

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information
December 31, 2021
(With Independent Auditors' Report Thereon)**

BOROUGH OF NORTHVALE

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BOROUGH OF NORTHVALE

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Northvale
County of Bergen, New Jersey

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of Northvale in the County of Bergen, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. 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 Northvale, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



Honorable Mayor and
Members of the Borough Council
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As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Northvale on the basis of the financial reporting provisions 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 requirements of New Jersey.

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.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 14 of the financial statement, the Borough participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,522,352 and \$1,300,412 for 2021 and 2020, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2021 and 2020, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and 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 Northvale’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 the 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 opinion. 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, 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'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough'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.



Honorable Mayor and
Members of the Borough Council
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Other Matters

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Northvale's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2022 on our consideration of the Borough of Northvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Northvale's internal control over financial reporting and compliance.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 1, 2022



BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2021 and 2020

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Current Fund			
Cash	A-4	\$ 2,045,261	966,776
Cash - Change Funds	A-5	200	200
Cash - Petty Cash	A-6	100	400
		<u>2,045,561</u>	<u>967,376</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Tax Receivable	A-7	248,802	243,800
Tax Title Liens Receivable	A-8	76,671	72,719
Foreclosed Property - Property Acquired for Taxes - Assessed Valuation	A-9	2,156,700	2,156,700
Revenue Accounts Receivable	A-10	1,460	3,843
Interfunds Receivable:			
Animal License Trust Fund	A-11	4,516	3,739
General Capital Fund	A-11	84	
Other Trust Fund - Escrow	A-11	50,089	89
		<u>2,538,322</u>	<u>2,480,890</u>
Deferred Charges:			
Deficit in Operations	A-12		
Overexpenditure of Appropriation Reserves	A-12	177	740
Overexpenditure of Appropriations	A-12	6,870	2,381
Special Emergency Authorizations (40A:4-55)	A-13	311,579	184,000
		<u>318,626</u>	<u>187,121</u>
		<u>4,902,509</u>	<u>3,635,387</u>
Federal and State Grant Fund:			
Grants Receivable	A-27	52,648	54,472
Due from Current Fund	A-28	558,984	215,485
		<u>611,632</u>	<u>269,957</u>
		<u>\$ 5,514,141</u>	<u>3,905,344</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Current Fund			
Liabilities:			
Appropriation Reserves	A-3/A-14	135,951	168,053
Reserve for Encumbrances	A-15	11,089	68,928
Accounts Payable	A-16		14,000
Due to State of New Jersey - Senior Citizen and Veteran's Deductions	A-17	8,261	8,261
Prepaid Taxes	A-21	116,587	112,061
Tax Overpayments Payable	A-22	63,306	7,790
Marriage License Fees Payable	A-23	100	300
DCA Fees Payable	A-24	12,858	3,561
Reserve for Various Reserves	A-25	685,857	261,825
Special Emergency Note Payable	A-26	223,500	96,000
Interfund Payable:			
Other Trust Fund - POAA	A-11		24
Federal and State Grant Fund	A-11	558,984	215,485
		<u>1,816,493</u>	<u>956,288</u>
Reserve for Receivables		2,538,322	2,480,890
Fund Balance	A-1	547,694	198,209
		<u>4,902,509</u>	<u>3,635,387</u>
Federal and State Grant Fund			
Appropriated Reserves	A-29	258,522	230,251
Due to General Capital Fund	A-28	22,875	22,875
Unappropriated Reserves	A-30	330,235	16,831
		<u>611,632</u>	<u>269,957</u>
		<u>\$ 5,514,141</u>	<u>3,905,344</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

Current Fund

Year Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue and other income realized:		
Fund Balance Utilized	\$ 109,000	223,000
Miscellaneous Revenue Anticipated	1,693,102	1,540,668
Receipts from Delinquent Taxes	243,864	254,324
Receipts from Current Taxes	26,014,092	25,927,297
Non-Budget Revenues	117,696	48,379
Other Credits to Income:		
Special Emergency COVID-19		88,000
Unexpended Balance of Appropriation Reserves	136,707	29,693
Statutory Excess-Aminal Trust Fund	4,516	
Interfunds Returned	3,739	4,029
	<u>28,322,716</u>	<u>28,115,390</u>
Total Income		
Expenditures - Budget Appropriations:		
Appropriations		
Salaries and Wages	3,549,039	3,246,128
Other Expenses	4,068,801	3,978,595
Deferred Charges and Statutory Expenditures	1,049,827	1,035,763
Capital Improvements	40,000	40,000
Municipal Debt Service	656,411	906,110
County Taxes	2,460,336	2,491,452
Amount Due County for Added and Omitted Taxes	5,233	13,691
Local District School Tax	10,171,165	10,119,525
Regional High School Tax	5,952,801	6,091,621
Refunds	12,170	100
Interfunds Advanced	54,516	3,739
Prior Year Senior Citizen Deductions Disallowed		500
Overexpenditure of Appropriation Reserves		177
Prior Year Tax Court Judgements		41,537
	<u>28,020,299</u>	<u>27,968,938</u>
Total Expenditures		
Excess/(Deficit) in Revenues	<u>302,417</u>	<u>146,452</u>
Adjustments to Income before Surplus:		
Expenditures Included Above Which are by Statute Deferred		
Charges to Budget of Succeeding Year		
Over-Expenditure of Budget Appropriations	4,489	2,558
Emergency Authorizations	151,579	
	<u>156,068</u>	<u>2,558</u>
Statutory Excess to Surplus	458,485	149,010
Fund Balance, January 1	<u>198,209</u>	<u>272,199</u>
	656,694	421,209
Decreased by Utilization as Anticipated Revenue	<u>109,000</u>	<u>223,000</u>
Fund Balance, December 31	<u>\$ 547,694</u>	<u>198,209</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	Excess or (deficit)
Fund Balance Anticipated	\$ 109,000	109,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverage	\$ 15,100	15,316	216
Other	11,500	15,685	4,185
Fees and Permits:			
Construction Code Official	185,700	299,141	113,441
Other	76,200	70,346	(5,854)
Fines - Municipal Court - Northvale	28,200	32,071	3,871
Interest and Costs on Taxes	72,300	55,705	(16,595)
Interest on Investments and Deposits	7,300	1,078	(6,222)
Energy Receipts Tax	561,305	561,305	
Borough of Rockleigh - Police/Court Services	312,000	312,000	
Borough of Rockleigh - Public Works Services	25,000	25,000	
Public and Private Programs Offset by Appropriations:			
Recycling Tonnage Grant	28,664	28,664	
FEMA Fire Dept. Grant	2,260	2,260	
Clean Communities	10,040	10,040	
Northvale Junior Police	375	375	
Alcohol Education Rehabilitation Grant	454	454	
Body Armor Grant	1,359	1,359	
Uniform Fire Safety Act	39,700	37,827	(1,873)
Cable TV Franchise Fees	59,142	59,476	334
Compost Program - Hillsdale	32,000		(32,000)
Reserve for Sale of Property	165,000	165,000	
	<u>1,633,599</u>	<u>1,693,102</u>	<u>59,503</u>
Receipts from Delinquent Taxes	241,000	243,864	2,864
Subtotal - General Revenues	<u>1,983,599</u>	<u>2,045,966</u>	<u>62,367</u>
Municipal Budget - Local Tax for Municipal Purposes	7,300,000	7,403,620	103,620
Minimum Library Tax	<u>325,938</u>	<u>325,938</u>	
Budget Totals	<u>\$ 9,609,537</u>	<u>9,775,524</u>	<u>165,987</u>
Non-Budget Revenues		<u>117,696</u>	
		<u>\$ 9,893,220</u>	

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	Excess or (deficit)
Analysis of Realized Revenues:			
Current Tax Collections		26,014,092	
Allocated to:			
Local District School		10,171,165	
Regional High School		5,952,801	
County (Including Added County Taxes)		2,465,569	
		<u>18,589,535</u>	
Balance for Support of Municipal Budget Appropriation		7,424,557	
Add Appropriation Reserve for Uncollected Taxes		<u>305,000</u>	
Amount for Support of Municipal Budget Appropriation		<u>\$ 7,729,557</u>	
Receipts from Delinquent Taxes - Delinquent Tax			
Delinquent Tax Collections		<u>\$ 243,864</u>	
Analysis of Non-Budget Revenues:			
Miscellaneous Revenue not Anticipated:			
Admin Fees - SC/VT Deductions & Homestead Rebates	\$	755	
Payment in Lieu of Taxes		9,522	
Insurance Dividends from JIF		2,861	
Insurance Reimbursements		13,679	
Recycling		7,313	
Refunds & Reimbursements Prior Year		34,302	
Sewer Connection Fees		4,800	
Duplicate Tax Bills		3,115	
Property Owners List		230	
Sale of Unused Property and Equipment		36,374	
Miscellaneous		4,745	
		<u>\$ 117,696</u>	

See accompanying notes to financial statements.

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
General Government:						
Administrative and Executive:						
Salaries and Wages	\$ 58,600	58,600	58,506	94		
Other Expenses	100,000	112,500	113,422			922
Mayor and Council						
Salaries and Wages	30,900	30,900	30,897	3		
Other Expenses	1,000	1,000	595	405		
Financial administration:						
Salaries and Wages	77,600	77,600	77,545	55		
Other Expenses	25,000	25,000	26,100			1,100
Annual Audit	44,000	38,750	38,750			
Collection of Taxes:						
Salaries and Wages	67,700	67,700	67,612	88		
Other Expenses	10,000	8,000	5,112	2,888		
Assessment of taxes:						
Salaries and Wages	22,600	22,300	22,258	42		
Other Expenses	5,000	4,000	2,215	1,785		
Legal services and costs:						
Other Expenses	95,000	85,000	79,025	5,975		
Engineering services and costs:						
Other Expenses	95,000	130,000	111,249	18,751		
Municipal Land Use Law NJSA (40:55D-1)						
Planning Board:						
Salaries and Wages	4,900	4,900	4,853	47		
Other Expenses	15,000	10,000	5,770	4,230		
Municipal Court						
Salaries and Wages	58,500	62,100	62,073	27		
Other Expenses	10,000	9,000	8,807	193		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Public Defender						
Salaries and Wages	5,400	5,400	5,301	99		
Public Safety:						
Police:						
Salaries and Wages	2,150,000	2,266,579	2,250,767	1,812	14,000	
Other Expenses:	95,000	95,000	87,492	7,508		
Interboro Radio	69,190	69,190	69,184	6		
First Aid Organization						
Ambulance Other Expenses	40,000	40,000	20,000		20,000	
Emergency Management Services:						
Salaries and Wages						
Other Expenses						
Insurance:						
Workers Compensation	130,370	130,372	130,372			
Other Insurance	9,000	8,000	7,892	108		
Liability Insurance	130,481	130,481	130,481			
Group Insurance for Employees	500,000	480,000	477,226	2,774		
Fire:						
Other Expenses	50,000	50,000	49,994	6		
Rental of Fire House	28,090	28,090	28,090			
Fire Hydrant Service	80,000	80,300	80,263	37		
Fire Prevention Bureau:						
Salaries and Wages	39,600	34,200	34,153	47		
Other Expenses	2,000	2,000	1,412	588		
Prosecutor:						
Salaries and Wages	13,310	13,310	13,307	3		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Public Works Function:						
Road Repairs and Maintenance:						
Salaries and Wages	800,000	800,000	717,381	32,619	50,000	
Other Expenses	195,000	200,000	199,281	719		
Sanitation:						
Garbage and Trash Removal						
Collection	240,000	264,174	264,163	11		
Disposal	240,000	264,174	264,163	11		
Recycling:						
Salaries and Wages	3,700	3,700	3,643	57		
Other Expenses	10,000	6,000	5,701	299		
Public Buildings and Grounds						
Other Expenses	50,000	62,000	62,070			70
Sewer Repairs and Maintenance:						
Other Expenses	25,000	13,000	7,937	5,063		
Borough of Norwood	14,000	14,000	14,000			
Health and Welfare:						
Board of Health:						
Salaries and Wages	14,100	14,100	14,067	33		
Other Expenses	32,000	32,000	31,957	43		
Animal Control						
Other Expenses	7,500	7,500	6,995	505		
Recreation and Education:						
Senior Center						
Salaries and Wages	19,500	21,200	21,190	10		
Other Expenses	14,500	9,500	4,872	4,628		
Senior Bus Trips:						
Other Expenses	1,500	3,950	3,675	275		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

General Appropriations	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
Celebration of Public Events						
Other Expenses	1,500	2,500	2,300	200		
Parks and Playgrounds:						
Other Expenses	30,000	30,000	29,166	834		
Uniform Construction Code Official:						
Salaries and Wages	119,800	109,500	109,467	33		
Other Expenses	10,000	10,000	6,454	3,546		
Code Compliance:						
Salaries and Wages	20,600	20,950	20,924	26		
Other Expenses	1,000	1,000	949	51		
UNCLASSIFIED:						
Utilities:						
Electricity	65,000	65,000	65,788			788
Street Lighting	65,000	65,000	60,854	4,146		
Telephone	45,000	45,000	40,948	4,052		
Water	20,000	20,000	19,298	702		
Natural Gas	25,000	25,000	26,302			1,302
Vehicle Fuel	45,000	40,000	40,307			307
Total Operations within "CAPS"	6,177,941	6,329,520	6,144,575	105,434		4,489
Contingent	841	841		841		
Total Operations Including Contingent-within "CAPS"	6,178,782	6,330,361	6,144,575	106,275		4,489

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Detail:						
Salaries and Wages	3,506,810	3,613,039	3,513,944	35,095	64,000	
Other Expenses	2,671,972	2,717,322	2,630,631	71,180	20,000	4,489
	6,178,782	6,330,361	6,144,575	106,275	84,000	4,489
Deferred Charges and Statutory Expenditures:						
DEFERRED CHARGES						
Overexpenditure of Appropriation Reserves	563	563	563			
Contribution to:						
Social Security System (O.A.S.I.)	260,000	260,000	259,242	758		
Police and Firemen's Retirement System of NJ	590,472	590,472	590,472			
Public Employees' Retirement System	174,292	174,292	174,292			
Defined Contribution Retirement Program	500	500	91	409		
Total Deferred and Statutory	1,025,827	1,025,827	1,024,660	1,167		
Expenditures - Municipal within "CAPS"						
Total General Appropriations for	7,204,609	7,356,188	7,169,235	107,442	84,000	4,489
Municipal Purposes within "CAPS"						

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
General Appropriations						
Operations Excluded from "CAPS":						
Aid to Library (NJSA 40:54-35)						
Public Library	325,938	325,938	297,608	28,330		
Sewer:						
Bergen County Utilities Authority	623,400	623,400	623,388	12		
Contribution to:						
LOSAP	50,000	50,000	37,333	167	12,500	
Total Other Operations - Excluded from "CAPS"	999,338	999,338	958,329	28,509	12,500	
Shared Service Agreements						
Borough of Rockleigh Police and Court						
Salaries and Wages	312,000	312,000	312,000			
Borough of Rockleigh Public Work						
Salaries and Wages	25,000	25,000	25,000			
Total Shared Services Agreements	337,000	337,000	337,000		-	
Public and Private Programs Offset by Revenues						
Alcohol Education/Rehabilitation Grant	454	454	454			
Body Armor Grant	1,359	1,359	1,359			
Clean Communities Grant	10,040	10,040	10,040			
Northvale Junior Police	375	375	375			
Recycling Tonnage Grant	28,664	28,664	28,664			
FEMA Fire Department - COVID-19 Grant	2,260	2,260	2,260			
Total Public and Private Offset by Revenues	43,152	43,152	43,152			
Total Operations Excluded from "CAPS"	1,379,490	1,379,490	1,338,481	28,509	12,500	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

General Appropriations	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
Detail:						
Other Expenses	1,379,490	1,379,490	1,338,481	28,509	12,500	
	1,379,490	1,379,490	1,338,481	28,509	12,500	
Capital Improvements - Excluded From "CAPS" Capital Improvement Fund	40,000	40,000	40,000			
Total Capital Improvements - Excluded from "CAPS"	40,000	40,000	40,000			
Municipal Debt Service-Excluded from "CAPS"						
Payment of Bond Principal	425,000	425,000	425,000			
Payment of Bond Anticipation Notes and Capital Notes	115,000	115,000	115,000			
Interest on Bonds	109,738	109,738	109,738			
Interest on Notes	6,700	6,700	6,673		27	
Total Municipal Debt Service-Excluded from "CAPS"	656,438	656,438	656,411		27	
Deferred Charges:						
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	24,000	24,000	24,000			
Total Deferred Charges - Municipal - Excluded from "CAPS"	24,000	24,000	24,000			

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2021

	Appropriation		Expended 2021		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2021 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,099,928	2,099,928	2,058,892	28,509	12,527	
Total General Appropriations - Excluded from "CAPS"	2,099,928	2,099,928	2,058,892	28,509	12,527	
Subtotal General Appropriations	9,304,537	9,456,116	9,228,127	135,951	96,527	4,489
Reserve for Uncollected Taxes	305,000	305,000	305,000			
Total General Appropriations	\$ 9,609,537	\$ 9,761,116	\$ 9,533,127	\$ 135,951	\$ 96,527	\$ 4,489
Adopted Budget \$	9,566,385					
Emergency Appropriation	151,579					
Added by N.J.S. 40A:4-87	43,152					
	\$ 9,761,116					
Reserve for Uncollected Taxes \$	305,000					
Transferred to Federal and State Grant Fund	43,152					
Deferred Charges	24,563					
Reserve for Encumbrances	11,089					
Cash Disbursed	9,149,323					
	\$ 9,533,127					

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ 13,840	13,958
Due from State	B-2		
		<u>13,840</u>	<u>13,958</u>
Other Trust Funds:			
Cash	B-1	1,035,278	679,040
Due to Current	B-7		24
Due from Capital	B-7	100,000	300,000
		<u>1,135,278</u>	<u>979,064</u>
Unemployment Trust Fund:			
Cash	B-1	95,726	91,528
		<u>95,726</u>	<u>91,528</u>
Open Space Trust Fund:			
Cash	B-1	466	466
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	1,479,352	1,263,989
Service Award Contributions Receivable	B-9	43,000	36,423
		<u>1,522,352</u>	<u>1,300,412</u>
		<u>\$ 2,767,662</u>	<u>2,385,428</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Trust Fund:			
Reserve for Expenditures	B-3	9,324	10,219
Schedule of Interfunds	B-7	4,516	3,739
		<u>13,840</u>	<u>13,958</u>
Other Trust Funds:			
Schedule of Interfunds	B-7	86,482	36,482
Escrow Deposits	B-4	326,641	278,884
Miscellaneous Reserves	B-5	722,155	663,698
		<u>1,135,278</u>	<u>979,064</u>
Unemployment Trust Fund:			
Reserve for Unemployment Insurance Compensation	B-6	95,726	91,528
Open Space Trust Fund:			
Reserve for Expenditures	B-8	466	466
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets Available for Benefits	B-10	1,522,352	1,300,412
		<u>\$ 2,767,662</u>	<u>2,385,428</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 133,501	81,952
Deferred Charges to Future Taxation:			
Funded	C-4	4,945,000	5,370,000
Unfunded	C-5	1,977,449	1,195,449
Interfunds Receivable	C-6	59,268	59,268
Grants/Contributions Receivable	C-7	1,195,771	742,996
		<u>\$ 8,310,989</u>	<u>7,449,665</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-8	4,945,000	5,370,000
Bond Anticipation Notes Payable	C-9	1,762,000	980,000
Improvement Authorizations:			
Funded	C-10	275,479	354,360
Unfunded	C-10	1,210,755	432,409
Interfunds Payable	C-6	100,084	300,000
Capital Improvement Fund	C-11	16,802	12,027
Fund Balance	C-1	869	869
		<u>\$ 8,310,989</u>	<u>7,449,665</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2021 and 2020 of \$215,449 and \$215,449 respectively per Exhibit C-12.

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Statement of Operations and Changes in Fund Balance-Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Fund Balance, January 1	\$ 869	2,869
Decreased by:		
Budget Revenue	<u> </u>	<u>2,000</u>
Fund Balance, December 31	<u>\$ 869</u>	<u>869</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2021 and 2020

	<u>Ref</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 114	114
Cash - PATF II	E-1	<u>302</u>	<u>302</u>
		<u>\$ 416</u>	<u>416</u>
 <u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-3	\$ 114	114
Reserve for Expenditure - PATF II	E-3	<u>302</u>	<u>302</u>
		<u>\$ 416</u>	<u>416</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash	\$ <u>5,537</u>	<u>223</u>
	\$ <u><u>5,537</u></u>	<u><u>223</u></u>
<u>Liabilities</u>		
Reserve for Payroll Withholdings	\$ <u>5,537</u>	<u>223</u>
	\$ <u><u>5,537</u></u>	<u><u>223</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 7,931,100	7,931,100
Buildings and Building Improvements	2,119,500	2,119,500
Vehicles and Equipment	<u>7,132,873</u>	<u>6,921,810</u>
	<u>\$ 17,183,473</u>	<u>16,972,410</u>
 Investment in Fixed Assets	 <u>\$ 17,183,473</u>	 <u>16,972,410</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Northvale have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

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

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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

The Borough has the following funds and account group:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Animal Trust Fund - This fund is used to account for fees collected from animal 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 also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Unemployment Trust Fund - This fund is used to account for all employee deductions and budget appropriations and subsequent payment of unemployment compensation bills from the state of New Jersey.

Open Space Trust - This fund is used to account for taxes raised to finance the acquisition and preservation of property.

Emergency Services Volunteer Length of Service Award Plan (LOSAP) Trust Fund - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, 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. Effective April 7, 2009, the Borough transferred administration of the General Assistance Program to the Bergen County Board of Social Services.

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

Payroll and Agency Fund - This fund is used to account for net payroll checks and payroll deductions.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Northvale. 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 for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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, the Mayor and Council approved \$43,152 additional revenues and appropriations in accordance with N.J.S.A. 40A:4-87, \$151,579 of Emergency Appropriations along with several budget transfers.

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 canceled 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, which should be recognized when due.

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

Appropriation Reserves - 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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. 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 be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, the Borough of Northvale has developed a fixed assets accounting and reporting system.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The Borough did not adopt any new pronouncements during 2021.

C. Basic Financial Statements

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

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BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2021, \$-0- of the Borough's bank balance of \$3,405,286 was exposed to custodial credit risk and as of December 31, 2020, \$-0- of the Borough's bank balance of \$2,047,602 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2021 and 2020 amounted to \$1,479,352 and \$1,263,989, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
LVIP SsgA S&P 500 Index	\$760,243	\$678,125
Fixed Income	284,505	289,703
All Others	<u>434,604</u>	<u>296,161</u>
Total	<u>\$1,479,352</u>	<u>\$1,263,989</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$5,370,000	\$	\$425,000	\$4,945,000	\$450,000
Other Liabilities - Compensated Absences Payable	<u>845,677</u>	<u>81,739</u>	<u>79,940</u>	<u>847,476</u>	<u> </u>
	<u>\$6,215,677</u>	<u>\$81,739</u>	<u>\$504,940</u>	<u>\$5,792,476</u>	<u>\$450,000</u>
	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,150,000	\$	\$780,000	\$5,370,000	\$425,000
Other Liabilities - Compensated Absences Payable	<u>862,687</u>	<u>31,010</u>	<u>48,020</u>	<u>845,677</u>	<u> </u>
	<u>\$7,012,687</u>	<u>\$31,010</u>	<u>\$828,020</u>	<u>\$6,215,677</u>	<u>\$425,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$6,707,000	\$6,350,000	\$6,150,000
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>215,449</u>	<u>215,449</u>	<u>294,449</u>
Total Bonds, Notes and Loans Issued and Authorized not Issued	<u>6,922,449</u> <u>\$6,922,449</u>	<u>6,565,449</u> <u>\$6,565,449</u>	<u>6,444,449</u> <u>\$6,444,449</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.689% for 2021.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$1,502,534	\$1,502,534	\$0
General debt	<u>6,922,449</u>		<u>6,922,449</u>
	<u>\$8,424,983</u>	<u>\$1,502,534</u>	<u>\$6,922,449</u>

Net debt of \$6,922,449 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$1,004,620,686 equals 0.689%.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.663% for 2020.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$2,861,959	\$2,861,959	\$0
General debt	6,444,449		6,444,449
	<u>\$9,306,408</u>	<u>\$2,861,959</u>	<u>\$6,444,449</u>

Net debt of \$6,565,448 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$990,224,827 equals 0.663%.

Borrowing Power Available Under N.J.S.A. 40A:2-6 as Amended

	<u>2021</u>	<u>2020</u>
3 1/2% of equalized valuation basis (municipal)	\$35,161,724	\$34,658,569
Net debt	6,922,449	6,565,449
Remaining Borrowing Power	<u>\$28,239,275</u>	<u>\$28,093,120</u>

The Borough's long-term debt consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
General serial bonds:		
\$5,685,000 General Serial Bonds - with an interest rate of 2.00% to 2.125% issued November 1, 2019, due through November 1, 2030	4,945,000	5,370,000
	<u>\$4,945,000</u>	<u>\$5,370,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements for outstanding bonded debt for the next five years is:

<u>Year</u>	<u>General Serial Bonds</u>		<u>Total Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2022	450,000	101,238	551,238
2023	475,000	92,238	567,238
2024	500,000	82,738	582,738
2025	525,000	72,738	597,738
2026	550,000	62,238	612,238
2027-2030	<u>2,445,000</u>	<u>131,138</u>	<u>2,576,138</u>
Total	<u>\$4,945,000</u>	<u>\$542,328</u>	<u>\$5,487,328</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2021, the Borough had authorized but not issued debt of \$215,499.

NOTE 4. BOND ANTICIPATION NOTES

On December 31, 2021 and 2020, the Borough had \$1,762,000 and \$980,000, respectively, outstanding General Capital Fund bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2021 and 2020:

<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Depository Trust Company	\$980,000	\$	\$980,000	\$
Amboy Bank		<u>1,762,000</u>		<u>1,762,000</u>
	<u>\$980,000</u>	<u>\$1,762,000</u>	<u>\$980,000</u>	<u>\$1,762,000</u>
<u>2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Depository Trust Company	\$	\$980,000	\$	\$980,000
	<u>\$0</u>	<u>\$980,000</u>	<u>\$0</u>	<u>\$980,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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 vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 a 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 at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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% (Tiers 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2021	\$174,292	\$590,472
2020	174,311	533,148
2019	154,908	478,413

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough had a liability of \$2,598,152 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 that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the Borough's proportion was 0.01593236 percent, which was a decrease of 0.00022967 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized pension expense of \$174,311. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$47,308	\$9,188
Changes of assumptions	84,287	1,087,871
Net difference between projected and actual earnings on pension plan investments	88,807	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>155,481</u>	<u>142,647</u>
Total	<u>\$375,883</u>	<u>\$1,239,706</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$(326,021)
2022	(297,232)
2023	(169,860)
2024	(68,689)
2025	(14,856)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$2,347,583,337
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Borough's Proportion	0.015932362%	0.016162036%

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2020.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$3,275,927	\$2,598,152	\$2,023,040

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2020, the Borough had a liability of \$6,829,463 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 that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the Borough's proportion was 0.05285423 percent, which was an increase of 0.00007307 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized pension expense of \$533,148. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$68,853	\$24,510
Changes of assumptions	17,186	1,830,938
Net difference between projected and actual earnings on pension plan investments	400,443	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>591,063</u>	
Total	<u>\$1,077,545</u>	<u>\$1,855,448</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 5. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$(638,849)
2022	(431,146)
2023	(175,522)
2024	(66,306)
2025	(57,142)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$1,601,195,680	\$1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective net pension liability	14,926,648,722	12,237,818,793
Borough's Proportion	0.05285423%	0.0527811511%

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2020.

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

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 5. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 5. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$9,431,329	\$6,829,463	\$4,668,414

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 5. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Special Funding Situation - PFRS

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

At December 31, 2020 and 2019, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,059,902 and \$1,019,930, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$120,119 and \$118,507, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$81,599 and \$68,722, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension described in Note 5, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or 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.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred outflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$1,074,856 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$82,710.

NOTE 7. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2022 and 2021 which has been appropriated as revenue in the 2022 budget is \$200,000 and \$109,000 in 2021.

NOTE 8. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2021 and 2020:

	Balance <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2021</u>
Land	\$7,931,100	\$	\$	\$7,931,100
Building and Building Improvements	2,119,500			2,119,500
Machinery and Equipment	6,921,810	211,063		7,132,873
	<u>\$16,972,410</u>	<u>\$211,063</u>	<u>\$0</u>	<u>\$17,183,473</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 8. FIXED ASSETS, (continued)

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Land	\$7,931,100	\$		\$7,931,100
Building and Building Improvements	2,119,500		\$	2,119,500
Machinery and Equipment	<u>6,516,294</u>	<u>405,516</u>		<u>6,921,810</u>
	<u>\$16,566,894</u>	<u>\$405,516</u>	<u>\$0</u>	<u>\$16,972,410</u>

NOTE 9. ACCRUED SICK AND VACATION BENEFITS

The Borough permits all employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation approximates \$847,476 as of December 31, 2021. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not allow this amount to be reported either as an expenditure or liability.

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2021 consist of the following:

\$84	Due to the Current Fund from the General Capital Fund for interest earnings.
50,089	Due to the Current Fund from the Escrow Trust Fund to fund the General Escrow account
588,984	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid.
4,516	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess calculation.
100,000	Due to the Affordable Housing Trust Fund from the General Capital Fund for cash advance.
36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses.
22,875	Due to the General Capital Fund from the Federal and State Grant Fund to reimburse grant expenditures paid.

\$802,941

It is anticipated that all interfund will be liquidated during the fiscal year.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On December 15, 2000, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln National Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$600 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2020 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2020 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Northvale is a member of the Bergen County Joint Insurance Fund (BCJIF) and 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 and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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

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

NOTE 13. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>Dec 31, 2020</u>
Prepaid Taxes	<u>\$116,587</u>	<u>\$112,061</u>
Cash Liability for Taxes Collected in Advance	<u>\$116,587</u>	<u>\$112,061</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)**

NOTE 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the Borough of Northvale:

	<u>Balance Dec.31, 2021</u>	<u>2022 Budget Appropriation</u>	<u>Balance Succeeding Year Budget</u>
Current Fund:			
Overexpenditure of Appropriations	\$6,870	\$2,381	\$6,870
Special Emergency Appropriations	311,579	24,000	287,579
Overexpenditure of Appropriation Reserves	<u>177</u>	<u> </u>	<u>177</u>
Total Current Fund	<u>\$318,626</u>	<u>\$26,381</u>	<u>\$294,626</u>

NOTE 15. LITIGATION

The Borough is a defendant in various legal proceedings. These cases, if decided against the Borough, would either be funded by insurance or raised by future taxation.

NOTE 16. OTHER MATTERS

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the State of Emergency and Public Health Emergency remains in effect. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Northvale. The Borough has identified several risks as a result of the pandemic, including possible delays in the collection of real estate, revenue shortfalls in general permit revenue and cash flow shortages as a result of these delayed collections and increased health emergency costs. During 2020, the Borough received reimbursement of health emergency costs associated with the pandemic from FEMA and/or the Federal CARES Act funding provide to the State or County Governments.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. OTHER MATTERS, (continued)

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The estimated amount of federal aid available to the Borough of Northvale is \$483,990 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment within 120 days of the State receiving the funding from the Federal government and the second installment one year after the receipt of the first installment.

As allowed by New Jersey Statutes, the Borough adopted a Special Emergency appropriation in 2020 in the amount of \$88,000 for projected loss of revenues to help mitigate the financial effects on the Borough. In addition, the Borough will continue to monitor the situation closely.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through July 1, 2022, the date which the financial statements were available to be issued and the following item was noted for disclosure:

SUPPLEMENTARY DATA

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2021

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax rate	<u>3.036</u>	<u>3.032</u>	<u>2.925</u>
Apportionment of Tax Rate:			
Municipal	0.844	0.826	0.773
Municipal - Library	0.038	0.039	0.038
County	0.293	0.288	0.283
District School	1.174	1.173	1.129
Regional School	<u>0.687</u>	<u>0.706</u>	<u>0.702</u>
Assessed Valuation:			
2021	\$	865,370,900	
2020		863,321,303	
2019		866,655,003	

Comparison of Tax Levies and Collections Currently

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>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2021	\$ 26,269,380	26,014,092	99.03%
2020	26,318,610	25,927,297	98.51%
2019	25,378,349	25,108,126	98.94%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2021	\$ 76,671	248,802	325,473	1.24%
2020	72,719	243,800	316,519	1.20%
2019	68,758	252,418	321,176	1.27%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2021

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2021 by foreclosure or deed as a result of liquidation of tax title liens.

The value of properties acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>		<u>Amount</u>
2021	\$	2,156,700
2020		2,156,700
2019		2,156,700

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance,</u> <u>Dec. 31</u>	<u>Utilized</u> <u>in budget</u> <u>of succeeding</u> <u>year</u>
Current Fund	2021	\$ 547,694	200,000
	2020	198,209	109,000
	2019	272,199	223,000
	2018	545,199	273,000
	2017	832,165	665,000

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2021

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
Patrick Marana	Mayor		
Peter Sotiropoulos	Council President		
Frances Devlin	Councilman		
Thomas Agiro	Councilman		
Louis DeLisio	Councilman		
Joseph McGuire	Councilman		
Kenneth Shepard	Councilman		
Shuaib Firozvi	Chief Financial Officer/Treasurer		
Fran Weston	Acting Borough Clerk		
Suzanne Burroughs	Tax Collector	\$ 1,000,000	(A)
Joseph Zavarino	Construction Code/Fire Subcode Official		
Frank Giordano	Plumbing Subcode Official		
Roger A. Hauser	Municipal Court Judge	\$ 1,000,000	(A)
Clare Cabbibo	Court Administrator	\$ 1,000,000	(A)
John Guercio	Tax Assessor		
Howard Ostrow	Chief of Police		
Carl O'Brien	Borough Engineer - Maser Engineering		
Deena Rosendahl	Borough Attorney		

(A) - Statutory positions are covered under the Bergen County Municipal Joint Insurance Fund policy (\$50,000) and the Municipal Excess Liability Joint Insurance Fund Excess Crime Policy - Public Employees Bond (\$950,000)

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2021

State Funding Department	State Program	State Grant No.	Grant Period	Grant Award Amount	Cash Received	Grant Expenditures	Adjustment	MEMO Cumulative Expenditures	
Federal and State Grant Funds: Administration of the Courts	Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2021	454	454			*	
		9735-760-098-Y900-01-X100	2018	146				*	
		9735-760-098-Y900-01-X100	2016	181				*	
		9735-760-098-Y900-01-X100	2015	295				*	
		9735-760-098-Y900-01-X100	2014	236				*	
		9735-760-098-Y900-01-X100	2012	108				*	
		9735-760-098-Y900-01-X100	2011	647				*	
		9735-760-098-Y900-01-X100	2010	1,508				*	
		9735-760-098-Y900-01-X100	2009	928	669			669	
		9735-760-098-Y900-01-X100	2008	1,017	381			1,017	
		9735-760-098-Y900-01-X100	2007	1,579		454	1,050		1,579
									3,265
		Division of Motor Vehicles	Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund	6400-10-078-6400	2015	4,333			
6400-10-078-6400	2013			1,140				764	
6400-10-078-6400	2012			2,335				*	
6400-10-078-6400	2011			3,391				*	
6400-10-078-6400	2010			3,853				420	
6400-10-078-6400	2009			2,856				*	
6400-10-078-6400	2008			4,708				*	
6400-10-078-6400	2007			5,049				1,977	
							3,161		
Department of Environmental Protection	Clean Communities Clean Communities Clean Communities Clean Communities Clean Communities Clean Communities Clean Communities Clean Communities	4900-765-042-4900-004	2021	10,040	10,040			*	
		4900-765-042-4900-004	2020	9,485				*	
		4900-765-042-4900-004	2019	10,464				*	
		4900-765-042-4900-004	2018	9,375				*	
		4900-765-042-4900-004	2017	9,800				*	
		4900-765-042-4900-004	2016	11,536				*	
		4900-765-042-4900-004	2015	10,088				*	
		4900-765-042-4900-004	2014	8,367		10,040		6,854	
							6,854		

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2021

State Funding Department	State Program	State Grant No.	Grant Period	Grant Award Amount	Cash Received	Grant Expenditures	Adjustment	MEMO Cumulative Expenditures
State Funding Department	Recycling Tonnage Grant	4900-752-042-4900-001	2021	14,571				*
	Recycling Tonnage Grant	4900-752-042-4900-001	2020	14,093	14,093			*
	Recycling Tonnage Grant	4900-752-042-4900-001	2019	11,462				*
	Recycling Tonnage Grant	4900-752-042-4900-001	2017	33,209		6,506		*
	Recycling Tonnage Grant	4900-752-042-4900-001	2016	33,209				*
		4900-752-042-4900-001	2014	18,930	14,093	6,506		15,499
								18,930
								34,429
Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2021	1,360	1,360			*
	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2020	1,675				*
	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2019	1,865				*
	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2017	1,705	1,360			1,231
								1,231
Bergen County Pass Through Grant	Municipal Drug Alliance		FY21	6,252	1,827	3,771		*
	Municipal Drug Alliance		FY20	9,520				1,164
	Municipal Drug Alliance		FY19	9,520				3,771
	Municipal Drug Alliance		FY17	9,520				9,985
	Municipal Drug Alliance		FY16	9,520				9,520
	Municipal Drug Alliance				1,827	3,771		35,960
								74,463
				110,057		3,000		*
					27,774	14,327		157,363
<i>Total Federal and State Grant Fund</i>								
General Capital Fund: Department of Transportation Transportation Trust Fund	Livingston Street and Paris Avenue Imps. - Ord. 1040							*
	Veteran's Drive, Phase II - Ord. 781	8100-133-5837	1999	70,000				70,000
	Veteran's Drive, Phase I - Ord. 775	8100-133-5837	1999	150,000				150,000
	Hill Terrace School Warning Lights, Curbs, Sidewalks - Ord. 729	8100-133-5837	1998	40,000				40,000
								260,000
<i>Total General Capital Fund</i>								
<i>Total State Financial Assistance</i>								
					27,774	14,327		417,363

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2021

	Current <u>Fund</u>
Balance, December 31, 2020	\$ 966,776
Increased by Receipts:	
Prepaid Taxes	\$ 116,587
Taxes Receivable	26,116,645
Revenue Accounts Receivable	1,484,950
Miscellaneous Revenue Not Anticipated	117,696
Petty Cash	300
Tax Overpayments	77,953
Marriage License/Domestic Partnership Fees	400
DCA fees	17,118
State of New Jersey - Veterans and Senior Citizens	29,250
Various Reserves	672,834
Special Emergency Notes	223,500
Grants Receivable	28,145
Unappropriated Grant Reserves	330,235
Interfunds	<u>853,739</u>
	<u>30,069,352</u>
	31,036,128
Decreased by Disbursements:	
Budget Appropriations	9,149,323
Appropriation Reserves	100,274
Accounts Payable	14,000
County Taxes	2,465,569
Local District School Taxes	10,171,165
Regional High School Taxes	5,952,801
Tax Overpayments	22,437
Interfunds	900,024
Marriage License/Domestic Partnership Fees	600
DCA Fees	7,821
Various Reserves	83,802
Special Emergency Notes	96,000
Refunds	12,170
Appropriated Grant Reserves	<u>14,881</u>
	<u>28,990,867</u>
Balance, December 31, 2021	\$ <u>2,045,261</u>

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$ <u>200</u>
Balance, December 31, 2021	\$ <u><u>200</u></u>
Analysis of balance:	
Tax Collector	50
Municipal Court	<u>150</u>
	\$ <u><u>200</u></u>

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$ <u>400</u>
Decreased by:	
Petty Cash Returned	<u>300</u>
Balance, December 31, 2021	\$ <u><u>100</u></u>
Analysis of balance:	
Borough Clerk	\$ <u><u>100</u></u>

BOROUGH OF NORTHVALE

**Schedule of Taxes Receivable and
Analysis of 2021 Property Tax Levy**

Current Fund

Year ended December 31, 2021

Year	Balance, Dec. 31, 2020	Total 2021 Levy	Added	2020 Collections	2021	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2021
2020	\$ 243,800		64		243,864				
2021		26,213,624	55,756	112,061	25,872,781	29,250	3,952	2,534	248,802
	\$ 243,800	26,213,624	55,820	112,061	26,116,645	29,250	3,952	2,534	248,802

Cash 26,116,645
\$ 26,116,645

Analysis of Property Tax Levy

Tax Yield:
General Purpose Tax \$ 26,213,624
Added Taxes (54:4-63.12 et seq.) 55,756

\$ 26,269,380

Tax Levy:
Regional High School Tax 5,952,801
Local District School Tax 10,171,165
County Tax 2,460,336
Amount Due County/Added Taxes 5,233
Local Tax/Municipal Purposes 7,625,938
Additional Tax Levied 53,907

\$ 26,269,380

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$	72,719
Increased by:		
Transfers from 2021 Taxes Receivable		<u>3,952</u>
Balance, December 31, 2021	\$	<u><u>76,671</u></u>

**Schedule of Property Acquired for Taxes
at Assessed Valuation**

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$	<u>2,156,700</u>
Balance, December 31, 2021	\$	<u><u>2,156,700</u></u>

BOROUGH OF NORTHVALE
Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	<u>Accrued</u>	<u>Received</u>	Balance, Dec. 31, <u>2021</u>
Licenses:				
Alcoholic Beverages	\$	15,316	15,316	
Other		15,685	15,685	
Fees and Permits:				
Construction Code Official		299,141	299,141	
Other		70,346	70,346	
Fines and Costs - Municipal Court - Northvale	3,843	29,688	32,071	1,460
Interest and Costs on Taxes		55,705	55,705	
Interest on Investments and Deposits		1,078	1,078	
Energy Receipts Tax		561,305	561,305	
Borough of Rockleigh-Police/Court Services		312,000	312,000	
Borough of Rockleigh-Public Works Services		25,000	25,000	
Uniform Fire Safety Act		37,827	37,827	
Cable TV Franchise Fees		59,476	59,476	
Reserve for Sale of Property		<u>165,000</u>	<u>165,000</u>	
	<u>\$ 3,843</u>	<u>1,647,567</u>	<u>1,649,950</u>	<u>1,460</u>

Reserve for Sale of Property	\$ 165,000
Cash Receipts	<u>1,484,950</u>
	<u>\$ 1,649,950</u>

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Current Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2021</u>
Due from/(to):				
General Capital Fund	\$	850,084	850,000	84
Animal License Trust Fund	3,739	4,516	3,739	4,516
Other Trust Fund				
Escrow Trust Fund	89	50,000		50,089
POAA Trust Fund	(24)	24		
Federal and State Grant Fund	<u>(215,485)</u>	<u>14,881</u>	<u>358,380</u>	<u>(558,984)</u>
	<u>\$ (211,681)</u>	<u>919,505</u>	<u>1,212,119</u>	<u>(504,295)</u>
Due to Current Fund	\$ 3,828	904,600	853,739	54,689
Due from Current Fund	<u>(215,509)</u>	<u>14,905</u>	<u>358,380</u>	<u>(558,984)</u>
	<u>\$ (211,681)</u>	<u>919,505</u>	<u>1,212,119</u>	<u>(504,295)</u>
Cash Disbursements	\$	900,024		
Cash Receipts			853,739	
Grants Receivable			28,145	
Appropriated Grant Reserves		14,881		
Unappropriated Grant Reserves			330,235	
Capital Fund Interest		84		
Statutory Excess		<u>4,516</u>		
		<u>\$ 919,505</u>	<u>1,212,119</u>	

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Added in <u>2021</u>	Decreased by: Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2021</u>
Current Fund:				
Appropriations	\$ 2,381	4,489		6,870
Appropriation Reserves	740		563	177
	<u>3,121</u>	<u>4,489</u>	<u>563</u>	<u>7,047</u>
Total Deferred Charges	\$ <u>3,121</u>	<u>4,489</u>	<u>563</u>	<u>\$ 7,047</u>

BOROUGH OF NORTHALE

**Schedule of Deferred Charges
N.J.S. 40A:4-55 Special Emergencies**

Current Fund

Year ended December 31, 2021

<u>Purpose</u>	<u>Date Authorized</u>	<u>Net Amount Authorized</u>	<u>1/5th of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2021</u>
Accumulated Absence Payout	Dec. 3, 2019	120,000	24,000	96,000		24,000	72,000
COVID-19	Dec. 9, 2020	88,000	17,600	88,000			88,000
Tax Maps	May 12, 2021	35,000	7,000		35,000		35,000
Accumulated Absence Payout	Oct. 20, 2021	116,579	23,316		116,579		116,579
				<u>\$ 184,000</u>	<u>151,579</u>	<u>24,000</u>	<u>\$ 311,579</u>

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2021

	Balance, Dec. 31, 2020	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed	Over- expended
Salaries and Wages Within "CAPS"					
General Government:					
Administrative and Executive	\$ 645	645		645	
Mayor and Council	4	4		4	
Financial Administration	4	4		4	
Collection of Taxes	1	1		1	
Assessment of Taxes	3	3		3	
Municipal Court	1	1		1	
Police	2,163	2,163		2,163	
Emergency Management	500	500		500	
Fire Prevention Bureau	2	2		2	
Prosecutor	2	1,112	1,109	3	
Road Repairs and Maintenance	8,033	8,033		8,033	
Recycling	54	54		54	
Board of Health	165	165		165	
Senior Center	21	21		21	
Uniform Construction Code Official	2	2		2	
Code Compliance	3	3		3	
Total Salaries and Wages Within "CAPS"	11,603	12,713	1,109	11,604	-
Other Expenses Within "CAPS"					
General Government:					
Administrative and Executive	22,586	24,925	2,749	22,176	
Mayor and Council	1	1		1	
Financial Administration	1,152	1,840	1,840		
Assessment of Taxes	497	748	250	498	
Legal Services and Costs	5,234	12,289	9,829	2,460	
Engineering	584	21,112	20,527	585	
Municipal Land Use:					
Planning Board	2,597	3,202	2,742	460	
Municipal Court	731	731		731	
Police	40,547	40,787	(365)	41,152	
First Aid Organization	974	974		974	
Emergency Management Services	500	500		500	
Insurance:					
Other Insurance	239	239		239	
Group Insurance for Employees	597	597	(1,383)	1,980	
Fire:					
Other Expenses		9,546	6,546	3,000	
Fire Hydrant Service	2	2		2	
Fire Prevention Bureau	1,048	1,235	187	1,048	
Road Repairs and Maintenance	227	5,537	5,165	372	
Garbage and Trash Removal:					

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed	Over- expended
Salaries and Wages Within "CAPS"					
Collection	69	69		69	
Disposal	69	69		69	
Recycling	90	90	(57)	147	
Public Buildings and Grounds	2,316	3,598	1,280	2,318	
Sewer Repairs and Maintenance:					
Other Expenses	245	267	21	246	
Borough of Norwood	14,000	14,000	14,000		
Board of Health	850	910	50	860	
Animal Control	539	1,090	550	540	
Senior Center	31	31		31	
Parks and Playgrounds	7,650	7,952	113	7,839	
Recreation Senior Bus	481	481		481	
Celebration of Public Events	12	12		12	
Uniform Construction Code	10,776	10,975	2,560	8,415	
Code Compliance	1,062	1,062		1,062	
Street Lighting	339	6,252	5,914	338	
Electricity	629	5,829	5,200	629	
Telephone	189	191	191		
Natural Gas	3,181	5,804	2,623	3,181	
Water	3,699	6,223	280	5,943	
Vehicle Fuel	126	2,517	2,390	127	
Contingent	155	155		155	
Public Employees' Retirement System	1	1	(14,940)	14,941	
Social Security System (O.A.S.I.)	237	237		237	
Total Other Expenses Within "CAPS"	<u>124,262</u>	<u>192,080</u>	<u>68,262</u>	<u>123,818</u>	
Other Expenses Excluded from "CAPS"					
Aid to Library (NJSA 40:54-35)					
Public Library	30,928	30,928	30,903	25	
LOSAP	1,258	1,258		1,258	
Sewer:					
Bergen County Utilities Authority	2	2		2	
Total Other Expenses Excluded from "CAPS"	<u>32,188</u>	<u>32,188</u>	<u>30,903</u>	<u>1,285</u>	
Total	<u>\$ 168,053</u>	<u>236,981</u>	<u>100,274</u>	<u>136,707</u>	
		Encumbrances \$ 68,928			
		Appropriation Reserves 168,053			
				<u>236,981</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Encumbrances
Current Fund
Year ended December 31, 2021

Balance - December 31, 2020	\$ 68,928
Increased by:	
2021 Encumbrances	<u>11,089</u>
	80,017
Decreased by:	
Transferred to Appropriation Reserves	<u>68,928</u>
Balance - December 31, 2021	<u><u>\$ 11,089</u></u>

BOROUGH OF NORTHVALE
Schedule of Accounts Payable
Current Fund
Year ended December 31, 2021

Balance - December 31,	\$ <u>14,000</u>
Decreased by:	
Disbursements	<u><u>\$ 14,000</u></u>

BOROUGH OF NORTHVALE

**Schedule of Due from/(to) State of New Jersey -
Senior Citizens' and Veterans' Deductions**

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020		\$	(8,261)
Increased by:			
Senior Citizen Deductions per Tax Duplicate	\$	5,000	
Veteran Deductions per Tax Duplicate		<u>24,250</u>	
			<u>29,250</u>
			20,989
Decreased by:			
Cash Receipts			<u>29,250</u>
Balance, December 31, 2021		\$	<u><u>(8,261)</u></u>

BOROUGH OF NORTHVALE
Schedule of Local District School Taxes

Current Fund

Year ended December 31, 2021

Increased by:		
2021 Levy	\$	<u>10,171,165</u>
Decreased by:		
Payments	\$	<u><u>10,171,165</u></u>

Schedule of Regional High School Taxes

Current Fund

Year ended December 31, 2021

Increased by:		
2021 Levy	\$	<u>5,952,801</u>
Decreased by:		
Payments	\$	<u><u>5,952,801</u></u>

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2021

Increased by:	
2021 Levy	\$ 2,361,433
2021 Open Space Preservation	98,903
2021 Added Taxes	<u>5,233</u>
	<u>2,465,569</u>
Decreased by:	
Payments	\$ <u>2,465,569</u>

BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$	112,061
Increased by:		
2022 Taxes Received in 2021		<u>116,587</u>
		228,648
Decreased by:		
Applied to 2021		<u>112,061</u>
Balance, December 31, 2021	\$	<u><u>116,587</u></u>

Schedule of Tax Overpayments Payable

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$	7,790
Increased by:		
Overpayments Received		<u>77,953</u>
		85,743
Decreased by:		
Overpayments Refunded		<u>22,437</u>
Balance, December 31, 2021	\$	<u><u>63,306</u></u>

BOROUGH OF NORTHVALE
Schedule of Due to State of New Jersey
for Marriage Licenses/Domestic Partnerships

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$	300
Increased by:		
Cash Receipts		400
		700
Decreased by:		
Cash Disbursements		600
Balance, December 31, 2021	\$	100

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$	3,561
Increased by:		
Receipts	\$	17,118
		20,679
Decreased by:		
Disbursements		7,821
Balance, December 31, 2021	\$	12,858

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, Dec. 31, <u>2021</u>
Reserve for:				
Tax Sale Premiums	\$ 88,060		80,412	7,648
McGuire Senior Center	150,941	2,238	3,390	149,789
Senior Citizens Van Donations	2,681			2,681
Cultural Arts Committee	3,379			3,379
Beautification Committee	4,050			4,050
Public Events Celebration	12,714			12,714
Sale of Property		670,596	165,000	505,596
	<u>\$ 261,825</u>	<u>672,834</u>	<u>248,802</u>	<u>685,857</u>
		Cash \$ 672,834	83,802	
Transfer to Current Fund Budget			<u>165,000</u>	
		<u>\$ 672,834</u>	<u>248,802</u>	

BOROUGH OF NORTHVALE

Schedule of Emergency Notes Payable

Current Fund

Year ended December 31, 2021

Purpose	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2020	Increased	Decreased	Balance, Dec. 31, 2021
Accumulated Absence Payout	Dec. 23, 2019	9/23/2021	9/23/2022	0.320%	\$ 96,000	72,000	96,000	72,000
Tax Maps	Sept. 23, 2021	9/23/2021	9/23/2022	0.320%		35,000		35,000
Accumulated Absence Payout	Dec. 17, 2021	12/17/2021	9/23/2022	0.360%		116,500		116,500
					\$ 96,000	223,500	96,000	223,500

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Grants

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	2021 Budget Revenue	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2021</u>
Purpose:				
Municipal Alliance	\$ 574			574
Municipal Alliance FY - 2017	3,223			3,223
Municipal Alliance FY - 2019	171			171
Municipal Alliance FY - 2020	9,520			9,520
Municipal Alliance FY - 2021	2,390		1,824	566
Bergen County CARES Act	38,594			38,594
Alcohol Education Rehabilitation Fund - 2021		454	454	
Body Armor Replacement Fund - 2021		1,359	1,359	
Clean Communities - 2021		10,040	10,040	
Northvale Junior Police - 2021		375	375	
Recycling Tonnage - 2021		14,093	14,093	
Recycling Tonnage - 2021		14,571	14,571	
FEMA Fire Department COVID-19 Grant		2,260	2,260	
	<u>\$ 54,472</u>	<u>43,152</u>	<u>44,976</u>	<u>52,648</u>
		Cash Receipts	28,145	
		Unappropriated Grant Reserves	<u>16,831</u>	
			<u>\$ 44,976</u>	

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Federal and State Grant Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	,	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2021</u>
Due from/(to):					
General Capital Fund	(22,875)				(22,875)
Current Fund	<u>215,485</u>		<u>358,380</u>	<u>14,881</u>	<u>558,984</u>
	<u>\$ 192,610</u>		<u>358,380</u>	<u>14,881</u>	<u>536,109</u>
Due to Federal and State Grant Fund	215,485		358,380	14,881	558,984
Due from Federal and State Grant Fund	<u>(22,875)</u>				<u>(22,875)</u>
	<u>\$ 192,610</u>		<u>358,380</u>	<u>14,881</u>	<u>536,109</u>
Grants Receivable		\$	28,145		
Unappropriated Reserves			330,235		
Appropriated Reserves				<u>14,881</u>	
		\$	<u>358,380</u>	<u>14,881</u>	

BOROUGH OF NORTHVALE

Schedule of Appropriated Reserves for

State and Federal Grants

Year ended December 31, 2021

	Balance, Dec. 31, 2020	Transferred from 2021 Budget	Expended	Balance, Dec. 31, 2021
Alcohol Education Rehabilitation Fund - 2021	\$	454		454
Alcohol Education Rehabilitation Fund - 2018	146			146
Alcohol Education Rehabilitation Fund - 2016	181			181
Alcohol Education Rehabilitation Fund - 2015	295			295
Alcohol Education Rehabilitation Fund - 2014	236			236
Alcohol Education Rehabilitation Fund - 2012	108			108
Alcohol Education Rehabilitation Fund - 2011	647			647
Alcohol Education Rehabilitation Fund - 2010	1,508			1,508
Alcohol Education Rehabilitation Fund - 2009	928		669	259
Alcohol Education Rehabilitation Fund - 2008	381		381	
Drunk Driving Enforcement Fund - 2015	4,333			4,333
Drunk Driving Enforcement Fund - 2013	377			377
Drunk Driving Enforcement Fund - 2012	2,335			2,335
Drunk Driving Enforcement Fund - 2011	3,391			3,391
Drunk Driving Enforcement Fund - 2010	3,433			3,433
Drunk Driving Enforcement Fund - 2009	2,856			2,856
Drunk Driving Enforcement Fund - 2008	4,708			4,708
Drunk Driving Enforcement Fund - 2007	3,072			3,072
Clean Communities - 2021		10,040		10,040
Clean Communities - 2020	9,435			9,435
Clean Communities - 2019	10,464			10,464
Clean Communities - 2018	9,375			9,375
Clean Communities - 2017	9,800			9,800
Clean Communities - 2016	11,536			11,536
Clean Communities - 2015	10,088			10,088
Clean Communities - 2014	1,513			1,513
Recycling Tonnage - 2021		14,093		14,093
Recycling Tonnage - 2020		14,571		14,571
Recycling Tonnage - 2019	1,645			1,645
Recycling Tonnage - 2017	29,072			29,072
Recycling Tonnage - 2016	33,209		5,681	27,528
Recycling Tonnage - 2014	824		824	
Body Armor Replacement Fund - 2021		1,359		1,359
Body Armor Replacement Fund - 2020	1,675			1,675
Body Armor Replacement Fund - 2019	1,865			1,865
Body Armor Replacement Fund	474			474
Municipal Alliance - FY2021	6,252			6,252
Municipal Alliance - FY2020	8,527		3,771	4,756
Northvale Junior Police - 2021		375		375
Northvale Junior Police - 2018	6,731		555	6,176
USDA Food Program - 2016	792			792
USDA Food Program - 2015	2,068			2,068
USDA Food Program - 2014	1,901			1,901
Donations - Mary McDougal	1,685			1,685
Northvale Drug Alliance-Golf Outing	1,142			1,142
Senior Citizens Caregiver	575			575
Senior Citizens Computer Grant	2,074			2,074
Bergen County CARES Act	38,594		3,000	35,594
FEMA Fire Department COVID-19 Grant		2,260		2,260
	<u>\$ 230,251</u>	<u>43,152</u>	<u>14,881</u>	<u>\$ 258,522</u>
Appropriation By 40A:4-87 \$		<u>43,152</u>		

BOROUGH OF NORTHVALE

Schedule of Unappropriated Reserves for

State and Federal Grants

Year ended December 31, 2021

<u>Grant</u>	Balance, Dec. 31, 2020	Transferred to 2021 Budget	Cash Received	Balance, Dec. 31, 2021
FEMA Grant - Fire Department	\$ 2,260	2,260		
Recycling Tonnage Grant	14,571	14,571		
American Recovery Plan Grant			257,851	257,851
FEMA COVID-19 Assistance Grant			39,029	39,029
FEMA Hurricane ISAIAS Grant			29,860	29,860
Highway Traffic Safety Grant			3,495	3,495
	<u>16,831</u>	<u>16,831</u>	<u>330,235</u>	<u>330,235</u>

BOROUGH OF NORTHVALE
Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2021

	Animal Trust Fund	Other Funds	Unemployment Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2020	\$ 13,958	679,040	91,528	466	1,263,989
Increase by Receipts:					
License Fees	3,612				
Due to State of New Jersey	440				
Escrow Deposits		182,660			
Various Reserves		366,140			36,423
Borough Contributions			4,150		
Employee Deductions					
Interfunds	9	350,024			
Interest on Investments	4,061	227	48		241,126
	18,019	899,051	4,198		277,549
		1,578,091	95,726	466	1,541,538
Decrease by Payments:					
Due to State of New Jersey	440				
Escrow Expenditures		134,903			
Interfunds	3,739	100,000			
Various Reserves		307,910			59,736
Benefit Payments					2,450
Account Charges/Tax Withholdings	4,179	542,813			62,186
Balance, December 31, 2021	\$ 13,840	1,035,278	95,726	466	1,479,352

BOROUGH OF NORTHVALE

**Schedule of Due to State
of New Jersey**

Animal Trust Fund

Year ended December 31, 2021

Increased by:

State Fees Collected

\$ 440

Decreased by:

Paid to State of New Jersey

\$ 440

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2021

Balance, December 31, 2020		\$	10,219
Increased by:			
Dog License Fees Collected	\$	3,229	
Cat License Fees Collected		303	
Late Fees		80	
Interest on Investments		<u>9</u>	
			<u>3,621</u>
			13,840
Decreased by:			
Statutory Excess			<u>4,516</u>
Balance, December 31, 2021		\$	<u><u>9,324</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	4,318
2019	<u>5,006</u>
	\$ <u><u>9,324</u></u>

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2021

Balance, December 31, 2020	\$ 278,884
Increased by:	
Escrow Deposits	<u>182,660</u>
	461,544
Decreased by:	
Escrow Disbursements/Refunds	<u>134,903</u>
Balance, December 31, 2021	<u><u>\$ 326,641</u></u>

BOROUGH OF NORTHVALE

Schedule of Miscellaneous Reserves

Other Trust Funds

Year ended December 31, 2021

	Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2021</u>
Reserve for:				
Parking Offenses Adjudication Act \$	2,467	29		2,496
Archives Commission	413			413
McGuire Food Program	6,668	3		6,671
Recreation	54,206	92,623	54,145	92,684
Recreation - Summer Recreation	14,865	36,025	39,405	11,485
Recreation - Umpire Fees	869	5,501	3,580	2,790
Police DEA	2,733	191,007	161,456	32,284
Police DEA - Treasury	85,326	19,210	46,000	58,536
Public Defender	7,235	204		7,439
Affordable Housing	488,916	21,765	3,324	507,357
	<u>488,916</u>	<u>21,765</u>	<u>3,324</u>	<u>507,357</u>
	<u>\$ 663,698</u>	<u>366,367</u>	<u>307,910</u>	<u>722,155</u>
		Cash Receipts \$ 366,140		
		Interest on Investments 227		
		Cash Disbursements	<u>307,910</u>	
		<u>\$ 366,367</u>	<u>307,910</u>	

BOROUGH OF NORTHVALE

**Schedule of Reserve for
Unemployment Compensation**

Unemployment Trust Fund

Year ended December 31, 2021

Balance, December 31, 2020		\$	91,528
Increased by:			
Employee Deductions	\$	4,150	
Interest on Investments		<u>48</u>	
			<u>4,198</u>
Balance, December 31, 2021		\$	<u><u>95,726</u></u>

BOROUGH OF NORTHVALE

Schedule of Interfunds

Trust Funds

Year ended December 31, 2021

	Balance due from/(to) <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance due from/(to) <u>Dec. 31, 2021</u>
Current Fund:				
Animal Trust Fund	\$ (3,739)	3,739	4,516	(4,516)
Other Trust Fund:				
Escrow Trust Fund	(89)		50,000	(50,089)
POAA Trust Fund	24		24	
General Capital Fund:				
Other Trust Fund:				
Escrow Trust Fund	(36,393)			(36,393)
Affordable Housing Trust Fund	300,000	100,000	300,000	100,000
	<u>\$ 259,803</u>	<u>103,739</u>	<u>354,540</u>	<u>9,002</u>
Due to Trust Funds	\$ 300,024	100,000	300,024	100,000
Due from Trust Funds	<u>(40,221)</u>	<u>3,739</u>	<u>54,516</u>	<u>(90,998)</u>
	<u>\$ 259,803</u>	<u>103,739</u>	<u>354,540</u>	<u>9,002</u>
Cash Disbursements	\$	103,739		
Cash Receipts			350,024	
Statutory Excess			4,516	
		<u>\$ 103,739</u>	<u>354,540</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Open Space Trust Fund
Year ended December 31, 2021

Balance, December 31, 2020	\$ <u>466</u>
Balance, December 31, 2021	\$ <u><u>466</u></u>

Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2021

Balance, December 31, 2020	\$ 36,423
Increased by:	
2021 Service Award Contributions	<u>43,000</u>
	79,423
Decreased by:	
Contributions Received	<u>36,423</u>
Balance, December 31, 2021	\$ <u><u>43,000</u></u>

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2021

Balance, December 31, 2020		\$ 1,300,412
Increased by:		
Investment Appreciation	\$ 241,126	
Borough Contributions	<u>43,000</u>	
		<u>284,126</u>
		1,584,538
Decreased by:		
Benefit Payments	\$ 59,736	
Account Charges/Tax Withholdings	<u>2,450</u>	
		<u>62,186</u>
Balance, December 31, 2021		\$ <u><u>1,522,352</u></u>

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2021

Balance, December 31, 2020		\$	81,952
Increased by Receipts:			
Interest Earned	\$	84	
Interfunds		950,000	
Capital Improvement Fund		40,000	
Bond Anticipation Notes		<u>897,000</u>	
			<u>1,887,084</u>
			1,969,036
Decreased by Disbursements:			
Budget Revenue - Fund Balance			
Interfunds		1,150,000	
Improvement Authorizations		<u>685,535</u>	
			<u>1,835,535</u>
Balance, December 31, 2021		\$	<u><u>133,501</u></u>

BOROUGH OF NORTHVALE

Analysis of General Capital Cash

General Capital Fund

December 31, 2021

Fund Balance	\$ 869
Capital Improvement Fund	16,802
Interfunds Receivable	(59,268)
Interfunds Payable	100,084
Grants/Contributions Receivable	(1,195,771)

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
901-2011	Site Investigation/Remedial Inv. on Borough Owned Property	(55,000)
903-2011	Refurbishing of Hogan's Park	(88,980)
942-2014	Acq. of Property/Equipment/Machinery/Vehicles	(4,469)
964-2016	Various Capital Improvements	(43,346)
973-2017	Road Improvement Program	76,123
978-2017	Various Capital Improvements	80,292
989-2018	Road Improvement Program	48,018
992-2018	Various Capital Improvements	33,647
996-2019	Various Capital Improvements	29,348
1009-2019	Acquisition of Mason Dump Truck for DPW	3,910
1012-2019	New Radio Equipment for Fire Dept.	4,141
1018-2020	Tax Appeal Refunding	25,560
1022-2020	Various Capital Improvements	176,205
1036-2021	Various Capital Improvements	309,419
1040-2021	Road Improvement Program	610,000
1041-2021	Various Capital Improvements	65,917
		<u>133,501</u>
		<u>\$ 133,501</u>

BOROUGH OF NORTHVALE

**Schedule of Deferred Charges to
Future Taxation - Funded**

General Capital Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$ 5,370,000
Decreased by:	
Paid via Budget Appropriation	<u>425,000</u>
Balance, December 31, 2021	<u><u>\$ 4,945,000</u></u>

BOROUGH OF NORTHALE

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2021

Ordinance Number	Improvement Description	Balance, Dec. 31, 2020	2021 Authorization	Reduced in 2021	Balance, Dec. 31, 2021	Bond Anticipation Notes	Analysis of Balance	
							Expenditures	Unexpended Improvement Authorization
901-2011	Site Investigation/Remedial Inv. on Borough Owned Property	55,000			55,000	55,000		
903-2011	Refurbishing of Hogan's Park	88,980			88,980	88,980		
942-2014	Acq of Property/Equip/Machinery/Vehicles	4,469			4,469	4,469		
964-2016	Various Capital Improvements	66,000			66,000	43,346	22,654	
1012-2019	New Radio Equipment for Fire Dept.	80,000			80,000	80,000		
1018-2020	Tax Appeals	350,000		115,000	235,000	235,000		
1022-2020	Various Capital Improvements	551,000			551,000	550,000	1,000	
1036-2021	Various Capital Improvements		618,000		618,000	618,000		
1040-2021	Road Improvement Program		213,000		213,000	213,000		
1041-2021	Various Capital Improvements		66,000		66,000	66,000		
		\$ 1,195,449	897,000	115,000	1,977,449	1,762,000	191,795	23,654

Less: Unexpended Proceeds of Bond Anticipation Notes

Ord.	Amount
1018-2020	25,560
1022-2020	176,205
1036-2021	309,419
1040-2021	610,000
1041-2021	65,917
	<u>1,187,101</u>

Improvement Authorizations - Unfunded 1,210,755

\$ 23,654

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

General Capital Fund

Year ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2021</u>
Current Fund	\$	850,000	850,084	(84)
Escrow Trust Fund	36,393			36,393
Federal and State Grant Fund	22,875			22,875
Affordable Housing Trust Fund	(300,000)	300,000	100,000	(100,000)
Unemployment Trust Fund				
	<u>\$ (240,732)</u>	<u>1,150,000</u>	<u>950,084</u>	<u>\$ (40,816)</u>
Due to General Capital Fund	\$ 59,268			\$ 59,268
Due from General Capital Fund	<u>(300,000)</u>	<u>1,150,000</u>	<u>950,084</u>	<u>(100,084)</u>
	<u>\$ (240,732)</u>	<u>1,150,000</u>	<u>950,084</u>	<u>\$ (40,816)</u>
Cash Disbursements	\$	1,150,000		
Interest Earned			84	
Cash Receipts			<u>950,000</u>	
		<u>\$ 1,150,000</u>	<u>950,084</u>	

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2021

Balance, December 31, 2020	\$ 742,996
Increased by:	
Grant and Contribution Awards	<u>452,775</u>
Balance, December 31, 2021	<u>\$ 1,195,771</u>

Analysis of Balance

<u>Department of Transportation</u>		
School Safety Program	\$ 1,984	
Improvements to Veteran's Drive	259	
Improvements to Veteran's Drive, Phase II	11,412	
Improvements to White Avenue	39,300	
Livingston Street Sidewalks Phase I & II	4,812	
Livingston Street Streetscape	132,990	
Various Capital Improvements	383,627	
Livingston Street & Paris Avenue Improvements	<u>397,000</u>	
		971,384
<u>Bergen County Open Space Trust Fund:</u>		
Imps. to Veteran's Park	3,544	
Improvement to Recreation Fields-Schools	1,752	
Construction of Gazebo at Hogan's Park	20,180	
Walkways for Gazebo at Hogan's Park	20,000	
Construction of Butterfly Garden at Veteran's Pa	<u>20,125</u>	
		65,601
<u>Bergen County Direct Contributions:</u>		
Improvements to Tappan Road	83,136	
Reconstruction of Livingston Street	40,000	
Construction of Pavilion at Senior Center	<u>35,650</u>	
		<u>158,786</u>
		<u>\$ 1,195,771</u>

BOROUGH OF NORTHVALE

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2021

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2020	Increased	Decreased	Balance, Dec. 31, 2021
1012-19	New Radio Equipment for Fire Dept	12/18/2020	12/17/2021	12/17/2022	0.36%	80,000			80,000
1018-20	Tax Appeal Refunding	12/18/2020	12/17/2021	12/17/2022	0.36%	350,000			235,000
1022-18	Various Capital Improvements	12/18/2020	12/17/2021	12/17/2022	0.36%	550,000		115,000	550,000
1036-21	Various Capital Improvements	12/17/2021	12/17/2021	12/17/2022	0.36%		618,000		618,000
1040-21	Road Improvement Program	12/17/2021	12/17/2021	12/17/2022	0.36%		213,000		213,000
1041-21	Various Capital Improvements	12/17/2021	12/17/2021	12/17/2022	0.36%		66,000		66,000
						\$ 980,000	\$ 897,000	\$ 115,000	\$ 1,762,000
					Cash		\$ 897,000	\$ 115,000	

BOROUGH OF NORTHALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2021

Ordinance Number	Description	Ordinance Date	Amount	Balance, Dec. 31, 2020		Paid or Charged	Balance, Dec. 31, 2021	
				Funded	Unfunded		Funded	Unfunded
964-2016	Various Capital Improvements	November 9, 2016	385,000		22,654			22,654
973-2017	Road Improvement Program	April 12, 2017	492,000	76,123			76,123	
978-2017	Various Capital Improvements	September 13, 2017	375,000	90,221		9,929	80,292	
989-2018	Road Improvement Program	April 11, 2018	430,000	48,018			48,018	
992-2018	Various Capital Improvements	August 1, 2018	450,000	33,647			33,647	
996-2019	Various Capital Improvements	May 14, 2019	731,000	98,300		68,952	29,348	
1009-2019	Acquisition of Mason Dump Truck for DPW	September 11, 2019	65,000	3,910			3,910	
1012-2019	New Radio Equipment for Fire Dept.	December 3, 2019	84,000	4,141			4,141	
1018-2020	Tax Appeal Refunding	June 10, 2020	350,000		25,560			25,560
1022-2020	Various Capital Improvements	August 12, 2020	600,000		384,195	206,990	177,205	
1036-2021	Various Capital Improvements	June 9, 2021	670,000			360,581	309,419	
1040-2021	Road Improvement Program	September 14, 2021	610,000				610,000	
1041-2021	Various Capital Improvements	September 14, 2021	105,000			39,083	65,917	
			\$ 354,360		432,409	685,535	275,479	1,210,755

Grants Receivable \$	452,775
Capital Improvement Fund	55,225
Deferred Charges to Future Taxation-Unfunded	897,000
	\$ 1,385,000

BOROUGH OF NORTHVALE
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2021

Balance, December 31, 2020	\$	12,027
Increased by:		
Budget Appropriation		<u>40,000</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>35,225</u>
Balance, December 31, 2021	\$	<u><u>16,802</u></u>

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2021

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2020</u>	<u>Balance, Dec. 31, 2021</u>
901-2011	Site Investigation/Remedial Inv. On Borough Owned Property	\$ 55,000	\$ 55,000
903-2011	Refurbishing of Hogan's Park	88,980	88,980
942-2014	Acquisition of Property/Equipment/Machinery/Vehicle:	4,469	4,469
964-2016	Various Capital Improvements	66,000	66,000
1022-2020	Various Capital Improvements	1,000	1,000
		<u>\$ 215,449</u>	<u>\$ 215,449</u>

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2021

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2020	\$ <u>416</u>	<u>114</u>	<u>302</u>
Balance - December 31, 2021	\$ <u><u>416</u></u>	<u><u>114</u></u>	<u><u>302</u></u>

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2021

Balance - December 31, 2020 \$ 416

Balance - December 31, 2021 \$ 416

<u>Reconciliation - December 31, 2021</u>	<u>PATF I Account</u>	<u>PATF II Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u>114</u>	<u>302</u>	<u><u>416</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2021

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2020	\$ <u>416</u>	<u>114</u>	<u>302</u>
Balance - December 31, 2021	\$ <u><u>416</u></u>	<u><u>114</u></u>	<u><u>302</u></u>

BOROUGH OF NORTHVALE

PART II

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and
Members of the Borough Council
Borough of Northvale
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Northvale in the County of Bergen 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 July 1, 2022, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Service Awards Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Northvale's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Northvale's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Northvale'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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,



Honorable Mayor and
Members of the Borough Council
Page 2.

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.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Northvale in the accompany comments and recommendations section of this report.


Compliance and Other Matters


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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Northvale in the accompanying comments and recommendations section of this report.

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 Northvale'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 Northvale's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey



July 1, 2022

BOROUGH OF NORTHVALE

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

BOROUGH OF NORTHVALE

GENERAL COMMENTS

(continued)

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500. On July 1, 2015 the bid threshold was increased to \$40,000 and to \$44,000 on July 1, 2020 with a qualified purchasing agent.

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 Counsel's opinion should be sought before a commitment is made.

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

2020 Road Resurfacing Program

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 5, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, Public Law No. 435, which changes the rate of interest charged for delinquent taxes, has been enacted;

BE IT RESOLVED by the Mayor and Council of the Borough of Northvale that the rate of interest on delinquent taxes and Borough charges shall be at 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500 for the year 1998, except that the rate will be one thousandth of one percent per annum on the taxes for any current quarter if the taxes are paid during the first ten days following February 1st, May 1st, August 1st, and November 1st; and

BOROUGH OF NORTHVALE

**GENERAL COMMENTS
(continued)**

BE IT FURTHER RESOLVED that if the office of the Tax Collector is closed on the tenth day of February, May, August, or November, then the rate of one thousandth of one percent per annum above described shall be extended to include the first business day thereafter.

It appears from an audit of the Tax Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

There was a tax sale held on November 20, 2021.

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

<u>Year</u>	<u>Number of Liens</u>
2021	8
2020	8
2019	8

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2021, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

**BOROUGH OF NORTHVALE
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2021**

COMMENTS

FINANCE

1. *There are various outstanding grant contributions/receivables in the General Capital Fund.
2. *There were multiple instances of over-expenditures at year end resulting in deferred charges.
3. *Informal quotes were not obtained for purchases which exceeded 15% of the bid threshold as required by N.J.S.A. 40A: 11-6.1.
4. Not all prior year end interfund balances were liquidated prior to the close of the current fiscal year. (*Capital Escrow, Capital & Federal/State Grants*)
5. Eligible employees were not enrolled in the Borough's Pension Program.
6. There were several instances in which expenditures did not include approval of purchase order and appropriate authorization signature.
7. Backup was not provided or insufficient.
8. General Ledger was not provided by the client for the following funds:
 - Recreation Trust
 - Summer Recreation Trust
9. Purchase Order was not available at the time of audit.
10. The General Capital Fund has Improvement Authorizations greater than five years old that have cash deficits.
11. A detailed inventory report of fixed assets was not made available for audit.

**BOROUGH OF NORTHVALE
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2021**

RECOMMENDATIONS

FINANCE

1. *Old and outstanding grant contributions/receivables should be investigated and cancelled if deemed uncollectible.
2. *That more care be taken to ensure expenditures are not made in excess of appropriations.
3. *All purchases in excess of 15% of the bid threshold should have informal quotes obtained as required by Local Public Contracts Law.
4. All prior year interfunds should be liquidated in a timely manner.
5. That all eligible employees be updated and enrolled in the appropriate pension program.
6. All purchase order should include approval or purchase order and appropriate authorization signatures.
7. Sufficient backup for all expenditures should be provided by the client.
8. The client should provide all general ledgers at the time of the audit.
9. All purchase orders should be available at the time of audit upon request.
10. The General Capital Fund has Improvement Authorizations greater than five years old carrying cash deficits be funded through budget appropriation or issuance of debt.
11. That a detailed inventory report of all existing fixed assets be maintained and made available for audit.

Status of Prior Years Audit Findings/Recommendation

A review was performed on all prior years' recommendations and corrective action was taken on all except those with an "*".

Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 1, 2022