Current Fund                       |  | \$ | 57,799                |
| Budget Appropriation - Capital Improvement Fund      |  |    | <u>100,000</u>        |
|                                                      |  |    | <u>157,799</u>        |
|                                                      |  |    | 166,819               |
| Decreased by:                                        |  |    |                       |
| Anticipated Revenue - Capital Surplus                |  |    | 50,000                |
| Anticipated Revenue - Reserve for Field Maintenance  |  |    | 5,000                 |
| Anticipated Revenue - Reserve for Retirement of Debt |  |    | 100,000               |
| Cash Received from Current Fund                      |  |    | <u>11,819</u>         |
|                                                      |  |    | <u><u>166,819</u></u> |

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

|                                        |  |    |                             |
|----------------------------------------|--|----|-----------------------------|
| Balance, December 31, 2020             |  | \$ | 8,350,000                   |
| Increased by:                          |  |    |                             |
| Serial Bonds Issued                    |  |    | <u>6,160,000</u>            |
|                                        |  |    | 14,510,000                  |
| Decreased by:                          |  |    |                             |
| 2021 Budget Appropriation to Pay Bonds |  |    | <u>1,275,000</u>            |
| Balance, December 31, 2021             |  |    | <u><u>\$ 13,235,000</u></u> |

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

| Ord.<br>No. | Improvement Description           | Balance,<br>December 31,<br>2020 | 2021<br>Authorizations | Transferred to<br>Deferred<br>Taxation-<br>Funded | Premium on<br>Serial Bonds<br>Issued | Balance,<br>December 31,<br>2021 | Analysis of Balance, December 31, 2021       |              |                                            |
|-------------|-----------------------------------|----------------------------------|------------------------|---------------------------------------------------|--------------------------------------|----------------------------------|----------------------------------------------|--------------|--------------------------------------------|
|             |                                   |                                  |                        |                                                   |                                      |                                  | Financed by<br>Bond<br>Anticipation<br>Notes | Expenditures | Unexpended<br>Improvement<br>Authorization |
| 1470        | 2019 Various Capital Improvements | \$ 2,351,250                     |                        | \$ 2,237,642                                      | \$ 110,793                           | \$ 2,815                         |                                              |              | \$ 2,815                                   |
| 1482        | 2020 Various Capital Improvements | 2,010,664                        |                        | 1,862,450                                         | 92,215                               | 55,999                           |                                              |              | 55,999                                     |
| 1497        | 2021 Various Capital Improvements | -                                | \$ 2,161,900           | 2,059,908                                         | 101,992                              | -                                | -                                            | -            | -                                          |
|             |                                   | <u>\$ 4,361,914</u>              | <u>\$ 2,161,900</u>    | <u>\$ 6,160,000</u>                               | <u>\$ 305,000</u>                    | <u>\$ 58,814</u>                 | <u>\$ -</u>                                  | <u>\$ -</u>  | <u>\$ 58,814</u>                           |
|             |                                   |                                  |                        |                                                   |                                      |                                  |                                              |              | Improvement Authorizations - Unfunded      |
|             |                                   |                                  |                        |                                                   |                                      |                                  |                                              |              | <u>\$ 58,814</u>                           |

**STATEMENT OF GRANTS RECEIVABLE**

| Ord.<br>No. | Grantor                                  | Balance,<br>December 31,<br>2020 | 2021<br>Grant<br>Awards | Grant<br>Receipts | Balance,<br>December 31,<br>2021 | Balance Pledged to:          |                  |
|-------------|------------------------------------------|----------------------------------|-------------------------|-------------------|----------------------------------|------------------------------|------------------|
|             |                                          |                                  |                         |                   |                                  | Improvement<br>Authorization | Reserve          |
| 1482        | NJ Dept. of Transportation - Edgrens Way | \$ 55,000                        | -                       | -                 | \$ 55,000                        | -                            | \$ 55,000        |
|             |                                          | <u>\$ 55,000</u>                 | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ 55,000</u>                 | <u>\$ -</u>                  | <u>\$ 55,000</u> |



**BOROUGH OF MONTVALE  
STATEMENT OF ENCUMBRANCES PAYABLE**

|                                                               |                |                          |
|---------------------------------------------------------------|----------------|--------------------------|
| Balance, December 31, 2020                                    |                | \$ 1,065,847             |
| Increased by:                                                 |                |                          |
| Charges to Improvement Authorizations                         |                | <u>428,179</u>           |
|                                                               |                | 1,494,026                |
| Decreased by:                                                 |                |                          |
| Payments                                                      | \$ 776,332     |                          |
| Cancelled Encumbrances Restored to Improvement Authorizations | <u>289,515</u> |                          |
|                                                               |                | <u>1,065,847</u>         |
| Balance, December 31, 2021                                    |                | <u><u>\$ 428,179</u></u> |

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

|                                                     |  |                         |
|-----------------------------------------------------|--|-------------------------|
| Balance, December 31, 2020                          |  | \$ 56,441               |
| Increased by:                                       |  |                         |
| Budget Appropriation Due from Current Fund          |  | <u>100,000</u>          |
|                                                     |  | 156,441                 |
| Decreased by:                                       |  |                         |
| Appropriation to Finance Improvement Authorizations |  | <u>108,100</u>          |
| Balance, December 31, 2021                          |  | <u><u>\$ 48,341</u></u> |

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

|                                            |                   |
|--------------------------------------------|-------------------|
| Balance, December 31, 2020                 | \$ 200,785        |
| Decreased by:                              |                   |
| Due to Current Fund as Anticipated Revenue | <u>100,000</u>    |
| Balance, December 31, 2021                 | <u>\$ 100,785</u> |

**STATEMENT OF RESERVE FOR IMPROVEMENT OF FIELDS**

|                                            |                   |
|--------------------------------------------|-------------------|
| Balance, December 31, 2020                 | \$ 126,520        |
| Increased by:                              |                   |
| Cash Receipts - Field Use Fees             | <u>46,300</u>     |
|                                            | 172,820           |
| Decreased by:                              |                   |
| Due to Current Fund as Anticipated Revenue | <u>5,000</u>      |
| Balance, December 31, 2021                 | <u>\$ 167,820</u> |

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

| <u>Issue</u>        | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturity of Bonds Outstanding December 31, 2021</u> |               | <u>Interest Rate</u> | <u>Balance, December 31, 2020</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance, December 31, 2021</u> |
|---------------------|----------------------|-----------------------|--------------------------------------------------------|---------------|----------------------|-----------------------------------|-----------------|-----------------|-----------------------------------|
|                     |                      |                       | <u>Date</u>                                            | <u>Amount</u> |                      |                                   |                 |                 |                                   |
| General Improvement | 12/16/2011           | \$ 3,695,000          |                                                        |               |                      | \$ 430,000                        |                 | \$ 430,000      |                                   |
| General Improvement | 8/23/2018            | 9,305,000             | 8/15/2022                                              | \$ 905,000    | 3.00 %               |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2023                                              | 760,000       | 3.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2024                                              | 760,000       | 5.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2025                                              | 765,000       | 5.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2026                                              | 770,000       | 4.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2027                                              | 770,000       | 3.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2028-29                                           | 775,000       | 3.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2030                                              | 795,000       | 3.00                 | 7,920,000                         | 845,000         | \$ 7,075,000    |                                   |
| General Improvement | 8/15/2021            | 6,160,000             | 8/15/2022                                              | 360,000       | 0.05                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2023                                              | 530,000       | 0.05                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2024                                              | 550,000       | 0.05                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2025                                              | 580,000       | 2.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2026                                              | 625,000       | 2.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2027                                              | 670,000       | 2.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2028                                              | 695,000       | 2.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2029                                              | 720,000       | 2.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2030                                              | 715,000       | 2.00                 |                                   |                 |                 |                                   |
|                     |                      |                       | 8/15/2031                                              | 715,000       | 2.00                 | -                                 | \$ 6,160,000    | -               | 6,160,000                         |
|                     |                      |                       |                                                        |               | \$ 8,350,000         | \$ 6,160,000                      | \$ 1,275,000    | \$ 13,235,000   |                                   |
|                     |                      |                       |                                                        |               |                      | \$ 6,160,000                      | \$ 1,275,000    |                 |                                   |
|                     |                      |                       |                                                        |               |                      | -                                 | \$ 1,275,000    |                 |                                   |
|                     |                      |                       |                                                        |               |                      | \$ 6,160,000                      | \$ 1,275,000    |                 |                                   |

|                              |                     |                     |
|------------------------------|---------------------|---------------------|
| Issued for Cash              | \$ 6,160,000        |                     |
| Paid by Budget Appropriation | -                   | \$ 1,275,000        |
|                              | <u>\$ 6,160,000</u> | <u>\$ 1,275,000</u> |

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

| <u>Ord. No.</u> | <u>Improvement Description</u> | <u>Date of<br/>Original<br/>Note</u> | <u>Date<br/>of<br/>Issue</u> | <u>Date<br/>of<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Balance,<br/>December 31,<br/>2020</u> | <u>Increase</u> | <u>Decrease</u>     | <u>Balance,<br/>December 31,<br/>2021</u> |
|-----------------|--------------------------------|--------------------------------------|------------------------------|---------------------------------|--------------------------|-------------------------------------------|-----------------|---------------------|-------------------------------------------|
| 1470            | Various Capital Improvements   | 8/21/2019                            | 8/21/2020                    | 8/20/2021                       | 1.25%                    | \$ 2,325,000                              |                 | \$ 2,325,000        |                                           |
| 1482            | Various Capital Improvements   | 9/25/2020                            | 9/25/2020                    | 8/20/2021                       | 0.46%                    | <u>2,175,000</u>                          | -               | <u>2,175,000</u>    | -                                         |
|                 |                                |                                      |                              |                                 |                          | <u>\$ 4,500,000</u>                       | <u>\$ -</u>     | <u>\$ 4,500,000</u> | <u>\$ -</u>                               |
|                 |                                |                                      |                              |                                 |                          | Paid by Capital Cash                      |                 | \$ 55,999           |                                           |
|                 |                                |                                      |                              |                                 |                          | Paid by Bond Funds                        |                 | <u>4,444,001</u>    |                                           |
|                 |                                |                                      |                              |                                 |                          |                                           |                 | <u>\$ 4,500,000</u> |                                           |

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

| <u>Ord. No.</u> | <u>Purpose</u>                    | Balance,<br>December 31,<br><u>2020</u> | 2021<br><u>Authorizations</u> | Serial<br>Bonds<br><u>Issued</u> | Premium on<br>Serial Bonds<br><u>Issued</u> | Notes Paid by<br><u>Capital Cash</u> | Balance,<br>December 31,<br><u>2021</u> |
|-----------------|-----------------------------------|-----------------------------------------|-------------------------------|----------------------------------|---------------------------------------------|--------------------------------------|-----------------------------------------|
| 1470            | 2019 Various Capital Improvements | \$ 26,250                               |                               | \$ 23,435                        |                                             |                                      | \$ 2,815                                |
| 1482            | 2020 Various Capital Improvements |                                         |                               |                                  |                                             | \$ 55,999                            | 55,999                                  |
| 1497            | 2021 Various Capital Improvements | <u>-</u>                                | <u>\$ 2,161,900</u>           | <u>2,059,908</u>                 | <u>\$ 101,992</u>                           | <u>-</u>                             | <u>-</u>                                |
|                 |                                   | <u>\$ 26,250</u>                        | <u>\$ 2,161,900</u>           | <u>\$ 2,083,343</u>              | <u>\$ 101,992</u>                           | <u>\$ 55,999</u>                     | <u>\$ 58,814</u>                        |

**PUBLIC ASSISTANCE FUND**

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

|                            | <u>Account #1</u> | <u>Account #2</u> | <u>Total</u>    |
|----------------------------|-------------------|-------------------|-----------------|
| Balance, December 31, 2020 | \$ 35             | \$ 4,558          | \$ 4,593        |
| Balance, December 31, 2021 | <u>\$ 35</u>      | <u>\$ 4,558</u>   | <u>\$ 4,593</u> |

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

|                            | <u>Account #1</u> | <u>Account #2</u> | <u>Total</u>    |
|----------------------------|-------------------|-------------------|-----------------|
| Balance, December 31, 2020 | \$ 35             | \$ 4,558          | \$ 4,593        |
| Balance, December 31, 2021 | <u>\$ 35</u>      | <u>\$ 4,558</u>   | <u>\$ 4,593</u> |

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

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**PART II**

**GOVERNMENT AUDITING STANDARDS**

**YEAR ENDED DECEMBER 31, 2021**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

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

### INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Montvale as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2022. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### **Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

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

**Purpose of this Report**

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

*Lerch, Vinci & Bliss, LLP*

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



Jeffrey C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429

Fair Lawn, New Jersey  
August 30, 2022

**BOROUGH OF MONTVALE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

| <u>Federal Funding Department</u>                                                                                                                                                   | <u>Account Number</u> | <u>CFDA Number</u> | <u>Grant Period</u> | <u>Grant Award Amount</u> | <u>2021 Grant Receipts</u> | <u>Balance, January 1, 2021</u> | <u>Revenue Realized</u> | <u>Expenditures</u> | <u>Balance, December 31, 2021</u> | <u>(Memo) Cumulative Expenditures</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------|---------------------|---------------------------|----------------------------|---------------------------------|-------------------------|---------------------|-----------------------------------|---------------------------------------|
| U.S. Dept. of Homeland Security<br>Disaster Grants - Public Assistance (Passed through State Dept. of Law and Public Safety)                                                        | N/A                   | 97.036             |                     |                           |                            |                                 |                         |                     |                                   |                                       |
| FEMA - Tropical Storm Isaias                                                                                                                                                        |                       |                    | 2021                | \$ 35,415                 | \$ 35,415                  |                                 | \$ 35,415               | \$ 35,415           |                                   | \$ 35,415                             |
| FEMA - Coronavirus                                                                                                                                                                  |                       |                    | 2021                | 113,967                   | 113,967                    |                                 | 113,967                 | 113,967             |                                   | 113,967                               |
| U.S. Dept. of Treasury<br>COVID-19 American Rescue Plan - State and Local<br>Fiscal Recovery Funding - Non-Entitlement Units (Passed through State Department of Community Affairs) | N/A                   | 21.027             | 2021                | 897,009                   | 448,505                    |                                 |                         |                     | -                                 |                                       |
| U.S. Department of Justice<br>Police Bulletproof Vest Partnership Program                                                                                                           | N/A                   | 16.607             | 2021                | 2,780                     |                            |                                 | 2,780                   |                     | \$ 2,780                          |                                       |
|                                                                                                                                                                                     |                       |                    | 2020                | 1,500                     | 1,500                      |                                 |                         |                     | -                                 |                                       |
|                                                                                                                                                                                     |                       |                    | 2019                | 2,080                     |                            | \$ 800                          |                         |                     | 800                               |                                       |
|                                                                                                                                                                                     |                       |                    | 2018                | 1,600                     |                            | 1,600                           | -                       | -                   | 1,600                             |                                       |
|                                                                                                                                                                                     |                       |                    |                     |                           |                            | <u>\$ 2,400</u>                 | <u>\$ 152,162</u>       | <u>\$ 149,382</u>   | <u>\$ 5,180</u>                   |                                       |

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**BOROUGH OF MONTVALE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

| <u>State Grant Program</u>                                                    | <u>Account Number</u>    | <u>Grant Year</u> | <u>Grant Award</u> | <u>2021 Grant Receipts</u> | <u>Balance, January 1, 2021</u> | <u>Revenue Realized</u> | <u>Expended</u>  | <u>Refunds/ (Cancellations)</u> | <u>Balance, December 31, 2021</u> | <u>(Memo) Cumulative Expenditures</u> |
|-------------------------------------------------------------------------------|--------------------------|-------------------|--------------------|----------------------------|---------------------------------|-------------------------|------------------|---------------------------------|-----------------------------------|---------------------------------------|
| Clean Communities Grant                                                       | 042-4900-765-004         | 2021              | \$ 18,120          | \$ 18,120                  |                                 | \$ 18,120               |                  |                                 | \$ 18,120                         |                                       |
|                                                                               |                          | 2020              |                    |                            | \$ 17,029                       |                         |                  |                                 | 17,029                            |                                       |
|                                                                               |                          | 2019              | 18,887             |                            | 15,167                          |                         | \$ 14,193        |                                 | 974                               | \$ 17,913                             |
| Recycling Tonnage Grant                                                       | 042-4900-752-001         | 2021              | 15,584             | 15,584                     |                                 | 15,584                  |                  |                                 | 15,584                            |                                       |
|                                                                               |                          | 2019              | 22,561             |                            | 15,892                          |                         |                  |                                 | 15,892                            | 6,669                                 |
|                                                                               |                          | 2017              | 9,898              |                            | 148                             |                         |                  |                                 | 148                               | 9,750                                 |
|                                                                               |                          | 2016              | 7,462              |                            | 2,562                           |                         |                  |                                 | 2,562                             | 4,900                                 |
| Municipal Drug and Alcohol Alliance Program (Passed Through County of Bergen) | N/A                      | 2021              | 3,126              | 1,162                      |                                 | 3,126                   |                  |                                 | 3,126                             |                                       |
| Body-Worn Camera Grant Program                                                | 21-BWC-281               | 2022              | 30,570             |                            |                                 |                         |                  |                                 | -                                 |                                       |
| ANJEC                                                                         | N/A                      | 2021              | 1,500              | 1,000                      |                                 | 1,500                   | 1,500            |                                 | -                                 | 1,500                                 |
| Local Recreation Improvement Grant                                            | N/A                      | 2022              | 40,000             |                            |                                 |                         |                  |                                 | -                                 |                                       |
| Body Armor Grant                                                              | 066-1020-718-001         | 2022              | 1,444              |                            |                                 |                         |                  |                                 | -                                 |                                       |
|                                                                               |                          | 2021              | 1,973              | 1,973                      |                                 | 1,973                   |                  |                                 | 1,973                             |                                       |
|                                                                               |                          | 2020              | 2,598              |                            | 2,573                           |                         | 1,430            |                                 | 1,143                             | 1,455                                 |
| Alcohol Education and Rehabilitation Fund                                     | 098-9735-760-001         | 2020              | 834                |                            | -                               | 834                     |                  |                                 | 834                               | -                                     |
|                                                                               |                          | 2019              | 723                |                            | 723                             |                         |                  |                                 | 723                               | -                                     |
|                                                                               |                          | 2018              | 1,391              |                            | 1,391                           |                         |                  |                                 | 1,391                             | -                                     |
|                                                                               |                          | 2017              | 772                |                            | 772                             |                         |                  |                                 | 772                               | -                                     |
|                                                                               |                          | 2016              | 2,037              |                            | 1,875                           |                         |                  |                                 | 1,875                             | 162                                   |
|                                                                               |                          | 2015              | 1,965              |                            | 1,265                           |                         | 347              |                                 | 918                               | 1,047                                 |
| Drunk Driving Enforcement Fund                                                | 1110-448-031020-22       | 2021              | 4,267              | 4,267                      |                                 | 4,267                   |                  |                                 | 4,267                             | -                                     |
|                                                                               |                          | 2019              | 9,805              |                            | 9,805                           |                         | 1,978            |                                 | 7,827                             | 1,978                                 |
|                                                                               |                          | 2016              | 4,452              |                            | 1,106                           |                         | 1,106            |                                 | -                                 | 4,452                                 |
| Dept. of Human Services General Assistance                                    | 054-7500-150-100-121/250 | 2017              | 6,300              |                            | 4,558                           |                         |                  |                                 | 4,558                             | 1,742                                 |
| Department of Transportation Municipal Aid                                    |                          |                   |                    |                            |                                 |                         |                  |                                 |                                   |                                       |
| Various Streets                                                               | 078-6320-480-XXXX        | 2021              | 210,000            |                            |                                 | 210,000                 |                  |                                 | 210,000                           |                                       |
| Edgrens Way (Ord. 1482)                                                       | 078-6320-480-AN8         | 2020              | 220,000            |                            | 220,000                         |                         |                  |                                 | 220,000                           | -                                     |
| Various Streets                                                               | 078-6320-480-XXXX        | 2018              | 218,000            | 3,256                      | 50,523                          | -                       | -                | (50,523)                        | -                                 | 125,910                               |
|                                                                               |                          |                   |                    |                            | <u>\$ 345,389</u>               | <u>\$ 255,404</u>       | <u>\$ 20,554</u> | <u>\$ (50,523)</u>              | <u>\$ 529,716</u>                 |                                       |

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

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

**BOROUGH OF MONTVALE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

|                  | <u>Federal</u>    | <u>State</u>      | <u>Total</u>      |
|------------------|-------------------|-------------------|-------------------|
| Current Fund     | \$ 38,195         | \$ 255,404        | \$ 293,599        |
| Other Trust Fund | <u>113,967</u>    | <u>-</u>          | <u>113,967</u>    |
|                  | <u>\$ 152,162</u> | <u>\$ 255,404</u> | <u>\$ 407,566</u> |

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 DE MINIMIS INDIRECT COST RATE**

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

**BOROUGH OF MONTVALE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

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

Internal control over financial reporting:

1) Material weakness(es) identified \_\_\_\_\_ yes  X  no

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

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes  X  no

**BOROUGH OF MONTVALE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

*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, 2021**

*Part 3 - Schedule of Prior Year Findings*

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.

**BOROUGH OF MONTVALE**

**BERGEN COUNTY, NEW JERSEY**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2021**

**BOROUGH OF MONTVALE  
SUPPLEMENTARY DATA**

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

|                                          | <u>Year 2021</u>    |                 | <u>Year 2020</u>    |                 |
|------------------------------------------|---------------------|-----------------|---------------------|-----------------|
|                                          | <u>Amount</u>       | <u>Percent</u>  | <u>Amount</u>       | <u>Percent</u>  |
| <b>REVENUE AND OTHER INCOME REALIZED</b> |                     |                 |                     |                 |
| Fund Balance Utilized                    | \$ 3,650,000        | 5.90 %          | \$ 4,100,000        | 6.83 %          |
| Miscellaneous - From Other Than Local    |                     |                 |                     |                 |
| Property Tax Levies                      | 5,871,796           | 9.49            | 4,196,744           | 6.98            |
| Collection of Delinquent Taxes           |                     |                 |                     |                 |
| Tax and Tax Title Liens                  | 199,097             | 0.32            | 205,012             | 0.34            |
| Collection of Current Tax Levy           | 51,317,709          | 82.94           | 49,605,358          | 82.55           |
| Other Credits to Income                  | 838,380             | 1.35            | 1,980,401           | 3.30            |
|                                          | <u>61,876,982</u>   | <u>100.00 %</u> | <u>60,087,515</u>   | <u>100.00 %</u> |
| <b>EXPENDITURES</b>                      |                     |                 |                     |                 |
| Budget Expenditures                      |                     |                 |                     |                 |
| Municipal Purposes                       | 19,467,530          | 33.67 %         | 18,092,195          | 32.47 %         |
| County Taxes                             | 6,028,635           | 10.43           | 5,939,185           | 10.66           |
| Local & Regional School Taxes            | 32,223,745          | 55.72           | 31,574,889          | 56.66           |
| Municipal Open Space Taxes               | 104,872             | 0.18            | 102,692             | 0.18            |
| Other Expenditures                       | 2,859               | 0.00            | 14,855              | 0.03            |
|                                          | <u>57,827,641</u>   | <u>100.00 %</u> | <u>55,723,816</u>   | <u>100.00 %</u> |
| Excess in Revenue                        | 4,049,341           |                 | 4,363,699           |                 |
| Fund Balance, January 1                  | <u>4,976,873</u>    |                 | <u>4,713,174</u>    |                 |
|                                          | 9,026,214           |                 | 9,076,873           |                 |
| Less: Utilization as Anticipated Revenue | <u>3,650,000</u>    |                 | <u>4,100,000</u>    |                 |
| Fund Balance, December 31                | <u>\$ 5,376,214</u> |                 | <u>\$ 4,976,873</u> |                 |

**BOROUGH OF MONTVALE  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

|                                  | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     |
|----------------------------------|-----------------|-----------------|-----------------|
| <u>Tax Rate</u>                  | \$ <u>2.458</u> | \$ <u>2.431</u> | \$ <u>2.363</u> |
| <u>Apportionment of Tax Rate</u> |                 |                 |                 |
| Municipal                        | \$ 0.578        | \$ 0.554        | \$ 0.557        |
| Library                          | 0.037           | 0.039           | 0.037           |
| Municipal Open Space             | 0.005           | 0.005           | 0.005           |
| County                           | 0.276           | 0.278           | 0.257           |
| County Open Space                | 0.012           | 0.011           | 0.010           |
| Local School                     | 0.851           | 0.843           | 0.821           |
| Regional High School             | 0.699           | 0.701           | 0.676           |

Assessed Valuation

|      |                         |                         |                         |
|------|-------------------------|-------------------------|-------------------------|
| 2021 | \$ <u>2,079,574,689</u> |                         |                         |
| 2020 |                         | \$ <u>2,046,183,586</u> |                         |
| 2019 |                         |                         | \$ <u>2,043,681,222</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> |
|-------------|-----------------|-------------------------|---------------------------------|
| 2021        | \$ 51,554,090   | \$ 51,317,709           | 99.54%                          |
| 2020        | 49,928,858      | 49,605,358              | 99.35%                          |
| 2019        | 48,479,680      | 48,046,233              | 99.11%                          |

**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,<br><u>Year</u> | Amount of<br>Delinquent<br><u>Taxes</u> | Amount of<br>Tax Title<br><u>Liens</u> | Total<br><u>Delinquent</u> | Percentage<br>of<br><u>Tax Levy</u> |
|-----------------------------|-----------------------------------------|----------------------------------------|----------------------------|-------------------------------------|
| 2021                        | \$ 160,017                              | \$ 41,572                              | \$ 201,589                 | 0.39%                               |
| 2020                        | 201,712                                 | 28,468                                 | 230,180                    | 0.46%                               |
| 2019                        | 205,582                                 | 25,220                                 | 230,802                    | 0.48%                               |

**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> |
|-------------|---------------|
| 2021        | \$29,400      |
| 2020        | 29,400        |
| 2019        | 29,400        |

**Comparative Schedule of Fund Balances**

|              | <u>Year</u> | Balance,<br><u>December 31</u> | Utilized<br>In Budget of<br><u>Succeeding Year</u> |
|--------------|-------------|--------------------------------|----------------------------------------------------|
| Current Fund | 2021        | \$5,376,214                    | \$3,800,000                                        |
|              | 2020        | 4,976,873                      | 3,650,000                                          |
|              | 2019        | 4,713,174                      | 4,100,000                                          |
|              | 2018        | 5,357,250                      | 4,250,000                                          |
|              | 2017        | 5,768,520                      | 4,175,000                                          |

**BOROUGH OF MONTVALE  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

| <u>Name</u>                   | <u>Title</u>                        |
|-------------------------------|-------------------------------------|
| Michael Ghassali              | Mayor                               |
| Timothy Lane                  | Council President                   |
| Doug Arendacs                 | Councilman                          |
| Theresa Cudequest             | Councilwoman (appointed 12/16/2021) |
| Rose Curry                    | Councilwoman (resigned 11/9/2021)   |
| Dieter Koelling               | Councilman                          |
| Christopher Roche             | Councilman                          |
| Annmarie Russo-Vogelsang      | Councilwoman                        |
| Maureen Iarossi-Alwan         | Borough Clerk/Administrator         |
| Kenneth Sesholtz              | Chief Financial Officer             |
| Boggia & Boggia, Esqs.        | Attorney                            |
| Christine Kalafut             | Treasurer                           |
| Fran Scordo                   | Tax Collector                       |
| Ray Tighe                     | Tax Assessor                        |
| Christopher Gruber            | Building Code Official              |
| Joseph Sanfilippo             | Chief of Police                     |
| Katherine Bowen               | Director of Welfare                 |
| Giulia Bombace                | Library Director                    |
| Harry D. Norton, Jr.          | Magistrate                          |
| Ann Levitzki                  | Court Administrator                 |
| Brian Eyerman                 | Prosecutor                          |
| Colliers Engineering & Design | Engineer                            |

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

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

**GENERAL COMMENTS**

**Current Year Findings**

- **Finding** - Our audit of the Borough's departments revealed that the Recreation Department did not furnish all of its financial records and documents at the time of audit.
- **Recommendation** – It is recommended that the Recreation Department furnish all of its financial records and documents at the time of audit.

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for 2021. The Borough has adopted a resolution increasing the threshold to \$44,000 and has appointed a qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

The minutes indicate that bids were requested by public advertising for the construction of Memorial Drive Synthetic Turf Bocce Ball Courts.

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

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

**GENERAL COMMENTS (Continued)**

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

**Collection of Interest on Delinquent Taxes and Assessments**

The New Jersey statutes provide the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent. The Governing Body on January 4, 2021 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 2021, shall be computed at the rate of eight (8%) percent per annum and,

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

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

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

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

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

**GENERAL COMMENTS**

**Delinquent Taxes and Tax Title Liens**

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

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

| <u>December 31,</u> | <u>Number of Liens</u> |
|---------------------|------------------------|
| 2021                | 4                      |
| 2020                | 4                      |
| 2019                | 3                      |

**Management Suggestions**

- The payout of unused sick leave should be reviewed by the Borough Attorney for compliance with current statutes.
- Consideration should be given to review and clear of record old, inactive improvement authorization balances in the General Capital Fund.

**APPRECIATION**

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

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

**RECOMMENDATIONS**

It is recommended that the Recreation Department furnish all of its financial records and documents at the time of audit.

\* \* \* \* \*

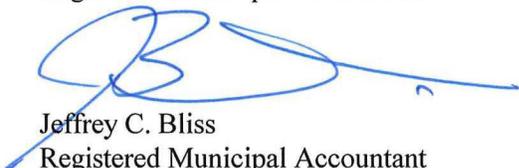
A review was performed on all prior year recommendations and corrective action was taken on all.

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 & Bliss, LLP*

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



Jeffrey C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429