

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information
December 31, 2019
(With Independent Auditors' Report Thereon)**

BOROUGH OF NORTHVALE

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BOROUGH OF NORTHVALE

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019



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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

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, 2019 and 2018, 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 statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Northvale as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

The Honorable Mayor and
Members of the Borough Council
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Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 10 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,086,317 and \$914,278 for 2019 and 2018, 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, 2019 and 2018, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 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.

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 supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information listed in the table of contents are 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 provide any assurance on it.


The Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2020 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

September 1, 2020

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2019 and 2018

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Current Fund			
Cash	A-4	\$ 1,046,872	1,040,326
Cash - Change Funds	A-5	200	200
Cash - Petty Cash	A-6	400	200
		<u>1,047,472</u>	<u>1,040,726</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Tax Receivable	A-7	252,418	202,368
Tax Title Liens Receivable	A-8	68,758	64,938
Foreclosed Property - Property Acquired for Taxes - Assessed Valuation	A-9	2,156,700	2,156,700
Revenue Accounts Receivable	A-10	2,312	3,908
Interfunds Receivable:			
Animal License Trust Fund	A-11	4,029	7,257
General Capital Fund	A-11		5,000
Other Trust Fund - Escrow	A-11	89	89
		<u>2,484,306</u>	<u>2,440,260</u>
Deferred Charges:			
Deficit in Operations	A-12	48,483	14,119
Overexpenditure of Appropriation Reserves	A-12	563	
Emergency Authorizations	A-13		240,000
Special Emergency Authorizations (40A:4-55)	A-14	120,000	22,500
		<u>169,046</u>	<u>276,619</u>
		<u>3,700,824</u>	<u>3,757,605</u>
Federal and State Grant Fund:			
Grants Receivable	A-27	13,488	8,447
Due from Current Fund	A-28	198,455	190,864
		<u>211,943</u>	<u>199,311</u>
		<u>\$ 3,912,767</u>	<u>3,956,916</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2019 and 2018

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Current Fund			
Liabilities:			
Appropriation Reserves	A-3/A-15	82,525	26,523
Reserve for Encumbrances	A-16	49,646	69,721
Due to State of New Jersey - Senior Citizen and Veteran's Deductions	A-17	7,675	7,531
Prepaid Taxes	A-21	115,853	84,152
Tax Overpayments Payable	A-22		250
Marriage License Fees Payable	A-23	150	400
Reserve for Various Reserves	A-25	369,965	387,854
Special Emergency Note Payable	A-26	120,000	
Interfund Payable:			
Other Trust Fund - Police DEA	A-11		4,851
Other Trust Fund - POAA	A-11	50	
Federal and State Grant Fund	A-11	198,455	190,864
		<u>944,319</u>	<u>772,146</u>
Reserve for Receivables		2,484,306	2,440,260
Fund Balance	A-1	272,199	545,199
		<u>3,700,824</u>	<u>3,757,605</u>
Federal and State Grant Fund			
Appropriated Reserves	A-29	186,368	176,236
Due to General Capital Fund	A-28	22,875	22,875
Unappropriated Reserves	A-30	2,700	200
		<u>211,943</u>	<u>199,311</u>
		<u>\$ 3,912,767</u>	<u>3,956,916</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and other income realized:		
Fund Balance Utilized	\$ 273,000	665,000
Miscellaneous Revenue Anticipated	1,768,880	1,698,267
Receipts from Delinquent Taxes	202,368	208,574
Receipts from Current Taxes	25,108,126	24,186,048
Non-Budget Revenues	101,076	98,875
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	16,653	1,249
Appropriated Grant Reserves Cancelled		20,289
Interfunds Returned	<u>12,257</u>	<u>17,500</u>
Total Income	<u>27,482,360</u>	<u>26,895,802</u>
Expenditures - Budget Appropriations:		
Appropriations		
Salaries and Wages	3,334,354	3,546,980
Other Expenses	3,884,624	3,640,802
Deferred Charges and Statutory Expenditures	1,194,476	967,265
Capital Improvements	25,000	28,500
Municipal Debt Service	706,182	730,555
County Taxes	2,454,376	2,402,773
Amount Due County for Added and Omitted Taxes	2,775	4,311
Local District School Tax	9,784,157	9,512,199
Regional High School Tax	6,079,925	5,891,951
Grants Receivable Cancelled		11,734
Interfunds Advanced		4,851
Prior Year Senior Citizen Deductions Disallowed		1,500
Overexpenditure of Appropriation Reserves	563	
Tax Court Judgements	<u>184,974</u>	<u>14,348</u>
Total Expenditures	<u>27,651,406</u>	<u>26,757,768</u>
Excess/(Deficit) in Revenues	<u>(169,046)</u>	<u>138,034</u>
Adjustments to Income before Surplus		
Expenditures Included Above Which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>120,563</u>	<u>240,000</u>
Statutory Excess to Surplus		378,034
Deficit in Operations to be Raised in Budget of Succeeding Year	<u>(48,483)</u>	
Fund Balance, January 1	<u>545,199</u>	<u>832,165</u>
	545,199	1,210,199
Decreased by Utilization as Anticipated Revenue	<u>273,000</u>	<u>665,000</u>
Fund Balance, December 31	<u>\$ 272,199</u>	<u>545,199</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	Excess or <u>(deficit)</u>
Fund Balance Anticipated	\$ 273,000	273,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverage	\$ 15,000	15,304	304
Other	26,000	11,305	(14,695)
Fees and Permits:			
Construction Code Official	171,552	221,711	50,159
Other	71,000	74,169	3,169
Fines - Municipal Court - Northvale	63,000	40,159	(22,841)
Interest and Costs on Taxes	55,000	64,762	9,762
Interest on Investments and Deposits	51,000	54,876	3,876
Consolidated Municipal Property Tax Relief Act	561,305	561,305	
Borough of Rockleigh - Police/Court Services	312,000	312,000	
Borough of Rockleigh - Public Works Services	20,000	20,000	
Public and Private Programs Offset by Appropriations:			
Municipal Alliance Grant	9,520	9,520	
Recycling Tonnage Grant	11,462	11,462	
Clean Communities Grant	10,464	10,464	
Body Armor Grant	1,865	1,865	
Uniform Fire Safety Act	36,000	35,906	(94)
Donation - Senior Center	6,000	5,912	(88)
Cable TV Franchise Fees	65,000	65,034	34
Senior Van Driver - Senior Financial Assoc	24,000	24,000	
Compost Program - Hillsdale	50,000	32,126	(17,874)
General Capital Fund Balance	130,000	130,000	
Reserve for Payment of Debt	67,000	67,000	
	<u>1,757,168</u>	<u>1,768,880</u>	<u>11,712</u>
Receipts from Delinquent Taxes	200,000	202,368	2,368
Subtotal - General Revenues	<u>2,230,168</u>	<u>2,244,248</u>	<u>14,080</u>
Municipal Budget - Local Tax for Municipal Purposes	6,698,913		
Minimum Library Tax	<u>329,820</u>	<u>7,020,893</u>	<u>(7,840)</u>
Budget Totals	<u>\$ 9,258,901</u>	9,265,141	<u>6,240</u>
Non-Budget Revenues		<u>101,076</u>	
		<u>\$ 9,366,217</u>	

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	Excess or (deficit)
Analysis of Realized Revenues:			
Current Tax Collections		<u>25,108,126</u>	
Allocated to:			
Local District School		9,784,157	
Regional High School		6,079,925	
County (Including Added County Taxes)		<u>2,457,151</u>	
		<u>18,321,233</u>	
Balance for Support of Municipal Budget Appropriation		6,786,893	
Add Appropriation Reserve for Uncollected Taxes		<u>234,000</u>	
Amount for Support of Municipal Budget Appropriation		<u>\$ 7,020,893</u>	
Receipts from Delinquent Taxes - Delinquent Tax			
Delinquent Tax Collections		<u>\$ 202,368</u>	
Analysis of Non-Budget Revenues:			
Miscellaneous Revenue not Anticipated:			
Admin Fees - SC/VT Deductions & Homestead Rebates		\$ 1,015	
Payment in Lieu of Taxes		10,087	
Insurance Dividends from JIF		8,327	
Insurance Reimbursements		56,180	
Recycling		7,226	
Senior Van Rides		2,002	
Sewer Connection Fees		943	
Duplicate Tax Bills		1,880	
Property Owners List		440	
Refunds & Miscellaneous		<u>12,976</u>	
		<u>\$ 101,076</u>	

See accompanying notes to financial statements.

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
General Government:					
Administrative and Executive:					
Salaries and Wages	\$ 121,207	136,207	121,206	15,001	
Other Expenses	100,000	85,000	84,139	861	
Mayor and Council					
Salaries and Wages	29,328	29,328	29,328		
Other Expenses	500				
Financial administration:					
Salaries and Wages	72,523	76,523	76,458	65	
Other Expenses	15,000	27,000	26,918	82	
Annual Audit	40,000	34,500	34,250	250	
Collection of Taxes:					
Salaries and Wages	64,183	64,183	64,183	10	
Other Expenses	10,000	10,500	10,490		
Assessment of taxes:					
Salaries and Wages	21,678	21,678	21,678		
Other Expenses	5,000	12,900	12,847	53	
Legal services and costs:					
Other Expenses	90,000	94,000	93,994	6	
Engineering services and costs:					
Other Expenses	90,000	93,000	88,537	4,463	
Municipal Land Use Law NJSA (40:55D-1)					
Planning Board:					
Salaries and Wages	4,607	4,607	4,607		
Other Expenses	10,000	11,300	11,244	56	
Municipal Court					
Salaries and Wages	79,260	59,260	58,613	647	
Other Expenses	6,000	12,500	12,084	416	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
General Appropriations					
Public Defender					
Salaries and Wages	5,032	5,032	5,032		
Public Safety:					
Police:					
Salaries and Wages	1,900,000	2,050,000	2,049,941	59	
Other Expenses:	95,000	73,000	56,842	16,158	
Interboro Radio	64,958	64,958	64,958		
First Aid Organization					
Ambulance Other Expenses	12,500	12,500	12,500		
Other Expenses	2,500	1,050	1,033	17	
Emergency Management Services:					
Salaries and Wages	500				
Other Expenses	500				
Insurance:					
Workers Compensation	129,340	129,340	129,340		
Other Insurance	8,500	7,900	7,822	78	
Liability Insurance	128,130	128,130	128,129	1	
Group Insurance for Employees	530,000	515,000	510,092	4,908	
Fire:					
Other Expenses	46,000	46,500	44,825	1,675	
Rental of Fire House	28,090	28,090	28,090		
Fire Hydrant Service	81,000	79,600	79,550	50	
Fire Prevention Bureau:					
Salaries and Wages	38,994	37,994	37,702	292	
Other Expenses	2,000	2,300	2,256	44	
Prosecutor:					
Salaries and Wages	12,853	12,853	12,853		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	640,000	620,400	620,360	40	
Other Expenses	125,000	140,000	138,865	1,135	
Sanitation:					
Garbage and Trash Removal					
Collection	236,000	236,650	236,627	23	
Disposal	236,000	236,600	236,596	4	
Recycling:					
Salaries and Wages	7,229	7,229	7,229		
Other Expenses	10,000	10,000	9,829	171	
Public Buildings and Grounds					
Other Expenses	40,000	59,000	57,625	1,375	
Sewer Repairs and Maintenance:					
Other Expenses	25,000	27,700	27,686	14	
Borough of Norwood	14,000	14,000		14,000	
Health and Welfare:					
Board of Health:					
Salaries and Wages	18,741	18,741	18,741		
Other Expenses	32,000	32,000	31,877	123	
Animal Control					
Other Expenses	7,500	7,000	6,840	160	
Recreation and Education:					
Senior Center					
Salaries and Wages	40,000	40,000	40,000		
Other Expenses	40,000	40,000	40,000		
Senior Bus Trips:					
Other Expenses	8,500	9,700	9,677	23	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Celebration of Public Events					
Other Expenses	5,000	5,000	5,000		
Senior Van Driver:					
Salaries and Wages	22,000	22,000	22,000		
Other Expenses	2,000	2,000	2,000		
Parks and Playgrounds:					
Other Expenses	25,000	25,000	24,580	420	
Uniform Construction Code Official:					
Salaries and Wages	103,399	109,199	109,106	93	
Other Expenses	7,500	12,200	12,173	27	
Code Compliance:					
Salaries and Wages	18,020	19,120	19,080	40	
Other Expenses	1,000	1,000	908	92	
UNCLASSIFIED:					
Utilities:					
Electricity	69,000	64,000	63,411	589	
Street Lighting	61,000	59,500	57,872	1,628	
Telephone	39,000	37,500	37,349	151	
Water	21,000	12,000	12,000		
Natural Gas	28,000	23,000	22,971	29	
Vehicle Fuel	43,000	35,000	35,000		
Total Operations within "CAPS"	<u>5,770,072</u>	<u>5,892,272</u>	<u>5,826,943</u>	<u>65,329</u>	
Contingent	<u>275</u>	<u>275</u>		<u>275</u>	
Total Operations Including Contingent-within "CAPS"	<u>5,770,347</u>	<u>5,892,547</u>	<u>5,826,943</u>	<u>65,604</u>	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

General Appropriations	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
Detail:					
Salaries and Wages	3,199,554	3,334,354	3,318,117	16,237	
Other Expenses	2,570,793	2,558,193	2,508,826	49,367	
	5,770,347	5,892,547	5,826,943	65,604	
Deferred Charges and Statutory Expenditures:					
DEFERRED CHARGES					
Emergency Authorization	138,000	138,000	138,000		
Overexpenditure Appropriation Reserves	14,119	14,119	14,119		
Expenditure without Appropriation (Capital)	31,836	31,836	31,836		
Contribution to:					
Social Security System (O.A.S.I.)	255,000	252,200	252,122	78	
Police and Firemen's Retirement System of NJ	478,413	478,413	478,413		
Public Employees' Retirement System	154,908	154,908	154,908		
Defined Contribution Retirement Program	500	500	488	12	
Total Deferred and Statutory Expenditures - Municipal within "CAPS"	1,072,776	1,069,976	1,069,886	90	
Total General Appropriations for Municipal Purposes within "CAPS"	6,843,123	6,962,523	6,896,829	65,694	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Operations Excluded from "CAPS":					
Aid to Library (NJSA 40:54-35)					
Public Library	329,820	329,820	313,022	16,798	
Sewer:					
Bergen County Utilities Authority	580,700	580,700	580,670	30	
Contribution to:					
LOSAP	50,000	50,600	50,597	3	
Total Other Operations - Excluded from "CAPS"	960,520	961,120	944,289	16,831	
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	20,000	20,000	20,000		
Total Shared Services Agreements	332,000	332,000	332,000		
Public and Private Programs Offset by Revenues					
Municipal Alliance Grant	9,520	9,520	9,520		
Recycling Tonnage Grant	11,462	11,462	11,462		
Clean Communities Grant	10,464	10,464	10,464		
Body Armor Grant	1,865	1,865	1,865		
Total Public and Private Offset by Revenues	33,311	33,311	33,311		
Total Operations Excluded from "CAPS"	1,325,831	1,326,431	1,309,600	16,831	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Detail:					
Salaries and Wages	1,325,831	1,326,431	1,309,600	16,831	
Other Expenses	1,325,831	1,326,431	1,309,600	16,831	
Capital Improvements - Excluded From "CAPS"					
Down Payments on Improvements	25,000	25,000	25,000		
Total Capital Improvements - Excluded from "CAPS"	25,000	25,000	25,000		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	450,000	450,000	450,000		
Payment of Bond Anticipation Notes and Capital Notes	23,588	23,588	23,588		
Interest on Bonds	232,859	232,859	232,594		265
Interest on Notes					
Total Municipal Debt Service-Excluded from "CAPS"	706,447	706,447	706,182		265
Deferred Charges:					
Special Emergency Authorizations-					
Emergency Authorization	102,000	102,000	102,000		
5 years (N.J.S. 40A:4-55)	22,500	22,500	22,500		
Total Deferred Charges - Municipal - Excluded from "CAPS"	124,500	124,500	124,500		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2019

	Appropriation		Expended 2019		Unexpended Balance Cancelled
	Budget	Total for 2019 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,181,778	2,182,378	2,165,282	16,831	265
Total General Appropriations - Excluded from "CAPS"	2,181,778	2,182,378	2,165,282	16,831	265
Subtotal General Appropriations	9,024,901	9,144,901	9,062,111	82,525	265
Reserve for Uncollected Taxes	234,000	234,000	234,000		
Total General Appropriations	\$ 9,258,901	\$ 9,378,901	\$ 9,296,111	\$ 82,525	\$ 265
Adopted Budget \$	9,225,590				
Emergency Appropriation	120,000				
Added by N.J.S. 40A:4-87	33,311				
	\$ 9,378,901				
Reserve for Uncollected Taxes \$			234,000		
Transferred to Federal and State Grant Fund			33,311		
Deferred Charges			276,619		
Reserve for Encumbrances			49,646		
Reserve for Various Reserves			7,120		
Cash Disbursed			8,695,415		
			\$ 9,296,111		\$ 265

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ 13,668	15,918
Due from State	B-2		
		<u>13,668</u>	<u>15,918</u>
Other Trust Funds:			
Cash	B-1	703,639	913,701
Due from Current Fund	B-7	325,050	4,851
		<u>1,028,689</u>	<u>918,552</u>
Unemployment Trust Fund:			
Cash	B-1	12,344	81,469
Due from Capital Fund	B-7	75,000	
		<u>87,344</u>	<u>81,469</u>
Open Space Trust Fund:			
Cash	B-1	464	455
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	1,086,317	863,681
Service Award Contributions Receivable	B-9	46,937	50,597
		<u>1,133,254</u>	<u>914,278</u>
		<u>\$ 2,263,419</u>	<u>1,930,672</u>

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Trust Fund:			
Reserve for Expenditures	B-3	9,639	8,661
Due to Current Fund	B-7	4,029	7,257
		<u>13,668</u>	<u>15,918</u>
Other Trust Funds:			
Due to General Capital Fund	B-7	36,393	36,393
Due to Current Fund	B-7	89	89
Escrow Deposits	B-4	301,175	300,035
Miscellaneous Reserves	B-5	691,032	582,035
		<u>1,028,689</u>	<u>918,552</u>
Unemployment Trust Fund:			
Reserve for Unemployment Insurance Compensation	B-6	87,344	81,469
Open Space Trust Fund:			
Reserve for Expenditures	B-8	464	455
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets Available for Benefits	B-10	1,133,254	914,278
		<u>\$ 2,263,419</u>	<u>1,930,672</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 11,473	1,677,459
Deferred Charges to Future Taxation:			
Funded	C-4	6,150,000	915,000
Unfunded	C-5	294,449	6,933,153
Interfunds Receivable	C-6	59,268	59,268
Grants/Contributions Receivable	C-7	722,996	339,369
Deferred Charge - Expenditure without Appropriation	C-8		31,836
		<u>\$ 7,238,186</u>	<u>9,956,085</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-9	6,150,000	915,000
Bond Anticipation Notes Payable	C-10		6,600,000
Improvement Authorizations:			
Funded	C-11	581,636	
Unfunded	C-11	102,654	812,052
Interfunds Payable	C-6	400,000	5,000
Reserve for Sale of Property	C-12		580,099
Reserve for Payment of Debt	C-13		920,239
Capital Improvement Fund	C-14	1,027	500
Fund Balance	C-1	<u>2,869</u>	<u>123,195</u>
		<u>\$ 7,238,186</u>	<u>9,956,085</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2019 and 2018 of \$294,449 and \$333,153 respectively per Exhibit C-15.

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Fund Balance, January 1	\$ 123,195	133,765
Increased by:		
Cash Receipt - Premium on Sale of Notes		72,534
Improvement Authorization Cancelled		16,896
Transfer from Reserve for Payment of Debt	<u>2,674</u>	<u> </u>
	<u>2,674</u>	<u>89,430</u>
Decreased by:		
Budget Revenue	<u>123,000</u>	<u>100,000</u>
	<u>123,000</u>	<u>100,000</u>
Fund Balance, December 31	<u>\$ 2,869</u>	<u>123,195</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2019 and 2018

	<u>Ref</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 114	112
Cash - PATF II	E-1	301	295
		<u>\$ 415</u>	<u>407</u>
 <u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-3	\$ 114	112
Reserve for Expenditure - PATF II	E-3	301	295
		<u>\$ 415</u>	<u>407</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ <u>223</u>	<u>51</u>
	\$ <u><u>223</u></u>	<u><u>51</u></u>
<u>Liabilities</u>		
Reserve for Payroll Withholdings	\$ <u>223</u>	<u>51</u>
	\$ <u><u>223</u></u>	<u><u>51</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</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>6,516,294</u>	<u>6,210,334</u>
	<u>\$ 16,566,894</u>	<u>16,260,934</u>
 Investment in Fixed Assets	 <u>\$ 16,566,894</u>	 <u>16,260,934</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(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 2019, the Mayor and Council amended the budget by \$153,311. \$33,311 of this amount was for additional grants received by the Borough and \$120,000 was related to emergency appropriations in addition to several budget transfers which were approved.

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, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(continued)

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

For the year ended December 31, 2019, the Borough adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

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.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019, \$-0- of the Borough's bank balance of \$2,112,389 was exposed to custodial credit risk and as of December 31, 2018, \$-0- of the Borough's bank balance of \$4,093,536 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, 2019 AND 2018
(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, 2019 and 2018 amounted to \$1,086,317 and \$863,681, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
LVIP SsgA S&P 500 Index	\$555,799	\$405,720
Fixed Income	278,366	251,995
All Others	<u>252,152</u>	<u>205,966</u>
Total	<u>\$1,086,317</u>	<u>\$863,681</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2019 and 2018 consisted of the following:

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2019</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$915,000	\$5,685,000	\$450,000	\$6,150,000	\$780,000
Other Liabilities - Compensated Absences Payable	<u>796,922</u>	<u>65,765</u>	_____	<u>862,687</u>	_____
	<u>\$1,711,922</u>	<u>\$5,750,765</u>	<u>\$450,000</u>	<u>\$7,012,687</u>	<u>\$780,000</u>
	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2018</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$1,345,000	\$	\$430,000	\$915,000	\$450,000
Other Liabilities - Compensated Absences Payable	<u>918,142</u>	<u>9,020</u>	<u>130,240</u>	<u>796,922</u>	_____
	<u>\$2,263,142</u>	<u>\$9,020</u>	<u>\$560,240</u>	<u>\$1,711,922</u>	<u>\$450,000</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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>2019</u>	<u>2018</u>	<u>2017</u>
Issued - general bonds, notes and loans	\$6,150,000	\$7,515,000	\$7,345,000
Net debt issued	6,150,000	7,515,000	7,345,000
Authorized but not issued - general bonds and notes	<u>294,449</u>	<u>333,153</u>	<u>315,414</u>
	6,444,449	7,848,153	7,660,414
Less Deductions	<u> </u>	<u>920,239</u>	<u> </u>
Net bonds and notes issued and authorized but not issued	<u>\$6,444,449</u>	<u>\$6,927,914</u>	<u>\$7,660,414</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 0.652% for 2019.

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

Net debt of \$6,444,449 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$988,150,585 equals 0.652%.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 0.720% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$3,490,968	\$3,490,968	\$0
General debt	<u>7,848,153</u>	<u>920,239</u>	<u>6,927,914</u>
	<u>\$11,339,121</u>	<u>\$4,411,207</u>	<u>\$6,927,914</u>

Net debt of \$6,927,914 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$962,253,092 equals 0.720%.

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

	<u>2019</u>	<u>2018</u>
3 1/2% of equalized valuation basis (municipal)	\$34,585,270	\$33,678,858
Net debt	<u>6,444,449</u>	<u>6,927,914</u>
Remaining Borrowing Power	<u>\$28,140,821</u>	<u>\$26,750,944</u>

The Borough's long-term debt consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
General serial bonds:		
\$3,310,000 general serial bonds issued February 15, 2009, due through February 15, 2020 with variable interest rates of 2.00% to 3.50%	\$465,000	\$915,000
\$5,685,000 general serial bonds issued November 1, 2019, due through November 1, 2030 with interest rates of 2.00% to 2.125%	<u>5,685,000</u>	_____
	<u>\$6,150,000</u>	<u>\$915,000</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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>
2020	\$780,000	\$124,176	\$904,176
2021	425,000	109,738	534,738
2022	450,000	101,238	551,238
2023	475,000	92,238	567,238
2024	500,000	82,738	582,738
2025-2029	2,890,000	252,727	3,142,727
2030	<u>630,000</u>	<u>13,388</u>	<u>643,388</u>
Total	<u>\$6,150,000</u>	<u>\$776,243</u>	<u>\$6,926,243</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, 2019, the Borough had authorized but not issued debt of \$294,449.

NOTE 4. BOND ANTICIPATION NOTES

On December 31, 2019 and 2018, the Borough had \$-0- and \$6,600,000, respectively, outstanding General Capital Fund bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2019 and 2018:

<u>2019</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies LLC	<u>\$6,600,000</u>	<u>\$</u>	<u>\$6,600,000</u>	<u>\$0</u>
	<u>\$6,600,000</u>	<u>\$</u>	<u>\$6,600,000</u>	<u>\$0</u>
<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies LLC	\$	\$6,600,000	\$	\$6,600,000
PNC Bank, N.A.	<u>6,000,000</u>		<u>6,000,000</u>	<u>0</u>
	<u>\$6,000,000</u>	<u>\$6,600,000</u>	<u>\$6,000,000</u>	<u>\$6,600,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(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>
2019	\$154,908	\$478,413
2018	152,825	428,734
2017	136,001	374,484

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, 2019 AND 2018
(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, 2019, the Borough had a liability of \$2,912,154 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Borough's proportion was 0.0161620357 percent, which was an increase of 0.000657706 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough recognized pension expense of \$154,908. At December 31, 2019, 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	\$52,269	\$12,865
Changes of assumptions	290,789	1,010,799
Net difference between projected and actual earnings on pension plan investments		45,969
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>264,276</u>	<u>157,465</u>
Total	<u>\$607,334</u>	<u>\$1,227,098</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2018) 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:	
2020	\$(84,090)
2021	(272,785)
2022	(243,582)
2023	(114,374)
2024	(11,744)

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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 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, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,202
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Borough's Proportion	0.016162036%	0.01550433%

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. 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, 2018 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-2019.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining 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, 2019 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:

	<u>June 30, 2019</u>		
	<u>1% Decrease 5.28%</u>	<u>At Current Discount Rate 6.28%</u>	<u>1% Increase 7.28%</u>
Borough's proportionate share of the pension liability	\$3,683,855	\$2,912,154	\$2,261,886

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019, the Borough had a liability of \$6,459,262 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Borough's proportion was 0.05278115 percent, which was an increase of 0.0038460204 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough recognized pension expense of \$478,413. At December 31, 2019, 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	\$54,524	\$40,895
Changes of assumptions	221,329	2,087,574
Net difference between projected and actual earnings on pension plan investments		87,521
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>834,194</u>	<u>5,005</u>
Total	<u>\$1,110,047</u>	<u>\$2,220,995</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019) 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:	
2020	\$(338,631)
2021	(710,840)
2022	(503,424)
2023	(248,154)
2024	(139,088)

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 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 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, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$1,198,936,924	\$1,988,215,695
Collective deferred inflows of resources	4,874,748,912	4,286,994,294
Collective net pension liability	12,237,818,793	13,531,648,591
Borough's Proportion	0.0527811511%	0.0489351300%

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. 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-2019.

The actuarial assumptions used in the July 1, 2018 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, 2019 AND 2018
(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining 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, 2019 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, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Borough's proportionate share of the pension liability	\$9,089,211	\$6,459,262	\$4,403,076

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019 and 2018, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,019,930 and \$899,453, respectively. For the years ended December 31, 2019 and 2018, 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 \$118,507 and \$222,944, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$68,722 and \$41,888, 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.

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.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 6. OTHER POST EMPLOYMENT BENEFITS, (continued)

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, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$4,819,145 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$63,879.

NOTE 7. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2019 and 2018 which has been appropriated as revenue in the 2020 budget is \$223,000 and \$273,000 in 2019.

NOTE 8. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2019 and 2018:

	Balance Dec. 31, 2018	Additions	Deletions	Balance Dec. 31, 2019
Land	\$7,931,100	\$		\$7,931,100
Building and Building Improvements	2,119,500		\$	2,119,500
Machinery and Equipment	<u>6,210,334</u>	<u>305,960</u>		<u>6,516,294</u>
	<u>\$16,260,934</u>	<u>\$305,960</u>	<u>\$0</u>	<u>\$16,566,894</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(continued)**

NOTE 8. FIXED ASSETS, (continued)

	<u>Balance Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2018</u>
Land	\$5,934,700	\$1,996,400		\$7,931,100
Building and Building Improvements	2,861,700		\$742,200	2,119,500
Machinery and Equipment	<u>5,919,586</u>	<u>\$290,748</u>		<u>6,210,334</u>
	<u>\$14,715,986</u>	<u>\$2,287,148</u>	<u>\$742,200</u>	<u>\$16,260,934</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 \$862,687 as of December 31, 2019. 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, 2019 consist of the following:

\$198,455	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid.
36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses paid.
22,875	Due to the General Capital Fund from the Federal and State Grant Fund to reimburse grant expenditures paid.
4,029	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess calculation.
75,000	Due to the Unemployment Trust Fund from the General Capital Fund for cash advance.
325,000	Due to the Affordable Housing Trust Fund from the General Capital Fund for cash advance.
50	Due to the POAA Trust Fund from the Current Fund for deposit in error.
<u>89</u>	Due to the Current Fund from the Escrow Trust Fund for the Borough's share of interest earnings.
<u>\$661,891</u>	

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019 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 2019 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, 2019 AND 2018
(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 Dec 31, 2019</u>	<u>Balance Dec 31, 2018</u>
Prepaid Taxes	<u>\$115,853</u>	<u>\$84,152</u>
Cash Liability for Taxes Collected in Advance	<u>\$115,583</u>	<u>\$84,152</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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:

	Balance Dec.31, 2019	2020 Budget Appropriation	Balance Succeeding Year Budget
Current Fund:			
Deficit in Operations	\$48,483	\$48,483	\$
Special Emergency Appropriations	120,000	24,000	96,000
Overexpenditure of Appropriation Reserves	<u>563</u>	<u>563</u>	<u> </u>
Total Current Fund	<u>\$169,046</u>	<u>\$73,046</u>	<u>\$96,000</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. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through September 1, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure:

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 overall effects of the COVID-19 pandemic are unknown. 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 this pandemic, including a possible delay in collection of revenues and cash flow shortages as the result of these delayed collection. The Borough will continue to monitor the situation closely.

SUPPLEMENTARY DATA

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2019

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		
Michael Small	Council President		
Thomas Agiro	Councilman		
Louis DeLisio	Councilman		
Joseph McGuire	Councilman		
Kenneth Shepard	Councilman		
Peter Sotiropoulos	Councilman		
Shuaib Firozvi	Chief Financial Officer/Treasurer		
Wanda Worner	Borough Clerk		
Suzanne Burroughs	Tax Collector	\$ 1,000,000	(A)
Joseph Zavarino	Construction Code/Fire Subcode Official		
Frank Giordanno	Plumbing Subcode Official		
Roger A. Hauser	Municipal Court Judge	\$ 1,000,000	(A)
Maria Doerr	Municipal Court Administrator (01/01/19-08/01/19)	\$ 1,000,000	(A)
Clare Cabbibo	Acting Court Administrator (08/01/19-09/30/19)		
Glenda Hickey	Acting Court Administrator (10/01/19-12/31/19)		
Diane Frohlich	Deputy Court Administrator (01/01/19-08/01/19)	\$ 1,000,000	(A)
John Guercio	Tax Assessor		
William Essmann	Chief of Police (01/01/19-08/31/19)		
Howard Ostrow	Chief of Police (09/01/19-12/31/19)		
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

Supplementary Data

Year ended December 31, 2019

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	<u>2.925</u>	<u>2.840</u>	<u>2.736</u>
Apportionment of Tax Rate:			
Municipal	0.773	0.727	0.686
Municipal - Library	0.038	0.038	0.036
County	0.283	0.280	0.274
District School	1.129	1.108	1.083
Regional School	<u>0.702</u>	<u>0.687</u>	<u>0.657</u>
Assessed Valuation:			
2019		\$ 866,655,003	
2018		858,179,103	
2017		856,513,103	

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>
2019	\$ 25,378,349	25,108,126	98.94%
2018	24,413,760	24,186,048	99.07%
2017	23,474,238	23,254,446	99.06%

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>
2019	\$ 68,758	252,418	321,176	1.27%
2018	64,938	202,368	267,306	1.09%
2017	61,229	206,352	267,581	1.14%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2019

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2019 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>
2019	\$	2,156,700
2018		2,156,700
2017		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	2019	\$ 272,199	223,000
	2018	545,199	273,000
	2017	832,165	665,000
	2016	712,875	400,000
	2015	897,520	400,000

BOROUGH OF NORTHVALE

Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

Federal Program	Federal Program	C.F.D.A. Number	FAIN Number	Grant or State Project Number	Grant Award Amount	Grant Period	Grant Receipts	Grant Expenditures	MEMO cumulative Expenditures
U.S. Department of Agriculture	USDA - Dining with Dignity	10.565			792	1/1/16-12/31/16			
	USDA - Dining with Dignity	10.565			2,068	1/1/15-12/31/15			519
	USDA - Dining with Dignity	10.565			2,640	1/1/14-12/31/14			519
	<i>Total Federal and State Grant Fund</i>								519
U.S. Department of Transportation Federal Highway Administration (passed through State of NJ)	Highway Planning and Construction - Various Capital Improvements Livingston Street Sidewalk Imps (Phase IV) Livingston Street Sidewalk Imps (Phase II, III) Improvements to White Avenue	20.205	Ord. 996	2015-078-6320-480-ALL5	383,627	2019		383,627	383,627
		20.205	Ord. 972	2015-078-6320-480-ALL5	304,500	2017			304,500
		20.205	Ord. 923	2013-078-6320-480-ALL	150,000	2013			150,000
		20.205	Ord. 879	2010-078-6320-480	200,000	2010		383,627	160,700
								383,627	998,827
U.S. Department of Justice	Equitable Sharing Program	16.922	19-DEA-639379		379,418		49,629	92,891	385,912
Department of Treasury	Equitable Sharing Program	21.016		2016-100-100-024-701-001	85,326		28,201		
	<i>Total Trust Funds</i>						77,830	92,891	385,912
							77,830	476,518	1,385,258

This schedule was not subject to an audit in accordance with the Uniform Guidance.

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2019

<u>Federal and State Grant Fund</u>	<u>State Funding Department</u>	<u>State Program</u>	<u>State Grant No.</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>Cash Received</u>	<u>Grant Expenditures</u>	<u>MEMO Cumulative Expenditures</u>	
Administration of the Courts	Alcohol Education and Rehabilitation	Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2018	146			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2016	181			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2015	295			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2014	236			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2012	108			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2011	647			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2010	1,508			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2009	928			*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2008	1,017	636		*	
		Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2007	1,579	364		*	
							1,000		*
									2,215
		Division of Motor Vehicles	Drunk Driving Enforcement Fund	Drunk Driving Enforcement Fund	6400-10-078-6400	2015	4,333		
Drunk Driving Enforcement Fund	6400-10-078-6400			2013	1,140			*	
Drunk Driving Enforcement Fund	6400-10-078-6400			2012	2,335			*	
Drunk Driving Enforcement Fund	6400-10-078-6400			2011	3,391			*	
Drunk Driving Enforcement Fund	6400-10-078-6400			2010	3,853			*	
Drunk Driving Enforcement Fund	6400-10-078-6400			2009	2,856			*	
Drunk Driving Enforcement Fund	6400-10-078-6400			2008	4,708			*	
Drunk Driving Enforcement Fund	6400-10-078-6400			2007	5,049			*	
									1,977
									3,161
Department of Environmental Protection	Clean Communities	Clean Communities	4900-765-042-4900-004	2019	10,464	10,464		*	
		Clean Communities	4900-765-042-4900-004	2018	9,375			*	
		Clean Communities	4900-765-042-4900-004	2017	9,800			*	
		Clean Communities	4900-765-042-4900-004	2016	11,536			*	
		Clean Communities	4900-765-042-4900-004	2015	10,088			*	
		Clean Communities	4900-765-042-4900-004	2014	8,367	2,663		*	
					10,464		*		
							4,014		
							4,014		

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2019

<u>State Funding Department</u>	<u>State Program</u>	<u>State Grant No.</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>Cash Received</u>	<u>Grant Expenditures</u>	<u>MEMO Cumulative Expenditures</u>
	Recycling Tonnage Grant	4900-752-042-4900-001	2019	11,462	11,462		
	Recycling Tonnage Grant	4900-752-042-4900-001	2017	33,209			
	Recycling Tonnage Grant	4900-752-042-4900-001	2016	33,209			
	Recycling Tonnage Grant	4900-752-042-4900-001	2014	18,930		5,795	18,106
					11,462	5,795	18,106
Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2019	1,865	1,865		
	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2017	1,705	1,865		
Bergen County Pass Through Grant	Municipal Drug Alliance		FY20	9,520			
	Municipal Drug Alliance		FY19	9,520	4,479	8,713	8,713
	Municipal Drug Alliance		FY17	9,520		1,949	9,520
	Municipal Drug Alliance		FY16	9,520	4,479	10,662	9,520
					28,270	20,120	55,249
	<i>Total Federal and State Grant Fund</i>						
<u>General Capital Fund</u>							
Department of Transportation Transportation Trust Fund	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>						
				28,270		20,120	315,249

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2019

<u>State Funding Department</u> <u>Other Financial Assistance:</u>	<u>State Program</u>	<u>State Grant No.</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>Cash Received</u>	<u>Grant Expenditures</u>	<u>MEMO Cumulative Expenditures</u>
<u>Federal and State Grant Fund:</u>							
Local	Northvale Drug Alliance (Golf Outing) - Local		2015	4,132		500	2,490
	Northvale Junior Police - Local		2020	2,500	2,500		
	Northvale Junior Police - Local		2019	200			
	Northvale Junior Police - Local		2018	3,528		412	412
	Northvale Junior Police - Local		2017	1,750		1,750	1,750
	Northvale Junior Police - Local		2016	1,600		397	1,600
	Senior Citizen Computers		Various				
	Senior Citizen Caregivers		Various				
	Mary McDougal		Various				
					2,500	3,059	6,252
					2,500	3,059	6,252
	<i>Total Federal and State Grant Fund</i>						
<u>General Capital Fund:</u>							
County of Bergen	Livingston Street Improvements	Ord. 861	2008	750,000			537,384
	Improvements to Tappan Road	Ord. 761	2001	514,550			479,471
							1,016,855
County of Bergen	Construction of a Gazebo at Hogan's Park - Ord. 943-1	03-200-56-130-910	2014	40,000			40,000
Open Space Trust Fund	Improvement to Recreation Fields - Schools	Ord. 911-12	2012	85,002			85,002
	Improvements to Veteran's Park	Ord. 871-09	2009	63,352			63,352
							188,354
	<i>Total General Capital Fund</i>						1,205,209
	<i>Total Other Financial Assistance</i>				2,500	3,059	1,211,461
	<i>Total State and Other Financial Assistance</i>				30,770	23,179	1,526,710

This schedule was not subject to an audit in accordance with NJ OMB 15-08

(2) Passed through the State of New Jersey

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2019

		<u>Current Fund</u>
Balance, December 31, 2018	\$	1,040,326
Increased by Receipts:		
Prepaid Taxes	\$	115,853
Taxes Receivable		25,193,489
Revenue Accounts Receivable		1,717,733
Miscellaneous Revenue Not Anticipated		101,076
Tax Overpayments		55,462
Marriage License/Domestic Partnership Fees		275
DCA fees		13,671
State of New Jersey - Veterans and Senior Citizens		32,066
Various Reserves		570,869
Special Emergency Note		120,000
Grants Receivable		28,270
Unappropriated Grant Reserves		2,500
Interfunds		<u>1,030,143</u>
		<u>28,981,407</u>
		30,021,733
Decreased by Disbursements:		
Budget Appropriations	8,695,415	
Appropriation Reserves	80,154	
County Taxes	2,457,151	
Local District School Taxes	9,784,157	
Regional High School Taxes	6,079,925	
Tax Overpayments	239,755	
Interfunds	1,004,851	
Marriage License/Domestic Partnership Fees	525	
DCA Fees	13,671	
Various Reserves	595,878	
Petty Cash	200	
Appropriated Grant Reserves	<u>23,179</u>	
		<u>28,974,861</u>
Balance, December 31, 2019	\$	<u><u>1,046,872</u></u>

Exhibit A-5

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>200</u>
Balance, December 31, 2019	\$ <u><u>200</u></u>
Analysis of balance:	
Tax Collector	50
Municipal Court	<u>150</u>
	\$ <u><u>200</u></u>

Exhibit A-6

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 200
Increased by:	
Petty Cash Advanced	<u>200</u>
Balance, December 31, 2019	\$ <u><u>400</u></u>
Analysis of balance:	
Borough Clerk	100
Senior Center	100
Unknown	<u>200</u>
	\$ <u><u>400</u></u>

BOROUGH OF NORTHVALE

**Schedule of Taxes Receivable and
Analysis of 2019 Property Tax Levy**

Current Fund

Year ended December 31, 2019

Year	Balance, Dec. 31, 2018	Total 2019 Levy	Added	2018 Collections	2019 Collections	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2019
2018	\$ 202,368				202,368				
2019		25,349,663	28,686	84,152	24,992,052	31,922	3,820	13,985	252,418
	\$ 202,368	25,349,663	28,686	84,152	25,194,420	31,922	3,820	13,985	252,418

Overpayments Applied	931
Cash	25,193,489
	\$ 25,194,420

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 25,349,663
Added Taxes (54:4-63.12 et seq.)	28,686
	\$ 25,378,349

Tax Levy:

Regional High School Tax	6,079,925
Local District School Tax	9,784,157
County Tax	2,454,376
Amount Due County/Added Taxes	2,775
Local Tax/Municipal Purposes	7,028,733
Additional Tax Levied	28,383
	\$ 25,378,349

Exhibit A-8

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 64,938
Increased by:	
Transfers from 2019 Taxes Receivable	<u>3,820</u>
Balance, December 31, 2019	<u><u>\$ 68,758</u></u>

Exhibit A-9

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

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>2,156,700</u>
Balance, December 31, 2019	<u><u>\$ 2,156,700</u></u>

BOROUGH OF NORTHVALE
Schedule of Revenue Accounts Receivable
Current Fund
Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Accrued</u>	<u>Received</u>	Balance, Dec. 31, <u>2019</u>
Licenses:				
Alcoholic Beverages	\$	15,304	15,304	
Other		11,305	11,305	
Fees and Permits:				
Construction Code Official		221,711	221,711	
Other		74,169	74,169	
Fines and Costs - Municipal Court - Northvale	3,908	38,563	40,159	2,312
Interest and Costs on Taxes		64,762	64,762	
Interest on Investments and Deposits		54,876	54,876	
Energy Receipts Tax		561,305	561,305	
Borough of Rockleigh-Police/Court Services		312,000	312,000	
Borough of Rockleigh-Public Works Services		20,000	20,000	
Uniform Fire Safety Act		35,906	35,906	
Donation - Senior Center		5,912	5,912	
Cable TV Franchise Fees		65,034	65,034	
Senior Van Driver - Senior Financial Association		24,000	24,000	
Compost Program - Hillsdale		32,126	32,126	
General Capital Fund Balance		123,000	123,000	
Reserve for Payment of Debt		74,000	74,000	
	<u>\$ 3,908</u>	<u>1,733,973</u>	<u>1,735,569</u>	<u>\$ 2,312</u>

Interest on Investments	\$ 17,836
Cash Receipts	<u>1,717,733</u>
	<u>\$ 1,735,569</u>

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2019</u>
Due from/(to):				
General Capital Fund	\$ 5,000	1,017,836	1,022,836	
Animal License Trust Fund	7,257	4,029	7,257	4,029
Other Trust Fund				
Escrow Trust Fund	89			89
Police DEA Trust Fund	(4,851)	4,851		
POAA Trust Fund			50	(50)
Federal and State Grant Fund	<u>(190,864)</u>	<u>23,179</u>	<u>30,770</u>	<u>(198,455)</u>
	<u>\$ (183,369)</u>	<u>1,049,895</u>	<u>1,060,913</u>	<u>\$ (194,387)</u>
Due to Current Fund	\$ 12,346	1,021,865	1,030,093	4,118
Due from Current Fund	<u>(195,715)</u>	<u>28,030</u>	<u>30,820</u>	<u>(198,505)</u>
	<u>\$ (183,369)</u>	<u>1,049,895</u>	<u>1,060,913</u>	<u>\$ (194,387)</u>
Cash Disbursements	\$ 1,004,851			
Cash Receipts			1,030,143	
Grants Receivable			28,270	
Appropriated Grant Reserves		23,179		
Unappropriated Grant Reserves			2,500	
Capital Fund Interest		17,836		
Statutory Excess		<u>4,029</u>		
		<u>\$ 1,049,895</u>	<u>1,060,913</u>	

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Added in <u>2019</u>	Decreased by: Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2019</u>
Current Fund:				
Deficit in Operations		48,483		\$ 48,483
Overexpenditure of Appropriation Reserves	<u>14,119</u>	<u>563</u>	<u>14,119</u>	<u>563</u>
Total Deferred Charges	<u>\$ 14,119</u>	<u>49,046</u>	<u>14,119</u>	<u>\$ 49,046</u>

BOROUGH OF NORTHVALE

**Schedule of Deferred Charges
N.J.S. 40A:4-46 Emergencies**

Current Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Date Authorized</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased</u>
Administration - Other Expense	Dec. 12, 2018	\$ 40,000	\$ 40,000
Engineering - Other Expense	Dec. 12, 2018	35,000	35,000
Planning Board - Other Expense	Dec. 12, 2018	5,000	5,000
Streets and Roads - Other Expense	Dec. 12, 2018	38,000	38,000
Sewer Maintenance - Other Expense	Dec. 12, 2018	5,000	5,000
Solid Waste Collection - Other Expense	Dec. 12, 2018	3,000	3,000
Solid Waste Disposal - Other Expense	Dec. 12, 2018	9,000	9,000
Recycling - Other Expense	Dec. 12, 2018	15,000	15,000
Streets and Roads - Other Expense	Dec. 26, 2018	55,000	55,000
Police Department - Salaries and Wages	Dec. 26, 2018	35,000	35,000
		<u>\$ 240,000</u>	<u>\$ 240,000</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2019

Purpose	Date Authorized	Net Amount Authorized	1/5th of Net Amount Authorized	Balance, Dec. 31, 2018	Year ended December 31, 2019		Balance, Dec. 31, 2019
					Increased	Decreased	
Accumulated Absence Payout	Dec. 30, 2014	112,500	22,500 \$	22,500		22,500	120,000
Accumulated Absence Payout	Dec. 3, 2019	120,000	24,000		120,000		120,000
				\$ 22,500	120,000	22,500 \$	120,000

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance After Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Over- expended</u>
Salaries and Wages Within "CAPS"					
General Government:					
Administrative and Executive	\$ 2	2		2	
Police	3,544	44		44	
Emergency Management	1,101	1,101		1,101	
	<u>4,647</u>	<u>1,147</u>	<u>-</u>	<u>1,147</u>	<u>-</u>
Total Salaries and Wages Within "CAPS"					
Other Expenses Within "CAPS"					
General Government:					
Administrative and Executive	1,263	6,179	4,875	1,304	
Financial Administration	379	379		379	
Collection of Taxes	64	4,991	4,830	161	
Assessment of Taxes	101	101		101	
Legal Services and Costs	3,431	12,931	11,712	1,219	
Engineering	2,234	34		34	
Municipal Land Use:					
Planning Board		100	663		563
Police					
Other Expenses	1,285	1,500	(1,906)	3,406	
Insurance:					
Other Insurance			(150)	150	
Group Insurance for Employees	7	7		7	
Fire:					
Other Expenses	21	21	(720)	741	
Fire Prevention Bureau	176	176		176	
Road Repairs and Maintenance	5,716	57,748	57,356	392	
Recycling	1,262	62		62	
Public Buildings and Grounds	509	1,443	1,339	104	
Sewer Repairs and Maintenance:					
Other Expenses	5	4,555	(41)	4,596	
Board of Health	35	108	104	4	
Senior Center		950	931	19	
Parks and Playgrounds	106	127	(1,833)	1,960	
Senior Van Driver		1		1	
Uniform Construction Code	613	13		13	
Street Lighting	810	10		10	
Telephone			(244)	244	
Water	1,662	63		63	
Vehicle Fuel	14	1,715	1,714	1	
Contingent	259	259		259	
Social Security System (O.A.S.I.)	368	68		68	
	<u>20,320</u>	<u>93,541</u>	<u>78,630</u>	<u>15,474</u>	<u>563</u>
Total Other Expenses Within "CAPS"					

BOROUGH OF NORTHVALE
Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance After Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Over- expended</u>
Salaries and Wages Within "CAPS"					
Other Expenses Excluded from "CAPS"					
Aid to Library (NJSA 40:54-35)					
Public Library	1,524	1,524	1,524		
LOSAP	32	32		32	
Sewer:					
Bergen County Utilities Authority					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Expenses Excluded from "CAPS"	1,556	1,556	1,524	32	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 26,523	96,244	80,154	16,653	563
		<hr/>			
		Encumbrances \$ 69,721			
		Appropriation Reserves 26,523			
		<hr/>			
		96,244			
		<hr/>			

BOROUGH OF NORTHVALE
Schedule of Reserve for Encumbrances
Current Fund
Year ended December 31, 2019

Balance - December 31, 2018	\$ 69,721
Increased by:	
2019 Encumbrances	<u>49,646</u>
	119,367
Decreased by:	
Transferred to Appropriation Reserves	<u>69,721</u>
Balance - December 31, 2019	<u>\$ 49,646</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018		\$	(7,531)
Increased by:			
Senior Citizen Deductions per Tax Duplicate	\$	5,250	
Veteran Deductions per Tax Duplicate		<u>27,500</u>	
			<u>32,750</u>
			25,219
Decreased by:			
Deductions Disallowed by Tax Collector		828	
Cash Receipts		<u>32,066</u>	
			<u>32,894</u>
Balance, December 31, 2019		\$	<u><u>(7,675)</u></u>

BOROUGH OF NORTHVALE

Schedule of Local District School Taxes

Current Fund

Year ended December 31, 2019

Increased by:	
2019 Levy	\$ <u>9,784,157</u>
Decreased by:	
Payments	\$ <u><u>9,784,157</u></u>

Schedule of Regional High School Taxes

Current Fund

Year ended December 31, 2019

Increased by:	
2019 Levy	\$ <u>6,079,925</u>
Decreased by:	
Payments	\$ <u><u>6,079,925</u></u>

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2019

Increased by:

2019 Levy	\$ 2,353,632
2019 Open Space Preservation	100,744
2019 Added Taxes	<u>2,775</u>

2,457,151

Decreased by:

Payments	\$ <u><u>2,457,151</u></u>
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BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	84,152
Increased by:		
2020 Taxes Received in 2019		<u>115,853</u>
		200,005
Decreased by:		
Applied to 2019		<u>84,152</u>
Balance, December 31, 2019	\$	<u><u>115,853</u></u>

Schedule of Tax Overpayments Payable

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	250
Increased by:		
Overpayments Received	\$	55,462
Operations-Tax Court Judgements		<u>184,974</u>
		<u>240,436</u>
		240,686
Decreased by:		
Applied to Current Year Taxes		931
Overpayments Refunded		<u>239,755</u>
	\$	<u><u>240,686</u></u>

BOROUGH OF NORTHVALE

**Schedule of Due to State of New Jersey
for Marriage Licenses/Domestic Partnerships**

Current Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	400
Increased by:		
Cash Receipts		<u>275</u>
		675
Decreased by:		
Cash Disbursements		<u>525</u>
Balance, December 31, 2019	\$	<u><u>150</u></u>

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2019

Increased by:		
Receipts	\$	<u>13,671</u>
Decreased by:		
Disbursements	\$	<u><u>13,671</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, Dec. 31, <u>2019</u>
Reserve for:				
Tax Sale Premiums	\$ 237,500	518,058	558,858	196,700
McGuire Senior Center	134,650	52,811	37,020	150,441
Senior Citizens Van Donations	2,681			2,681
Cultural Arts Committee	3,379			3,379
Beautification Committee	4,050			4,050
Public Events Celebration	<u>5,594</u>	<u>7,120</u>		<u>12,714</u>
	<u>\$ 387,854</u>	<u>577,989</u>	<u>595,878</u>	<u>369,965</u>
		Cash \$ 570,869	595,878	
Transfer from Current Appropriations		<u>7,120</u>		
		<u>\$ 577,989</u>	<u>595,878</u>	

BOROUGH OF NORTHVALE

Schedule of Emergency Notes Payable

Current Fund

Year ended December 31, 2019

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance, Dec. 31, 2019</u>
Accumulated Absence Payout	Dec. 23, 2019	Dec. 23, 2019	Sept. 23, 2020	2.150% \$	120,000	120,000
					<u>120,000</u>	<u>120,000</u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Grants

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	2019 Budget <u>Revenue</u>	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2019</u>
Purpose:				
Municipal Alliance	\$ 574			574
Municipal Alliance FY - 2017	3,223			3,223
Municipal Alliance FY - 2019	4,650		4,479	171
Municipal Alliance FY - 2020		9,520		9,520
Recycling Tonnage Grant		11,462	11,462	
Clean Communities Grant		10,464	10,464	
Body Armor Grant		1,865	1,865	
	<u>\$ 8,447</u>	<u>33,311</u>	<u>28,270</u>	<u>13,488</u>

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Federal and State Grant Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2019</u>
Due from/(to):				
General Capital Fund	(22,875)			(22,875)
Current Fund	<u>190,864</u>	<u>30,770</u>	<u>23,179</u>	<u>198,455</u>
	<u>\$ 167,989</u>	<u>30,770</u>	<u>23,179</u>	<u>175,580</u>
Due to Federal and State Grant Fund	190,864	30,770	23,179	198,455
Due from Federal and State Grant Fund	<u>(22,875)</u>			<u>(22,875)</u>
	<u>\$ 167,989</u>	<u>30,770</u>	<u>23,179</u>	<u>175,580</u>
Grants Receivable	\$	28,270		
Unappropriated Reserves		2,500		
Appropriated Reserves			<u>23,179</u>	
		<u>\$ 30,770</u>	<u>23,179</u>	

BOROUGH OF NORTHVALE

Schedule of Appropriated Reserves for

State and Federal Grants

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Transferred from 2019 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2019</u>
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			928
Alcohol Education Rehabilitation Fund - 2008	1,017		636	381
Alcohol Education Rehabilitation Fund - 2007	364		364	
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 - 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	7,016		2,663	4,353
Recycling Tonnage - 2019		11,462		11,462
Recycling Tonnage - 2017	29,072			29,072
Recycling Tonnage - 2016	33,209			33,209
Recycling Tonnage - 2014	6,619		5,795	824
Body Armor Replacement Fund - 2019		1,865		1,865
Body Armor Replacement Fund	1,705			1,705
Municipal Alliance - FY2020		9,520		9,520
Municipal Alliance - FY2019	9,520		8,713	807
Municipal Alliance - FY2017	1,949		1,949	
Northvale Junior Police - 2018	3,528		412	3,116
Northvale Junior Police - 2017	1,750		1,750	
Northvale Junior Police - 2016	397		397	
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	1,642		500	1,142
Senior Citizens Caregiver	575			575
Senior Citizens Computer Grant	2,074			2,074
	<u>\$ 176,236</u>	<u>33,311</u>	<u>23,179</u>	<u>\$ 186,368</u>

Appropriation By 40A:4-87 \$ 33,311
33,311

BOROUGH OF NORTHVALE
Schedule of Unappropriated Reserves for
State and Federal Grants
Year ended December 31, 2019

<u>Grant</u>	Balance, Dec. 31, <u>2018</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2019</u>
Northvale Junior Police	\$ 200	2,500	2,700
	<u>\$ 200</u>	<u>2,500</u>	<u>2,700</u>

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2019

	Animal Trust Fund	Other Funds	Unemployment Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2018	\$ 15,918	913,701	81,469	455	863,681
Increase by Receipts:					
License Fees	4,660				
Due to State of New Jersey	553				
Escrow Deposits		135,443			
Various Reserves		326,064			
Borough Contributions			4,259		50,597
Employee Deductions					
Interfunds	347	4,851			
Interest on Investments		12,933	1,616	9	183,440
	5,560	479,291	5,875	9	234,037
	21,478	1,392,992	87,344	464	1,097,718
Decrease by Payments:					
Due to State of New Jersey	553				
Escrow Expenditures		134,303			
Interfunds	7,257	325,000	75,000		
Various Reserves		230,050			
Benefit Payments					9,101
Account Charges/Tax Withholdings					2,300
	7,810	689,353	75,000		11,401
Balance, December 31, 2019	\$ 13,668	703,639	12,344	464	1,086,317

BOROUGH OF NORTHVALE

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

Animal Trust Fund

Year ended December 31, 2019

Increased by:	
State Fees Collected	\$ <u>553</u>
Decreased by:	
Paid to State of New Jersey	\$ <u><u>553</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	8,661
Increased by:		
Dog License Fees Collected	\$	4,029
Cat License Fees Collected		411
Late Fees		220
Interest on Investments		<u>347</u>
		<u>5,007</u>
		13,668
Decreased by:		
Statutory Excess		<u>4,029</u>
Balance, December 31, 2019	\$	<u><u>9,639</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	5,213
2017	<u>4,426</u>
	<u><u>\$ 9,639</u></u>

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2019

Balance, December 31, 2018	\$	300,035
Increased by:		
Escrow Deposits		<u>135,443</u>
		435,478
Decreased by:		
Escrow Disbursements/Refunds		<u>134,303</u>
Balance, December 31, 2019	\$	<u><u>301,175</u></u>

BOROUGH OF NORTHVALE

Schedule of Miscellaneous Reserves

Other Trust Funds

Year ended December 31, 2019

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Reserve for:				
Parking Offenses Adjudication Act \$	2,283	128		2,411
Archives Commission	413			413
McGuire Food Program	13,623	13,965	19,702	7,886
Recreation	66,703	93,433	58,350	101,786
Recreation - Summer Recreation	17,479	57,315	55,908	18,886
Recreation - Umpire Fees	415	3,182	3,200	397
Police DEA	173,162	54,158	92,890	134,430
Police DEA - Treasury	57,125	28,201		85,326
Public Defender	6,901	208		7,109
Affordable Housing	243,931	88,457		332,388
	<u>\$ 582,035</u>	<u>339,047</u>	<u>230,050</u>	<u>691,032</u>
Cash Receipts \$		326,064		
Interest on Investments		12,933		
Cash Disbursements			230,050	
Interfunds		50		
		<u>\$ 339,047</u>	<u>230,050</u>	

BOROUGH OF NORTHVALE

**Schedule of Reserve for
Unemployment Compensation**

Unemployment Trust Fund

Year ended December 31, 2019

Balance, December 31, 2018		\$	81,469
Increased by:			
Employee Deductions	\$	4,259	
Interest on Investments		<u>1,616</u>	
			<u>5,875</u>
Balance, December 31, 2019		\$	<u><u>87,344</u></u>

BOROUGH OF NORTHVALE

Schedule of Interfunds

Trust Funds

Year ended December 31, 2019

	Balance due from/(to) <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance due from/(to) <u>Dec. 31, 2019</u>
Current Fund:				
Animal Trust Fund	\$ (7,257)	7,257	4,029	(4,029)
Other Trust Fund:				
Escrow Trust Fund	(89)			(89)
Police DEA Trust	4,851		4,851	
POAA Trust Fund		50		50
General Capital Fund:				
Other Trust Fund:				
Escrow Trust Fund	(36,393)			(36,393)
Affordable Housing Trust Fund		325,000		325,000
Unemployment Trust Fund		75,000		75,000
	<u>\$ (38,888)</u>	<u>407,307</u>	<u>8,880</u>	<u>359,539</u>
Due to Trust Funds	\$ 4,851	400,050	4,851	400,050
Due from Trust Funds	<u>(43,739)</u>	<u>7,257</u>	<u>4,029</u>	<u>(40,511)</u>
	<u>\$ (38,888)</u>	<u>407,307</u>	<u>8,880</u>	<u>359,539</u>
Cash Disbursements		\$ 407,257		
Cash Receipts			4,851	
Statutory Excess			4,029	
Deposits in Error		50		
		<u>\$ 407,307</u>	<u>8,880</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Open Space Trust Fund
Year ended December 31, 2019

Balance, December 31, 2018	\$ 455
Increased by:	
Interest Earned on Deposits	<u>9</u>
Balance, December 31, 2019	\$ <u><u>464</u></u>

Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2019

Balance, December 31, 2018	\$ 50,597
Increased by:	
2019 Service Award Contributions	<u>46,937</u>
	97,534
Decreased by:	
Contributions paid	<u>50,597</u>
Balance, December 31, 2019	\$ <u><u>46,937</u></u>

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2019

Balance, December 31, 2018		\$	914,278
Increased by:			
Investment Appreciation	\$	183,440	
Borough Contributions		<u>46,937</u>	
			<u>230,377</u>
			1,144,655
Decreased by:			
Benefit Payments	\$	9,101	
Account Charges/Tax Withholdings		<u>2,300</u>	
			<u>11,401</u>
Balance, December 31, 2019		\$	<u><u>1,133,254</u></u>

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018		\$ 1,677,459
Increased by Receipts:		
Interfunds	\$ 1,417,836	
Accrued Interest on Bonds	1,940	
Capital Improvement Fund	25,000	
Deferred Charges	31,836	
Authorized Not Issued	<u>510,604</u>	
		<u>1,987,216</u>
		3,664,675
Decreased by Disbursements:		
Budget Revenue - Fund Balance	123,000	
Budget Revenue - Reserve for Payment of Debt	74,000	
Reserve for Payment of Debt	912,505	
Reserve for Sale of Property	513,099	
Interfunds	1,022,836	
Improvement Authorizations	<u>1,007,762</u>	
		<u>3,653,202</u>
Balance, December 31, 2019		\$ <u><u>11,473</u></u>

BOROUGH OF NORTHVALE

Analysis of General Capital Cash

General Capital Fund

December 31, 2019

Fund Balance	\$ 2,869
Capital Improvement Fund	1,027
Interfunds Receivable	(59,268)
Interfunds Payable	400,000
Grants/Contributions Receivable	(722,996)

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	90,221
989-2018	Road Improvement Program	48,018
992-2018	Various Capital Improvements	33,647
996-2019	Various Capital Improvements	264,627
1009-2019	Acquisition of Mason Dump Truck for DPW	65,000
1012-2019	New Radio Equipment for Fire Dept.	4,000
		\$ 11,473

BOROUGH OF NORTHVALE

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

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$	915,000
Increased by:		
General Improvement Bonds Issued		<u>5,685,000</u>
		6,600,000
Decreased by:		
Paid via Budget Appropriation		<u>450,000</u>
Balance, December 31, 2019	\$	<u><u>6,150,000</u></u>

BOROUGH OF NORTHVALE

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2019

Ordinance Number	Improvement Description	Balance, Dec. 31, 2018	2019 Authorization	Reduced in 2019	Balance, Dec. 31, 2019	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
		\$						
871-2009	Various Capital Improvements	16,278		16,278				
879-2010	Various Capital Improvements	49,027		49,027				
883-2010	Various Capital Improvements	71,526		71,526				
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		55,000	
910-2012	Various Capital Improvements	407,026		407,026			88,980	
912-2012	Various Capital Improvements	413,700		413,700				
923-2013	Various Public Improvements	224,000		224,000				
924-2013	Various Replacement Equipment/Machinery/Vehicles	101,911		101,911				
926-2013	Acquisition of new Pumper Fire Engine	514,652		514,652				
939-2014	Various Public Improvements	452,583		452,583				
942-2014	Acq of Property/Equip/Machinery/Vehicles	773,654		769,185	4,469		4,469	
943-2014	Various Capital Improvements	161,111		161,111				
950-2015	Various Capital Improvements	158,344		158,344				
951-2015	2015 Road Improvement Program	316,684		316,684				
953-2015	Various Capital Improvements	459,511		459,511				
957-2015	Acq of New or Replacement Equipment for DPW	94,666		94,666				
961-2016	2016 Road Improvement Program	475,000		475,000				
964-2016	Various Capital Improvements	366,000		300,000	66,000			
972-2017	Livingston Street Streetscape	70,500		70,500				
973-2017	Road Improvement Program	468,500		468,500				
978-2017	Various Capital Improvements	357,000		357,000				
							43,346	22,654

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

General Capital Fund

Year ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2019</u>
Current Fund	\$ (5,000)	1,022,836	1,017,836	
Escrow Trust Fund	36,393			36,393
Federal and State Grant Fund	22,875			22,875
Affordable Housing Trust Fund			325,000	(325,000)
Unemployment Trust Fund			75,000	(75,000)
	<u>\$ 54,268</u>	<u>1,022,836</u>	<u>1,417,836</u>	<u>\$ (340,732)</u>
Due to General Capital Fund	\$ 59,268			\$ 59,268
Due from General Capital Fund	<u>(5,000)</u>	<u>1,022,836</u>	<u>1,417,836</u>	<u>(400,000)</u>
	<u>\$ 54,268</u>	<u>1,022,836</u>	<u>1,417,836</u>	<u>\$ (340,732)</u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ 339,369
Increased by:	
Grant and Contribution Awards	<u>383,627</u>
Balance, December 31, 2019	<u>\$ 722,996</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	<u>383,627</u>	
		574,384
<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	<u>20,180</u>	
		25,476
<u>Bergen County Direct Contributions:</u>		
Improvements to Tappan Road	83,136	
Reconstruction of Livingston Street	<u>40,000</u>	
		<u>123,136</u>
		<u>\$ 722,996</u>

BOROUGH OF NORTHVALE

**Schedule of Deferred Charges:
Expenditure without Appropriation**

General Capital Fund

Year ended December 31, 2019

Balance, December 31, 2018	\$ <u>31,836</u>
Decreased by:	
Budget Appropriations	\$ <u><u>31,836</u></u>

BOROUGH OF NORTHVALE

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2019

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding Dec. 31, 2019		Interest Rate	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
			Date	Amount					
General Improvements	February 15, 2009	3,310,000	Feb. 15, 2020	465,000	3.500%	915,000		450,000	465,000
General Improvements	November 1, 2019	5,685,000	Nov. 1, 2020	315,000	2.000%		5,685,000		
			Nov. 1, 2021	425,000	2.000%				
			Nov. 1, 2022	450,000	2.000%				
			Nov. 1, 2023	475,000	2.000%				
			Nov. 1, 2024	500,000	2.000%				
			Nov. 1, 2025	525,000	2.000%				
			Nov. 1, 2026	550,000	2.000%				
			Nov. 1, 2027	575,000	2.000%				
			Nov. 1, 2028	610,000	2.125%				
			Nov. 1, 2029	630,000	2.125%				
Nov. 1, 2030	630,000	2.125%							
						\$ 915,000	5,685,000	450,000	\$ 6,150,000

BOROUGH OF NORTHVALE

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2019

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec 31, 2018	Decreased
871-2009	Various Capital Improvements	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	\$ 16,278	\$ 16,278
879-2010	Various Capital Improvements	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	49,027	49,027
883-2010	Various Capital Improvements	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	71,526	71,526
910-2012	Various Public Imps/Acquisitions	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	407,026	407,026
912-2012	Various Public Imps/Acquisitions	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	413,700	413,700
923-2013	Various Capital Improvements	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	224,000	224,000
924-2013	Various Capital Improvements	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	101,911	101,911
926-2013	Acquisition of New Pumper Fire Engine	Dec. 27, 2013	Nov. 9, 2018	Nov. 8, 2019	3.50%	447,284	447,284
939-2014	Various Capital Improvements	Nov. 14, 2014	Nov. 9, 2018	Nov. 8, 2019	3.50%	357,847	357,847
942-2014	Acquisition of Property/Equipment/Machinery/Vehicles	Nov. 14, 2014	Nov. 9, 2018	Nov. 8, 2019	3.50%	479,445	479,445
943-2014	Various Capital Improvements	Nov. 14, 2014	Nov. 9, 2018	Nov. 8, 2019	3.50%	92,111	92,111
926-2013	Acquisition of Pumper Fire Engine	Nov. 13, 2015	Nov. 9, 2018	Nov. 8, 2019	3.50%	47,368	47,368
939-2014	Various Capital Improvements	Nov. 13, 2015	Nov. 9, 2018	Nov. 8, 2019	3.50%	94,736	94,736
950-2015	Various Capital Improvements	Nov. 13, 2015	Nov. 9, 2018	Nov. 8, 2019	3.50%	88,344	88,344
951-2015	Various Capital Improvements	Nov. 13, 2015	Nov. 9, 2018	Nov. 8, 2019	3.50%	293,684	293,684
953-2015	Various Capital Improvements	Nov. 13, 2015	Nov. 9, 2018	Nov. 8, 2019	3.50%	420,511	420,511
926-2013	Acquisition of New Pumper Fire Engine	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	20,000	20,000
942-2014	Acquisition of Property/Equipment/Machinery/Vehicles	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	281,000	281,000
943-2014	Various Capital Improvements	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	69,000	69,000
950-2015	Various Capital Improvements	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	70,000	70,000
951-2015	2015 Road Improvement Program	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	23,000	23,000
953-2015	Various Capital Improvements	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	39,000	39,000
957-2015	Various Capital Improvements	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	94,666	94,666
961-2016	2016 Road Improvements Program	Nov. 10, 2016	Nov. 9, 2018	Nov. 8, 2019	3.50%	475,000	475,000
964-2016	Various Capital Improvements	Nov. 9, 2017	Nov. 9, 2018	Nov. 8, 2019	3.50%	300,000	300,000
972-2017	Livingston Street Streetscape	Nov. 9, 2017	Nov. 9, 2018	Nov. 8, 2019	3.50%	35,000	35,000
973-2017	Road Improvement Program	Nov. 9, 2017	Nov. 9, 2018	Nov. 8, 2019	3.50%	450,000	450,000
978-2017	Various Capital Improvements	Nov. 9, 2017	Nov. 9, 2018	Nov. 8, 2019	3.50%	350,000	350,000
989-2018	Road Improvement Program	Nov. 9, 2018	Nov. 9, 2018	Nov. 8, 2019	3.50%	388,536	388,536
992-2018	Various Capital Improvements	Nov. 9, 2018	Nov. 9, 2018	Nov. 8, 2019	3.50%	400,000	400,000
						\$ 6,600,000	\$ 6,600,000
						Reserve for Payment of Debt	\$ 912,505
						Reserve for Sale of Property	\$ 513,099
						Bond Sale	\$ 5,174,396
						\$ 6,600,000	\$ 6,600,000

BOROUGH OF NORTHVALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2019

Ordinance Number	Description	Ordinance Date	Amount	Balance, Dec. 31, 2018		Authorizations	Paid or Charged	Balance, Dec. 31, 2019	
				Funded	Unfunded			Funded	Unfunded
964-2016	Various Capital Improvements	November 9, 2016	385,000		98,651		75,997		22,654
973-2017	Road Improvement Program	April 12, 2017	492,000		96,007		19,884		76,123
978-2017	Various Capital Improvements	September 13, 2017	375,000		264,598		174,377		90,221
989-2018	Road Improvement Program	April 11, 2018	430,000		48,018				48,018
992-2018	Various Capital Improvements	August 1, 2018	450,000		304,778		271,131		33,647
996-2019	Various Capital Improvements	May 14, 2019	731,000			731,000	466,373		264,627
1009-2019	Acquisition of Mason Dump Truck for DPW	September 11, 2019	65,000			65,000			65,000
1012-2019	New Radio Equipment for Fire Dept.	December 3, 2019	84,000			84,000			4,000
			\$		812,052	880,000	1,007,762		581,636
									\$ 102,654

Grants Receivable	\$ 383,627
Capital Improvement Fund	24,473
Deferred Charges to Future Taxation-Unfunded	471,900
	<u>\$ 880,000</u>

BOROUGH OF NORTHVALE
Schedule of Reserve for Sale of Property
General Capital Fund
Year ended December 31, 2019

Balance, December 31, 2018		\$ <u>580,099</u>
Decreased by:		
Transfer to Reserve for Payment of Debt	\$ 67,000	
Payment of Bond Anticipation Notes	<u>513,099</u>	
		\$ <u><u>580,099</u></u>

BOROUGH OF NORTHVALE
Schedule of Reserve for Payment of Debt
General Capital Fund
Year ended December 31, 2019

Balance, December 31, 2018		\$	920,239
Increased by:			
Accrued Interest on Bonds	\$	1,940	
Transfer from Reserve for Sale of Property		<u>67,000</u>	
			<u>68,940</u>
			989,179
Decreased by:			
Current Fund Budgeted Revenue		74,000	
Fund Balance		2,674	
Payment of Bond Anticipation Notes		<u>912,505</u>	
			<u>\$ 989,179</u>

BOROUGH OF NORTHVALE
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2019

Balance, December 31, 2018	\$	500
Increased by:		
Budget Appropriation		<u>25,000</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>24,473</u>
Balance, December 31, 2019	\$	<u><u>1,027</u></u>

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2019

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2018</u>	<u>Increases</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</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	13,209		8,740	4,469
964-2016	Various Capital Improvements	66,000			66,000
972-2017	Livingston Street Streetscape	35,500		35,500	
973-2017	Road Improvement Program	18,500		18,500	
978-2017	Various Capital Improvements	7,000		7,000	
989-2018	Road Improvement Program	20,964		20,964	
992-2018	Various Capital Improvements	28,000		28,000	
996-2019	Various Capital Improvements		330,000	330,000	
1009-2019	Acquisition of Mason Dump Truck for DPW		61,900	61,900	
1012-2019	New Radio Equipment for Fire Dept.		80,000		80,000
		<u>\$ 333,153</u>	<u>471,900</u>	<u>510,604</u>	<u>\$ 294,449</u>
				Bond Sale \$ <u>510,604</u>	
				<u>\$ 510,604</u>	

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2019

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2018	\$ 407	112	295
Increased by:			
Interest Earned	<u>8</u>	<u>2</u>	<u>6</u>
Balance - December 31, 2019	<u>\$ 415</u>	<u>114</u>	<u>301</u>

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2019

Balance - December 31, 2018	\$	407
Increased by:		
Interest Earned		<u>8</u>
Balance - December 31, 2019	\$	<u><u>415</u></u>

<u>Reconciliation - December 31, 2019</u>	<u>PATF I</u> <u>Account</u>	<u>PATF II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u>114</u>	<u>301</u>	<u><u>415</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2019

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2018	\$ 407	112	295
Increased by:			
Interest Earned	<u>8</u>	<u>2</u>	<u>6</u>
Balance - December 31, 2019	<u>\$ 415</u>	<u>114</u>	<u>301</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, 2019



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, 2019 and the related notes to the financial statements, and have issued our report thereon dated September 1, 2020, 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, 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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413


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

September 1, 2020

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 of 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.

Effective January 1, 2016, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$40,000.

BOROUGH OF NORTHVALE

GENERAL COMMENTS (continued)

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:

2019 Road Resurfacing Program
Livingston Street Streetscape Project
Hogan Park Basketball Court
Emergency Water Main Repairs

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, 2019 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

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.

BOROUGH OF NORTHVALE

**GENERAL COMMENTS
(continued)**

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 December 20, 2019.

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>
2019	8
2018	8
2017	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, 2019, 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, 2019**

COMMENTS

FINANCE

1. *There are various outstanding grant/contribution receivables in the General Capital Fund.
2. *Not all prior year interfund balances were liquidated prior to the close of the current fiscal year.
3. *There are General Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding creating cash deficits.
4. Petty cash funds were not closed out prior to year-end.
5. There was an over-expenditure of Appropriation Reserves – Planning Board Other Expenses resulting in a deferred charge in the amount of \$563.
6. The Payroll Account Bank Reconciliation contains reconciling items greater than one year old.
7. The following Trust Funds are not included in the General Ledger:
 - a. Recreation Trust Fund
 - b. Recreation Umpire Trust Fund
 - c. Summer Recreation Trust Fund
 - d. Escrow Trust Fund
 - e. Payroll Account
8. Interest earned on Developers’ Escrow deposits is not allocated among the individual developers in accordance with N.J.S.A. 40:55D-53.1.
9. There were instances in which wire payments were made without being entered into the Edmunds Accounting System to create a valid purchase order.
10. 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.

TAX COLLECTOR

1. A detailed listing of open municipal liens could not be provided at time of audit.
2. The Lien Trial Balance report for outside liens does not include all outstanding certificates.

DEPARTMENTS

1. Deposits are not always made within 48 hours of receipt as required by N.J.S.A. 40A:5-15, by the following departments:
 - a. Building Department
 - b. Board of Health

BOARD OF HEALTH

1. *Prior year over/underpayments to the State for marriage license applications have not been rectified.
2. Amounts paid to the State for marriage license fees were not in agreement with amounts collected per the department cash journal.

BOROUGH CLERK

1. A review of various professional service contracts and award procedures revealed that the Borough did not properly utilize the “fair and open” process as set forth in the State’s “Pay to Play” statute (P.L. 2005, c.51).

PLANNING BOARD

1. Receipts per the department ledger do not agree to the amounts reported in the Edmunds Accounting System.

MUNICIPAL COURT

1. Multiple Monthly Management Reports were not available for review at the time of audit.

**BOROUGH OF NORTHVALE
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019
(CONTINUED)**

RECOMMENDATIONS

FINANCE

1. *Old outstanding grant/contribution receivables in the General Capital Fund should be investigated and cancelled if determined to be uncollectible.
2. *All prior year interfunds should be liquidated in a timely manner.
3. *General Capital Improvement Authorizations greater than five years old should be funded through a budget appropriation or the issuance of debt in order to fund cash deficits created by ordinance expenditure.
4. All petty cash funds must be closed to operations at year-end in accordance with N.J.S.A. 40A:5-21.
5. More care should be taken to ensure expenditures are not made in excess of appropriations.
6. Reconciling items should be reviewed and adjusted/cancelled as appropriate.
7. All accounts should be included in the General Ledger.
8. An account should be established to maintain accurate individual developer escrow balances with allocated interest earnings.
9. A purchase order should be generated for all payments disbursed from the Borough.
10. All purchases in excess of 15% of the bid threshold should have informal quotes obtained as required by Local Public Contracts Law.

TAX COLLECTOR

1. All tax reports should be available for audit upon request.
2. The Lien Trial Balance report should be reviewed and updated to include all outstanding lien certificates.

DEPARTMENTS

1. Deposits should be made in a timely manner in accordance with N.J.S.A. 40A:5-15.

BOARD OF HEALTH

1. *Health Department officials should take the appropriate steps to rectify all over/underpayments to the State.
2. More care should be taken to ensure that the department's cash journal accurately reflect the amounts collected for marriage licenses.

BOROUGH CLERK

1. The Borough should comply with "Pay to Play" Compliance Regulations when awarding professional service contracts.

PLANNING BOARD

1. More care should be taken to ensure receipts per the department ledger are reconciled to the Edmunds Accounting System.

MUNICIPAL COURT

1. All Monthly Management Reports should be maintained for review during audit.


Status of Prior Years Audit Findings/Recommendation

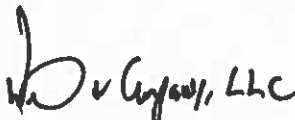
A review was performed on all prior years' recommendations and corrective action was taken on all except those with an "*".

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


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

September 1, 2020