

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information**

December 31, 2022

(With Independent Auditors' Report Thereon)

BOROUGH OF NORTHVALE

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BOROUGH OF NORTHVALE

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2022



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
ROBERT C. McNINCH, CPA, CFE, PSA
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
PHONE: (973)-835-7900
FAX: (973)-835-7900
EMAIL: OFFICE@W-CPA.COM
WWW.W-CPA.COM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of Northvale in the County of Bergen, as of December 31, 2022 and 2021, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the Borough of Northvale as of December 31, 2022 and 2021, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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



Honorable Mayor and
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As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Northvale on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 14 of the financial statement, the Borough participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,357,419 and \$1,522,352 for 2022 and 2021, 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, 2022 and 2021, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2022 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

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

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

Honorable Mayor and
Members of the Borough Council
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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Honorable Mayor and
Members of the Borough Council
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Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023 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. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

September 13, 2023

BOROUGH OF NORTHALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2022 and 2021

<u>Assets</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Current Fund			
Cash	A-4	\$ 2,709,315	2,045,261
Cash - Change Funds	A-5	200	200
Cash - Petty Cash	A-6	200	100
		<u>2,709,715</u>	<u>2,045,561</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Tax Receivable	A-7	249,848	248,802
Tax Title Liens Receivable	A-8	80,615	76,671
Foreclosed Property - Property Acquired for Taxes - Assessed Valuation	A-9	2,156,700	2,156,700
Revenue Accounts Receivable	A-10	2,479	1,460
Interfunds Receivable:			
Animal License Trust Fund	A-11	9,586	4,516
General Capital Fund	A-11	1,457	84
Other Trust Fund - Escrow	A-11	68,089	50,089
Other Trust Fund - Police DEA	A-11	45,608	
Recreation Trust	A-11	1,654	
Recreation - Umpire Fees Trust	A-11	19	
		<u>2,616,055</u>	<u>2,538,322</u>
Deferred Charges:			
Emergency Authorizations	A-12	22,818	
Overexpenditure of Appropriation Reserves	A-12	3,815	177
Overexpenditure of Appropriations	A-12		6,870
Special Emergency Authorizations (40A:4-55)	A-13	<u>359,663</u>	<u>311,579</u>
		<u>386,296</u>	<u>318,626</u>
		<u>5,712,066</u>	<u>4,902,509</u>
Federal and State Grant Fund:			
Grants Receivable	A-26	52,648	52,648
Due from Current Fund	A-27	680,261	558,984
		<u>732,909</u>	<u>611,632</u>
		<u>\$ 6,444,975</u>	<u>5,514,141</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2022 and 2021

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Current Fund			
Liabilities:			
Appropriation Reserves	A-3/A-14	306,429	135,951
Reserve for Encumbrances	A-15	28,554	11,089
Accounts Payable	A-16		
Due to State of New Jersey - Senior Citizen and Veteran's Deductions	A-16	7,511	8,261
Local District School Taxes Payable	A-17	255,295	
Prepaid Taxes	A-20	58,336	116,587
Tax Overpayments Payable	A-21		63,306
Marriage License Fees Payable	A-22		100
DCA Fees Payable	A-23	6,294	12,858
Reserve for Various Reserves	A-24	526,911	685,857
Special Emergency Note Payable	A-25	289,184	223,500
Interfund Payable:			
Federal and State Grant Fund	A-11	<u>680,261</u>	<u>558,984</u>
		<u>2,158,775</u>	<u>1,816,493</u>
 Reserve for Receivables			
Fund Balance	A-1	<u>2,616,055</u>	<u>2,538,322</u>
		<u>937,236</u>	<u>547,694</u>
		<u>5,712,066</u>	<u>4,902,509</u>
 Federal and State Grant Fund			
Appropriated Reserves	A-28	247,937	258,522
Due to General Capital Fund	A-27	22,875	22,875
Unappropriated Reserves	A-29	<u>462,097</u>	<u>330,235</u>
		<u>732,909</u>	<u>611,632</u>
		<u>\$ 6,444,975</u>	<u>5,514,141</u>

See accompanying notes to financial statements.

Exhibit A-1

BOROUGH OF NORTHALE

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

Current Fund

Year Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and other income realized:		
Fund Balance Utilized	\$ 200,000	109,000
Miscellaneous Revenue Anticipated	1,916,700	1,693,102
Receipts from Delinquent Taxes	233,302	243,864
Receipts from Current Taxes	26,124,358	26,014,092
Non-Budget Revenues	60,696	117,696
Other Credits to Income:		
Tax Overpayment and Premium Adjustments	1,072	
Unexpended Balance of Appropriation Reserves	94,579	136,707
Statutory Excess-Aminal Trust Fund		4,516
Interfunds Returned		<u>3,739</u>
Total Income	<u>28,630,707</u>	<u>28,322,716</u>
Expenditures - Budget Appropriations:		
Appropriations		
Salaries and Wages	3,416,200	3,549,039
Other Expenses	4,175,295	4,068,801
Deferred Charges and Statutory Expenditures	1,139,979	1,049,827
Capital Improvements	107,000	40,000
Municipal Debt Service	673,227	656,411
County Taxes	2,519,621	2,460,336
Amount Due County for Added and Omitted Taxes	8,099	5,233
Local District School Tax	10,303,327	10,171,165
Regional High School Tax	5,822,954	5,952,801
Refunds	281	12,170
Interfunds Advanced	<u>18,000</u>	<u>54,516</u>
Total Expenditures	<u>28,183,983</u>	<u>28,020,299</u>
Excess/(Deficit) in Revenues	<u>446,724</u>	<u>302,417</u>
Adjustments to Income before Surplus:		
Expenditures Included Above Which are by Statute Deferred		
Charges to Budget of Succeeding Year		
Over-Expenditure of Budget Appropriations		4,489
40A:4-53 Special Emergency	120,000	
Emergency Authorizations	<u>22,818</u>	<u>151,579</u>
	<u>142,818</u>	<u>156,068</u>
Statutory Excess to Surplus	589,542	458,485
Fund Balance, January 1	<u>547,694</u>	<u>198,209</u>
	1,137,236	656,694
Decreased by Utilization as Anticipated Revenue	<u>200,000</u>	<u>109,000</u>
Fund Balance, December 31	<u>\$ 937,236</u>	<u>547,694</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2022

	<u>Anticipated</u>	<u>Realized</u>	Excess or (deficit)
Fund Balance Anticipated	\$ 200,000	200,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverage	\$ 15,300	15,304	4
Other	15,600	15,765	165
Fees and Permits:			
Construction Code Official	200,000	275,582	75,582
Other	70,300	56,045	(14,255)
Fines - Municipal Court - Northvale	32,000	36,711	4,711
Interest and Costs on Taxes	55,700	77,787	22,087
Interest on Investments and Deposits	1,000	47,338	46,338
Energy Receipts Tax	561,305	561,305	
Borough of Rockleigh - Police/Court Services	312,000	319,908	7,908
Borough of Rockleigh - Public Works Services	25,000	25,000	
Uniform Fire Safety Act	37,800	41,234	3,434
Cable TV Franchise Fees	58,300	58,367	67
Compost Program - Hillsdale	30,500	64,354	33,854
Reserve for Sale of Property	125,000	125,000	
American Rescue Plan - Revenue Loss	197,000	197,000	
	1,736,805	1,916,700	179,895
Receipts from Delinquent Taxes	241,000	233,302	(7,698)
Subtotal - General Revenues	2,177,805	2,350,002	172,197
Municipal Budget - Local Tax for Municipal Purposes	7,300,000	7,464,162	164,162
Minimum Library Tax	344,195	344,195	
Budget Totals	\$ 9,822,000	10,158,359	336,359
Non-Budget Revenues		60,696	
	\$ 10,219,055		

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2022

	<u>Anticipated</u>	<u>Realized</u>	Excess or (deficit)
Analysis of Realized Revenues:			
Current Tax Collections		<u>26,124,358</u>	
Allocated to:			
Local District School		10,303,327	
Regional High School		5,822,954	
County (Including Added County Taxes)		<u>2,527,720</u>	
		<u>18,654,001</u>	
Balance for Support of Municipal Budget Appropriation		7,470,357	
Add Appropriation Reserve for Uncollected Taxes		<u>338,000</u>	
Amount for Support of Municipal Budget Appropriation		<u>\$ 7,808,357</u>	
Receipts from Delinquent Taxes - Delinquent Tax			
Delinquent Tax Collections		<u>\$ 233,302</u>	
Analysis of Non-Budget Revenues:			
Miscellaneous Revenue not Anticipated:			
Admin Fees - SC/VT Deductions & Homestead Rebates		\$ 722	
Payment in Lieu of Taxes		4,188	
Insurance Reimbursements		12,441	
Recycling		4,043	
Refunds and Reimbursements Prior Years		88	
Sewer Connection Fees		116	
Duplicate Tax Bills		1,760	
Property Owners List		220	
Miscellaneous		2,636	
Senior Center Donations		5,202	
State Aid Municipal Relief Fund		<u>29,280</u>	
		<u>\$ 60,696</u>	

See accompanying notes to financial statements.

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

General Appropriations	Appropriation		Expenditure 2022		Unexpended Balance Cancelled	
	Budget	Total for 2022 as Modified by All Transfers	Paid or Charged	Reserved		
General Government:						
Administrative and Executive:						
Salaries and Wages	\$ 68,800	80,800	75,780		5,020	
Other Expenses	100,000	100,000	80,223		19,777	
Mayor and Council						
Salaries and Wages	31,700	31,700	31,670	30		
Other Expenses	1,000	1,000	295	705		
Financial administration:						
Salaries and Wages	79,500	90,500	90,056	444		
Other Expenses	25,000	22,500	21,400	1,100		
Annual Audit	45,000	45,000	39,650	5,350		
Collection of Taxes:						
Salaries and Wages	69,400	70,600	70,562	38		
Other Expenses	10,000	10,000	6,699	3,301		
Assessment of taxes:						
Salaries and Wages	23,100	23,100	23,063	37		
Other Expenses	10,000	10,000	4,657	5,343		
Legal services and costs:						
Other Expenses	95,000	95,000	75,568	19,432		
Engineering services and costs:						
Other Expenses	95,000	95,000	50,952	44,048		
Municipal Land Use Law NJSA (40:55D-1)						
Planning Board:						
Salaries and Wages	5,000	5,000	4,975	25		
Other Expenses	15,000	15,000	5,341	9,659		
Municipal Court						
Salaries and Wages	62,000	63,500	63,432	68		
Other Expenses	10,000	10,000	6,404	3,596		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

	Appropriation		Expenditure 2022		Unexpended Balance Cancelled
	Budget	Total for 2022 as Modified by All Transfers	Paid or Charged	Reserved	
General Appropriations					
Public Defender	5,500	5,500	5,434	66	
Salaries and Wages					
Police:	1,973,000	1,887,000	1,824,390	22,610	40,000
Salaries and Wages	95,000	95,000	89,564	5,436	
Other Expenses:	69,200	69,200	69,190	10	
Interboro Radio					
American Rescue Plan - Police Department	197,000	197,000	197,000		
First Aid Organization	30,000	30,000	60	19,940	10,000
Ambulance Other Expenses					
Insurance:					
Workers Compensation	135,000	137,000	136,882	118	
Other Insurance	9,000	9,000	7,592	1,408	
Liability Insurance	135,000	135,000	133,126	1,874	
Group Insurance for Employees	500,000	508,000	495,534	12,466	
Fire:					
Other Expenses	50,000	50,000	49,097	903	
Rental of Fire House	28,100	28,100	28,090	10	
Fire Hydrant Service	80,300	80,300	80,263	37	
Fire Prevention Bureau:					
Salaries and Wages	34,100	34,400	34,300	100	
Other Expenses	2,000	6,000	2,288	3,712	
Prosecutor:					
Salaries and Wages	13,400	13,400	13,307	93	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

	Appropriation		Expenditure 2022		Unexpended Balance Cancelled
	Budget	Total for 2022 as Modified by All Transfers	Paid or Charged	Reserved	
General Appropriations					
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	800,000	800,000	713,796	26,204	60,000
Other Expenses	200,000	200,000	182,113		17,887
Sanitation:					
Garbage and Trash Removal					
Collection	266,000	266,100	266,098		2
Disposal	266,000	266,150	266,098		52
Recycling:					
Salaries and Wages	7,900	7,900	7,805		95
Other Expenses	10,000	10,000	6,126		3,874
Public Buildings and Grounds					
Other Expenses	60,000	81,500	81,211		289
Sewer Repairs and Maintenance:					
Other Expenses	20,000	25,500	25,388		112
Borough of Norwood					
Health and Welfare:					
Board of Health:					
Salaries and Wages	13,100	17,600	17,301		299
Other Expenses	33,000	33,000	30,934		2,066
Animal Control					
Other Expenses	7,500	7,500	6,350		1,150
Recreation and Education:					
Senior Center					
Salaries and Wages	50,000	50,000	49,975		25
Other Expenses	20,000	20,000	15,783		4,217
Senior Bus Trips:					
Other Expenses	5,000	5,000	4,903		97

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

	<i>Appropriation</i>		<i>Expended 2022</i>		<i>Unexpended Balance Cancelled</i>
	<i>Budget</i>	<i>Total for 2022 as Modified by All Transfers</i>	<i>Paid or Charged</i>	<i>Reserved</i>	
General Appropriations					
Celebration of Public Events	5,000	10,700	10,574		126
Other Expenses					
Parks and Playgrounds:	30,000	30,000	25,532		4,468
Other Expenses					
Uniform Construction Code Official:					
Salaries and Wages	120,000	120,000	102,439		12,561
Other Expenses	12,000	12,000	9,476		2,524
Code Compliance:					
Salaries and Wages	22,000	23,200	23,155		45
Other Expenses	1,000	1,000	423		577
UNCLASSIFIED:					
Utilities:					
Electricity	67,000	67,000	65,072		1,928
Street Lighting	65,000	67,000	66,961		39
Telephone	45,000	45,000	41,618		3,382
Water	21,000	21,000	17,285		3,715
Natural Gas	27,000	27,000	21,702		5,298
Vehicle Fuel	50,000	56,550	56,394		156
Total Operations within "CAPS"	<u>6,339,600</u>	<u>6,338,300</u>	<u>5,931,356</u>		<u>291,944</u>
Contingent	<u>700</u>	<u>700</u>			<u>700</u>
Total Operations Including Contingent-within "CAPS"	<u>6,340,300</u>	<u>6,339,000</u>	<u>5,931,356</u>		<u>292,644</u>

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

General Appropriations	Appropriation		Expenditure 2022		Unexpended Balance Cancelled
	Budget	Total for 2022 as Modified by All Transfers	Paid or Charged	Reserved	
Detail:					
Salaries and Wages	3,575,500	3,521,200	3,348,440	67,760	105,000
Other Expenses	2,764,800	2,817,800	2,582,916	224,884	10,000
	<u>6,340,300</u>	<u>6,339,000</u>	<u>5,931,356</u>	<u>292,644</u>	<u>115,000</u>
Deferred Charges and Statutory Expenditures:					
DEFERRED CHARGES					
Emergency Appropriations - Legal Fees	22,818	22,818	22,818		
Overexpenditure of Appropriation Reserves	2,558	2,558	2,558		
Expenditure without Appropriation	4,489	4,489	4,489		
Prior Year Bills - Legal Services					
Contribution to:					
Social Security System (O.A.S.I.)	265,000	265,000	258,311		6,639
Police and Firemen's Retirement System of NJ	604,517	604,517	604,517		
Public Employees' Retirement System	168,181	168,181	168,181		
Defined Contribution Retirement Program	500	500	500		
Total Deferred and Statutory					
Expenditures - Municipal within "CAPS"	1,068,063	1,068,063	1,060,874	7,189	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>7,408,363</u>	<u>7,407,063</u>	<u>6,992,230</u>	<u>299,833</u>	<u>115,000</u>

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

	Appropriation		Expenditure 2022		Unexpended Balance Cancelled
	Budget	Total for 2022 as Modified by All Transfers	Paid or Charged	Reserved	
General Appropriations					
Operations Excluded from "CAPS":					
Aid to Library (NJSA 40:54-35)					
Public Library	344,195	344,195	337,841		6,354
Sewer:					
Bergen County Utilities Authority	642,000	642,000	641,854		146
Contribution to:					
LOSAP	43,000	44,300	44,204		96
	<u>1,029,195</u>	<u>1,030,495</u>	<u>1,023,899</u>		<u>6,596</u>
Total Other Operations - Excluded from "CAPS"					
Shared Service Agreements					
Borough of Rockleigh Police and Court					
Salaries and Wages	312,000	312,000	312,000		
Borough of Rockleigh Public Work					
Salaries and Wages	25,000	25,000	25,000		
	<u>337,000</u>	<u>337,000</u>	<u>337,000</u>		<u>-</u>
	<u>1,366,195</u>	<u>1,367,495</u>	<u>1,360,899</u>		<u>6,596</u>
Total Operations Excluded from "CAPS"					

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

	<u>Appropriation</u>		<u>Expenditure 2022</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Total for 2022 as Modified by All Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
General Appropriations					
Detail:					
Other Expenses	<u>1,366,195</u>	<u>1,367,495</u>	<u>1,360,899</u>	<u>6,596</u>	<u>-</u>
	<u>1,366,195</u>	<u>1,367,495</u>	<u>1,360,899</u>	<u>6,596</u>	<u>-</u>
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>	<u>-</u>	<u>-</u>
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	450,000	450,000	450,000		
Payment of Bond Anticipation Notes and Capital Notes	115,000	115,000	115,000		
Interest on Bonds	101,238	101,238	101,238		
Interest on Notes	7,106	7,106	6,990		116
Total Municipal Debt Service-Excluded from "CAPS"	<u>673,344</u>	<u>673,344</u>	<u>673,228</u>	<u>-</u>	<u>116</u>
Deferred Charges:					
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	<u>71,916</u>	<u>71,916</u>	<u>71,916</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>71,916</u>	<u>71,916</u>	<u>71,916</u>	<u>-</u>	<u>-</u>

Exhibit A-3

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2022

	<u>Appropriation</u>		<u>Expended 2022</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>as Modified by All Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>General Appropriations</u>					
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,218,455</u>	<u>2,219,755</u>	<u>2,213,043</u>	<u>6,596</u>	<u>116</u>
Total General Appropriations - Excluded from "CAPS"	<u>2,218,455</u>	<u>2,219,755</u>	<u>2,213,043</u>	<u>6,596</u>	<u>116</u>
Subtotal General Appropriations					
Reserve for Uncollected Taxes	<u>338,000</u>	<u>338,000</u>	<u>338,000</u>		
Total General Appropriations	<u>\$ 9,964,818</u>	<u>9,964,818</u>	<u>9,543,273</u>	<u>306,429</u>	<u>115,116</u>
Adopted Budget \$					
Special Emergency Appropriation					
Emergency Appropriation					
		<u>9,822,000</u>			
		<u>120,000</u>			
		<u>22,818</u>			
		<u>\$ 9,964,818</u>			
Reserve for Uncollected Taxes					
Deferred Charges					
Reserve for Encumbrances					
Cash Disbursed					
				<u>9,074,938</u>	<u>\$ 9,543,273</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ <u>17,525</u>	<u>13,840</u>
		<u>17,525</u>	<u>13,840</u>
Other Trust Funds:			
Cash	B-1	<u>1,579,833</u>	<u>1,035,278</u>
Due from Capital	B-7	<u>100,000</u>	<u>100,000</u>
		<u>1,679,833</u>	<u>1,135,278</u>
Community Development Block Grant Fund:			
Cash	B-1	<u>56,158</u>	<u> </u>
Unemployment Trust Fund:			
Cash	B-1	<u>102,335</u>	<u>95,726</u>
		<u>102,335</u>	<u>95,726</u>
Open Space Trust Fund:			
Cash	B-1	<u>473</u>	<u>466</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	<u>1,310,803</u>	<u>1,479,352</u>
Service Award Contributions Receivable	B-9	<u>46,616</u>	<u>43,000</u>
		<u>1,357,419</u>	<u>1,522,352</u>
		<u>\$ 3,213,743</u>	<u>2,767,662</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Trust Fund:			
Reserve for Expenditures	B-3	7,939	9,324
Schedule of Interfunds	B-7	9,586	4,516
		<u>17,525</u>	<u>13,840</u>
Other Trust Funds:			
Schedule of Interfunds	B-7	151,763	86,482
Escrow Deposits	B-4	371,928	326,641
Miscellaneous Reserves	B-5	1,156,142	722,155
		<u>1,679,833</u>	<u>1,135,278</u>
Community Development Block Grant Fund:			
Schedule of Interfunds	B-7	<u>56,158</u>	
Unemployment Trust Fund:			
Reserve for Unemployment Insurance			
Compensation	B-6	<u>102,335</u>	<u>95,726</u>
Open Space Trust Fund:			
Reserve for Expenditures	B-8	<u>473</u>	<u>466</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets Available for Benefits	B-10	<u>1,357,419</u>	<u>1,522,352</u>
		<u>\$ 3,213,743</u>	<u>2,767,662</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2022 and 2021

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 108,438	133,501
Deferred Charges to Future Taxation:			
Funded	C-4	4,495,000	4,945,000
Unfunded	C-5	3,448,899	1,977,449
Interfunds Receivable	C-6	115,426	59,268
Grants/Contributions Receivable	C-7	1,635,263	1,195,771
		<u>\$ 9,803,026</u>	<u>8,310,989</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-8	4,495,000	4,945,000
Bond Anticipation Notes Payable	C-9	3,233,450	1,762,000
Improvement Authorizations:			
Funded	C-10	236,598	275,479
Unfunded	C-10	1,674,750	1,210,755
Interfunds Payable	C-6	101,457	100,084
Capital Improvement Fund	C-11	60,902	16,802
Fund Balance	C-1	869	869
		<u>\$ 9,803,026</u>	<u>8,310,989</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2022 and 2021 of \$215,449 and \$215,449 respectively per Exhibit C-12.

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

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

General Capital Fund

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Fund Balance, January 1	\$ <u>869</u>	<u>869</u>
Fund Balance, December 31	\$ <u>869</u>	<u>869</u>

See accompanying notes to financial statements.

Exhibit E

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2022 and 2021

	<u>Ref</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 116	114
Cash - PATF II	E-1	<u>306</u>	<u>302</u>
		\$ <u>422</u>	<u>416</u>
<u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-3	\$ 116	114
Reserve for Expenditure - PATF II	E-3	<u>306</u>	<u>302</u>
		\$ <u>422</u>	<u>416</u>

See accompanying notes to financial statements.

Exhibit F

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash	\$ 12,758	5,537
	<u>\$ 12,758</u>	<u>5,537</u>
<u>Liabilities</u>		
Reserve for Payroll Withholdings	\$ 12,578	5,537
	<u>\$ 12,578</u>	<u>5,537</u>

See accompanying notes to financial statements.

Exhibit G

BOROUGH OF NORTHALE

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 7,931,100	7,931,100
Buildings and Building Improvements	2,119,500	2,119,500
Vehicles and Equipment	<u>7,186,491</u>	<u>7,132,873</u>
	<u><u>\$ 17,237,091</u></u>	<u><u>17,183,473</u></u>
Investment in Fixed Assets	<u><u>\$ 17,237,091</u></u>	<u><u>17,183,473</u></u>

See accompanying notes to financial statements.

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

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 NORTHLVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 NORTHALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(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 as of June 30, of each fiscal year.

**BOROUGH OF NORTHALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(continued)

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

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

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, 2022 AND 2021
(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 2022, the Mayor and Council approved \$-0- additional revenues and appropriations in accordance with N.J.S.A. 40A:4-87, \$142,818 of Emergency Appropriations along with several budget transfers.

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 NORTHLAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(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, 2022 AND 2021**
(continued)

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The Borough did not adopt any new pronouncements during 2022.

C. Basic Financial Statements

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

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BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022, \$-0- of the Borough's bank balance of \$5,163,621 was exposed to custodial credit risk and as of December 31, 2021, \$-0- of the Borough's bank balance of \$3,405,286 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 NORTHALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021 amounted to \$1,310,803 and \$1,479,352, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
LVIP SsgA S&P 500 Index	\$627,553	\$760,243
Fixed Income	307,697	284,505
All Others	<u>375,553</u>	<u>434,604</u>
Total	<u>\$1,310,803</u>	<u>\$1,479,352</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts Due</u>
	<u>Dec. 31, 2021</u>	<u></u>	<u></u>	<u>Dec. 31, 2022</u>	<u>Within</u>
	<u></u>	<u></u>	<u></u>	<u></u>	<u>One Year</u>
Bonds Payable - General Obligation					
Debt	\$4,945,000	\$	\$450,000	\$4,495,000	\$475,000
Other Liabilities - Compensated					
Absences Payable	<u>845,476</u>	<u>21,533</u>	<u>130,411</u>	<u>736,598</u>	<u> </u>
	<u>\$5,790,476</u>	<u>\$21,533</u>	<u>\$580,411</u>	<u>\$5,231,598</u>	<u>\$475,000</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts Due</u>
	<u>Dec. 31, 2020</u>	<u></u>	<u></u>	<u>Dec. 31, 2021</u>	<u>Within</u>
	<u></u>	<u></u>	<u></u>	<u></u>	<u>One Year</u>
Bonds Payable - General Obligation					
Debt	\$5,370,000	\$	\$425,000	\$4,945,000	\$425,000
Other Liabilities - Compensated					
Absences Payable	<u>845,677</u>	<u>81,739</u>	<u>79,940</u>	<u>847,476</u>	<u> </u>
	<u>\$6,215,677</u>	<u>\$81,739</u>	<u>\$504,940</u>	<u>\$5,792,476</u>	<u>\$425,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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>2022</u>	<u>2021</u>	<u>2020</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$7,728,450</u>	<u>\$6,707,000</u>	<u>\$6,350,000</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>215,449</u>	<u>215,449</u>	<u>215,449</u>
Total Bonds, Notes and Loans Issued and Authorized not Issued	<u>7,943,899</u>	<u>6,922,449</u>	<u>6,565,449</u>
	<u>\$7,943,899</u>	<u>\$6,922,449</u>	<u>\$6,565,449</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.742% for 2022.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	<u>\$991,043</u>	<u>\$991,043</u>	<u>\$0</u>
General debt	<u>7,943,899</u>	<u>0</u>	<u>7,943,899</u>
	<u>\$8,934,942</u>	<u>\$991,043</u>	<u>\$7,943,899</u>

Net debt of \$7,943,899 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$1,069,990,837 equals 0.742%.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 0.689% for 2021.

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

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

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

	<u>2022</u>	<u>2021</u>
3 1/2% of equalized valuation basis (municipal)	\$37,449,679	\$35,161,724
Net debt	<u>7,943,899</u>	<u>6,922,449</u>
Remaining Borrowing Power	<u>\$29,505,780</u>	<u>\$28,239,275</u>

The Borough's long-term debt consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
General serial bonds:		
\$5,685,000 General Serial Bonds - with an interest rate of 2.00% to 2.125% issued November 1, 2019, due through November 1, 2030	<u>4,495,000</u>	<u>4,945,000</u>
	<u>\$4,495,000</u>	<u>\$4,945,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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>
2023	475,000	92,238	567,238
2024	500,000	82,738	582,738
2025	525,000	72,738	597,738
2026	550,000	62,238	612,238
2027	575,000	51,238	626,238
2028-2030	<u>1,870,000</u>	<u>79,900</u>	<u>1,949,900</u>
Total	<u><u>\$4,495,000</u></u>	<u><u>\$441,090</u></u>	<u><u>\$4,936,090</u></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, 2022, the Borough had authorized but not issued debt of \$215,449.

NOTE 4. BOND ANTICIPATION NOTES

On December 31, 2022 and 2021, the Borough had \$3,233,450 and \$1,762,000, respectively, outstanding General Capital Fund bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2022 and 2021:

<u>2022</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Municipal Excess Liability Joint Insurance Fund	\$	\$3,233,450	\$	\$3,233,450
Amboy Bank	<u>1,762,000</u>	<u></u>	<u>1,762,000</u>	<u>0</u>
	<u><u>\$1,762,000</u></u>	<u><u>\$3,233,450</u></u>	<u><u>\$1,762,000</u></u>	<u><u>\$3,233,450</u></u>
<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Depository Trust Company	\$980,000	\$	\$980,000	\$
Amboy Bank	<u></u>	<u>1,762,000</u>	<u></u>	<u>1,762,000</u>
	<u><u>\$980,000</u></u>	<u><u>\$1,762,000</u></u>	<u><u>\$980,000</u></u>	<u><u>\$1,762,000</u></u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 Annual Comprehensive Financial Report (ACFR) 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, 2022 AND 2021
(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 Annual Comprehensive Financial Report (ACFR) 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, 2022 AND 2021
(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, 2022 AND 2021
(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>
2022	\$168,181	\$604,517
2021	174,292	590,472
2020	174,311	533,148

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, 2022 AND 2021
(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, 2022, the Borough had a liability of \$1,737,991 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Borough's proportion was 0.0115164528 percent, which was a decrease of 0.0028442909 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Borough recognized pension expense of \$168,181. At December 31, 2022, 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	\$12,544	\$11,062
Changes of assumptions	5,385	260,246
Net difference between projected and actual earnings on pension plan investments	71,934	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>34,599</u>	<u>685,471</u>
Total	<u>\$124,462</u>	<u>\$956,779</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022) 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:

2023	\$(149,083)
2024	(75,953)
2025	(37,041)
2026	80,809
2027	(178)

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 5.04, 5.16, 5.21, 5.63 and 5.48 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Borough's Proportion	0.011516453%	0.014360744%

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:

Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% (based on years of service)

Investment Rate of Return	7.00 Percent
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The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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-2021.

BOROUGH OF NORTHLAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, 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, 2022		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$2,237,000	\$1,737,991	\$1,313,315

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.

**BOROUGH OF NORTHLAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(continued)

NOTE 5. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS)

The following pension information is as of June 30, 2021 which is the latest information available. This information is eighteen months prior to December 31, 2022. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

At December 31, 2021, the Borough had a liability of \$3,791,199 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2021, the Borough's proportion was 0.000518691986 percent, which was a decrease of (0.0000098503) percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Borough recognized pension expense of \$(312,821). At December 31, 2021, 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	\$43,253	\$454,146
Changes of assumptions	20,173	1,136,205
Net difference between projected and actual earnings on pension plan investments		1,615,553
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>371,826</u>	<u>128,027</u>
Total	<u>\$435,252</u>	<u>\$3,333,931</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2021) 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:

2022	\$(1,006,027)
2023	(755,168)
2024	(647,987)
2025	(638,994)
2026	(80,601)
Thereafter	(13,702)

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 6.17, 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$817,271,932	\$1,601,195,680
Collective deferred inflows of resources	6,875,738,520	4,191,274,402
Collective net pension liability	9,364,849,587	14,926,648,722
Borough's Proportion	0.0518691986%	0.05285423%

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. 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-2021.

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2021) 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, 2021 are summarized in the following table:

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

**BOROUGH OF NORTHLAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2021 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, 2021</u>		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$6,309,646	\$3,791,199	\$1,694,863

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2021 and 2020, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,066,274 and \$1,059,902, respectively. For the years ended December 31, 2021 and 2020, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$118,752 and \$120,119, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$92,626 and \$81,599, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(continued)

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

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

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

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

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

At December 31, 2021, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$6,178,559 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$(279,817).

NOTE 7. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2023 and 2022 which has been appropriated as revenue in the 2023 budget is \$320,000 and \$200,000 in 2022.

**BOROUGH OF NORTHALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)**

NOTE 8. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2022 and 2021:

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Land	\$7,931,100	\$	\$	\$7,931,100
Building and Building Improvements	2,119,500			2,119,500
Machinery and Equipment	7,132,873	53,618	—	7,186,491
	<u>\$17,183,473</u>	<u>\$53,618</u>	<u>\$0</u>	<u>\$17,237,091</u>

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

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 \$736,598 as of December 31, 2022. 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.

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BOROUGH OF NORTHLVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2022 consist of the following:

\$1,457	Due to the Current Fund from the General Capital Fund for interest earnings.
9,586	Due to the Current Fund from the Animal License Trust Fund for the current and prior year statutory excess calculation.
68,089	Due to the Current Fund from the Escrow Trust Fund to fund the General Escrow account.
45,608	Due to the Current Fund from the Police DEA Trust Fund to fund the police overtime and deposit errors.
1,654	Due to the Current Fund from the Recreation Trust Fund for interest earnings.
19	Due to the Current Fund from the Recreation - Umpire Fees Trust Fund for interest earnings.
680,261	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid.
100,000	Due to the Affordable Housing Trust Fund from the General Capital Fund for cash advance.
36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses.
22,875	Due to the General Capital Fund from the Federal and State Grant Fund to reimburse grant expenditures paid.
<u>56,158</u>	Due to the General Capital Fund from the Community Development Block Grant Trust for Bergen County Grants received from CDBG.
<u>\$1,022,100</u>	

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

**BOROUGH OF NORTHLAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(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, 2022 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 2021 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, 2022 AND 2021
(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:

	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec 31, 2021</u>
Prepaid Taxes	<u>\$58,336</u>	<u>\$116,587</u>
Cash Liability for Taxes Collected in Advance	<u>\$58,336</u>	<u>\$116,587</u>

BOROUGH OF NORTHLAKE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2022	2023 Budget Appropriation	Balance Succeeding Year Budget
Current Fund:			
Emergency Authorization	\$22,818	\$22,818	\$
Special Emergency Appropriations	359,663	95,916	263,747
Overexpenditure of Appropriation Reserves	<u>3,815</u>		<u>3,815</u>
Total Current Fund	<u>\$386,296</u>	<u>\$118,734</u>	<u>\$267,562</u>

NOTE 15. LITIGATION

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

NOTE 16. OTHER MATTERS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The estimated amount of federal aid available to the Borough of Northvale is \$515,702 which will be available for use until December 31, 2024.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**
(continued)

NOTE 16. OTHER MATTERS, (continued)

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

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through September 13, 2023, the date which the financial statements were available to be issued and the following item was noted for disclosure:

SUPPLEMENTARY DATA

BOROUGH OF NORTHAZALE

Supplementary Data

Year ended December 31, 2022

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax rate	<u>3.020</u>	<u>3.026</u>	<u>3.032</u>
Apportionment of Tax Rate:			
Municipal	0.838	0.843	0.826
Municipal - Library	0.039	0.037	0.039
County	0.290	0.284	0.288
District School	1.184	1.175	1.173
Regional School	<u>0.669</u>	<u>0.687</u>	<u>0.706</u>
Assessed Valuation:			
2022	\$ 869,805,900		
2021		865,370,900	
2020		863,321,303	

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.

Confirm with A Exhibits

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>		<u>Percentage</u> <u>of</u> <u>collection</u>
		<u>Cash</u> <u>collections</u>	<u>of</u> <u>collection</u>	
2022	\$ 26,379,921	26,124,358	99.03%	
2021	26,269,380	26,014,092	99.03%	
2020	26,318,610	25,927,297	98.51%	

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</u> <u>of tax</u> <u>title liens</u>	<u>Amount of</u> <u>delinquent</u> <u>taxes</u>	<u>Total</u> <u>delinquent</u>	<u>Percentage</u> <u>of tax</u> <u>levy</u>
2022	\$ 80,615	249,848	330,463	1.25%
2021	76,671	248,802	325,473	1.24%
2020	72,719	243,800	316,519	1.20%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2022

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2022 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>
2022	\$ 2,156,700
2021	2,156,700
2020	2,156,700

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
			Current Fund
	2022	\$ 937,236	320,000
	2021	547,694	200,000
	2020	198,209	109,000
	2019	272,199	223,000
	2018	545,199	273,000

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2022

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		
Louis DeLisio	Council President		
Frances Devlin	Councilman		
Thomas Agiro	Councilman		
John Hogan	Councilman		
Joseph McGuire	Councilman		
Kara McMorrow	Councilwoman		
Shuaib Firozvi	Chief Financial Officer/Treasurer (01/01/2022-08/31/2022)		
Joseph Luppino	Chief Financial Officer/Treasurer (09/01/2022-12/31/2022)		
Fran Weston	Borough Clerk		
Suzanne Burroughs	Tax Collector	\$ 1,000,000	(A)
Robert Connell	Construction Code		
Chuck Batch	Fire Subcode Official		
Stephen Wiersma	Plumbing Subcode Official		
Roger A. Hauser	Municipal Court Judge	\$ 1,000,000	(A)
Clare Cabbibo	Court Administrator	\$ 1,000,000	(A)
Robert Brescia	Tax Assessor		
Howard Ostrow	Chief of Police		
Colliers Engineering & Design Inc.	Borough Engineer		
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)

Schedule 1

BOROUGH OF NORTHYALE

Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

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	Adjustments/ Canceled	MEMO/ Ammendments/ Expenditures
Federal and State Grant Fund:										
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			*	*
	USDA - Dining with Dignity	10,565			2,640	1/1/14-12/31/14			*	519
U.S. Department of Treasury	American Rescue Plan	21,027			257,851	2021	257,851	197,000	*	197,000
U.S. Department of Transportation	Drive Sober or Get Pulled Over Highway Traffic Safety Grant	20,616	20,616		6,020	2022	6,020		*	
U.S. Department of Homeland Security (passed through State of NJ)	FEMA - Hurricane Grant	97,036			5,972	2022	5,972		*	
	FEMA - Tropical Storm Isaias	97,036			29,860	2021	29,860		*	
	FEMA - Coronavirus Pandemic	97,036			39,039	2021	39,039		*	
	FEMA - Assistance to Firefighters Program	97,044			2,260	2021	2,260		*	
	<i>Total Federal and State Grant Fund</i>				13,922		13,922		*	
General Capital Fund:					277,793		197,000		*	197,519
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 I V)	20,205	Ord. 906		383,627	2019			*	383,627
	Livingston Street Sidewalk Imps. (Phase II V)	20,205	Ord. 972	2015-078-6370-480-ALL ⁵	304,500	2017			*	304,500
	Livingston Street Sidewalk Imps. (Phase II, III)	20,205	Ord. 923	2013-078-6370-480-ALL	150,000	2013			*	150,000
	Improvements to White Avenue	20,205	Ord. 879	2010-078-6370-480	200,000	2010			*	160,700
	<i>Total Funds</i>								*	998,827
U.S. Department of Justice	Equitable Sharing Program	16,922	19-DEA-639379		744,490		397,372	91,617	*	638,985
Department of Treasury	Equitable Sharing Program	21,016		2016-100-100-074-701-001	123,185		1,463		*	46,000
	<i>Total Trust Funds</i>				398,785		91,617		*	684,985
					671,578		288,917		*	1,381,231

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

Schedule 2

BOROUGH OF NORTHLAVER

Schedule of Expenditures of State Awards

Year ended December 31, 2022

State Funding Department	State Program	State Grant No.	Grant Period	Grant Award Amount	Cash Reserved	Grant Expenditures	Adjustment	Cumulative Expenditures	MEMO
Federal and State Grant Fund:									
Administration of the Courts		9735-760-098-Y900-01-X100	2021	454					*
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					*
Alcohol Education and Rehabilitation		9735-760-098-Y900-01-X100	2007	1,579					*
Alcohol Education and Rehabilitation		9735-760-098-Y900-01-X100	2007						1,579
									3,265
Division of Motor Vehicles		640-10-978-6400	2015	4,333					*
Drunk Driving Enforcement Fund		640-10-978-6400	2013	1,140					*
Drunk Driving Enforcement Fund		640-10-978-6400	2012	2,335					*
Drunk Driving Enforcement Fund		640-10-978-6400	2011	3,391					*
Drunk Driving Enforcement Fund		640-10-978-6400	2010	3,853					*
Drunk Driving Enforcement Fund		640-10-978-6400	2009	2,856					*
Drunk Driving Enforcement Fund		640-10-978-6400	2008	4,708					*
Drunk Driving Enforcement Fund		640-10-978-6400	2007	5,049					*
									1,977
									3,161
Department of Environmental Protection		4900-765-042-4900-004	2022	10,308					*
Clean Communities		4900-765-042-4900-004	2021	10,140					*
Clean Communities		4900-765-042-4900-004	2020	9,435					*
Clean Communities		4900-765-042-4900-004	2019	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					*
									6,854
Recycling Tonnage Grant		4900-751-042-4900-001	2022	12,700					*
									6,654

THE UNIVERSITY OF NORTHERN ILLINOIS

Schedule of Expenditures of State Awards

Year ended December 31 2022

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31 2012

State Funding Department Other Financial Assistance

State Funding Dependent Other Financial Assistance:

Federal and State Grant Fund:
Local

State Program
Northdale Drug Alliance (Golf Outing) - Local
Northdale Junior Police - Local
Senior Citizen Computers
Senior Citizen Caregivers
Mary McDougal

Total Federal and State Grant Fund

County of Bergen

County of Bergen

- ✓ Various Improvements to Veteran's Park
- ✓ Construction of a Butterfly Garden at Veteran's Park
- ✓ Walkways to Gazebo at Hogan's Park
- ✓ Construction of a Gazebo at Hogan's Park - Ord
- ✓ Improvement to Re-Creation Fields - Schools
- ✓ Various Improvements to Veteran's Park

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Total Other Financial Activities

Total Share and Other Financial Assistance

This schedule was not subject to an audit in accordance with NJOMB 13-08

(2) Passed through the State of New Jersey

Exhibit A-4

BOROUGH OF NORTHALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2022

	<u>Current Fund</u>
Balance, December 31, 2021	\$ 2,045,261
Increased by Receipts:	
Prepaid Taxes	\$ 58,336
Taxes Receivable	26,211,823
Revenue Accounts Receivable	1,594,700
Miscellaneous Revenue Not Anticipated	60,696
Petty Cash	
Tax Overpayments	
Marriage License/Domestic Partnership Fees	150
DCA fees	12,233
State of New Jersey - Veterans and	
Senior Citizens	28,500
Various Reserves	8,438
Special Emergency Notes	289,184
Grants Receivable	
Unappropriated Grant Reserves	328,862
Interfunds	<u>1,204,974</u>
	<u>29,797,896</u>
	31,843,157
Decreased by Disbursements:	
Budget Appropriations	9,074,938
Appropriation Reserves	56,276
Petty Cash	100
County Taxes	2,527,720
Local District School Taxes	10,048,032
Regional High School Taxes	5,822,954
Tax Overpayments	63,306
Interfunds	1,245,000
Marriage License/Domestic Partnership Fees	250
DCA Fees	18,797
Various Reserves	42,384
Special Emergency Notes	223,500
Appropriated Grant Reserves	<u>10,585</u>
	<u>29,133,842</u>
Balance, December 31, 2022	\$ <u>2,709,315</u>

Exhibit A-5

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ <u>200</u>
Balance, December 31, 2022	\$ <u>200</u>
Analysis of balance:	
Tax Collector	50
Municipal Court	<u>150</u>
	\$ <u>200</u>

Exhibit A-6

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ <u>100</u>
Increased by:	
Petty Cash Advanced	<u>100</u>
Balance, December 31, 2022	\$ <u>200</u>
Analysis of balance:	
Borough Clerk	\$ <u>100</u>
Senior Center	<u>100</u>
	\$ <u>200</u>

BOROUGH OF NORTHVALE

Schedule of Taxes Receivable and
Analysis of 2022 Property Tax Levy

Current Fund

Year ended December 31, 2022

Year	Balance, Dec. 31, 2021	Total 2022 Levy	Added	Collections 2021	Collections 2022	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2022
2021	\$ 248,802				233,302			15,500	
2022		26,295,584	84,337	116,587	25,978,521	29,250	3,944	1,771	249,848
	\$ 248,802	26,295,584	84,337	116,587	26,211,823	29,250	3,944	17,271	249,848
					Cash	26,211,823			
						\$ 26,211,823			

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 26,295,584
Added Taxes (54.4-63.12 et seq.)	84,337
	\$ 26,379,921

Tax Yield:	\$ 26,295,584
General Purpose Tax	84,337
Added Taxes (54.4-63.12 et seq.)	\$ 26,379,921

Tax Levy:

Regional High School Tax	5,822,954
Local District School Tax	10,303,327
County Tax	2,519,621
Amount Due County/Added Taxes	8,099
Local Tax/Municipal Purposes	7,644,195
Additional Tax Levied	81,725
	\$ 26,379,921

Exhibit A-8

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 76,671
Increased by:	
Transfers from 2022 Taxes Receivable	<u>3,944</u>
Balance, December 31, 2022	\$ <u>80,615</u>

Exhibit A-9

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

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ <u>2,156,700</u>
Balance, December 31, 2022	\$ <u>2,156,700</u>

BOROUGH OF NORTHVALE

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2022

	Balance, Dec. 31, 2021	Accrued	Received	Balance, Dec. 31, 2022
Licenses:				
Alcoholic Beverages	\$ 15,304		15,304	
Other	15,765		15,765	
Fees and Permits:				
Construction Code Official	275,582		275,582	
Other	56,045		56,045	
Fines and Costs - Municipal Court - Northvale	1,460	37,730	36,711	2,479
Interest and Costs on Taxes		77,787	77,787	
Interest on Investments and Deposits		47,338	47,338	
Energy Receipts Tax		561,305	561,305	
Borough of Rockleigh-Police/Court Services		319,908	319,908	
Borough of Rockleigh-Public Works Services		25,000	25,000	
Uniform Fire Safety Act		41,234	41,234	
American Rescue Plan - Revenue Loss		197,000	197,000	
Cable TV Franchise Fees		58,367	58,367	
Compost Program - Hillsdale		64,354	64,354	
Reserve for Sale of Property	125,000		125,000	
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,460	1,917,719	1,916,700	2,479
		Interfunds	\$ 197,000	
		Reserve for Various Reserves	125,000	
		Cash Receipts	1,594,700	
			<hr/>	
			\$ 1,916,700	

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Current Fund

Year ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2022</u>
Due from/(to):				
General Capital Fund	\$ 84	1,229,002	1,227,629	1,457
Animal License Trust Fund	4,516	5,070		9,586
Other Trust Fund				
Escrow Trust Fund	50,089	18,000		68,089
Police DEA Trust Fund		45,608		45,608
Recreation Trust		1,654		1,654
Recreation - Umpire Fees Trust		19		19
Federal and State Grant Fund	<u>(558,984)</u>	<u>207,585</u>	<u>328,862</u>	<u>(680,261)</u>
	<u>\$ (504,295)</u>	<u>1,506,938</u>	<u>1,556,491</u>	<u>(553,848)</u>
Due to Current Fund	\$ 54,689	1,299,353	1,227,629	126,413
Due from Current Fund	<u>(558,984)</u>	<u>207,585</u>	<u>328,862</u>	<u>(680,261)</u>
	<u>\$ (504,295)</u>	<u>1,506,938</u>	<u>1,556,491</u>	<u>(553,848)</u>
Cash Disbursements				
Cash Receipts	\$ 1,245,000			
Budget Offsets			1,204,974	
Appropriated Grant Reserves	10,585			22,655
Unappropriated Grant Reserves	197,000		328,862	
Interest of Investments	3,675			
Reimbursements	45,608			
Statutory Excess	5,070			
	<u>\$ 1,506,938</u>		<u>1,556,491</u>	

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Added in <u>2022</u>	Decreased by: Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2022</u>
Current Fund:				
Emergency Authorizations:				
Legal Services				
Overexpenditure of :				
Appropriations	6,870			6,870
Appropriation Reserves	<u>177</u>	<u>3,815</u>	<u>177</u>	<u>3,815</u>
Total Deferred Charges	<u>\$ 7,047</u>	<u>26,633</u>	<u>7,047</u>	<u><u>26,633</u></u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2022

BOROUGH OF NORTHALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2022

	Balance, Dec. 31, 2021	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed	Over- expended
Salaries and Wages Within "CAPS"					
General Government:					
Administrative and Executive	\$ 94	94		94	
Mayor and Council	3	3		3	
Financial Administration	55	55		55	
Collection of Taxes	88	88		88	
Assessment of Taxes	42	42		42	
Planning Board	47	47		47	
Municipal Court	27	27		27	
Public Defender	99	99		99	
Police	1,812	1,812		1,812	
Fire Prevention Bureau	47	47		47	
Prosecutor	3	3		3	
Road Repairs and Maintenance	32,619	32,619		32,619	
Recycling	57	57		57	
Board of Health	33	33		33	
Senior Center	10	10		10	
Uniform Construction Code Official	33	33		33	
Code Compliance	26	26		26	
Total Salaries and Wages Within "CAPS"	35,095	35,095	-	35,095	-
Other Expenses Within "CAPS"					
General Government:					
Mayor and Council	405	405		405	
Collection of Taxes	2,888	3,042	(140)	3,182	
Assessment of Taxes	1,785	1,785		1,785	
Legal Services and Costs	5,975	6,328	5,912	416	
Engineering	18,751	18,751	9,620	9,131	
Municipal Land Use:					
Planning Board	4,230	4,230	3,325	905	
Municipal Court	193	193	51	142	
Police					
Other Expenses	7,508	8,112	604	7,508	
Interboro Radio	6	6		6	
Insurance:					
Other Insurance	108	108	(300)	408	
Group Insurance for Employees	2,774	2,774	(998)	3,772	
Fire:					
Other Expenses	6	5,090	139	4,951	
Fire Hydrant Service	37	37		37	
Fire Prevention Bureau	588	775		775	
Road Repairs and Maintenance	719	829	(3,734)	4,563	
Garbage and Trash Removal:					

BOROUGH OF NORTHALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2022

	Balance, Dec. 31, 2021	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed	Over- expended
Salaries and Wages Within "CAPS"					
Collection	11	11		11	
Disposal	11	11		11	
Recycling	299	299		299	
Public Buildings and Grounds			1,852		1,852
Sewer Repairs and Maintenance:					
Other Expenses	5,063	5,063	5,000	63	
Board of Health	43	293		293	
Animal Control	505	505		505	
Senior Center	4,628	4,878	(89)	4,967	
Parks and Playgrounds	834	834		834	
Recreation Senior Bus	275	275	(221)	496	
Celebration of Public Events	200	200		200	
Uniform Construction Code	3,546	3,546	3,010	536	
Code Compliance	51	51		51	
Street Lighting	4,146	4,146	6,109		1,963
Telephone	4,052	4,052	(895)	4,947	
Water	702	702		702	
Contingent	841	841		841	
Public Employees' Retirement System			(5,396)	5,396	
Defined Contribution Retirement Program	409	409		409	
Social Security System (O.A.S.I.)	758	758		758	
Total Other Expenses Within "CAPS"	72,347	79,339	23,849	59,305	3,815
Other Expenses Excluded from "CAPS"					
Aid to Library (NJSA 40:54-35)					
Public Library	28,330	32,427	32,427		
LOSAP	167	167		167	
Sewer:					
Bergen County Utilities Authority	12	12		12	
Total Other Expenses Excluded from "CAPS"	28,509	32,606	32,427	179	
Total	\$ 135,951	147,040	56,276	94,579	3,815
Encumbrances	\$ 11,089				
Appropriation Reserves	135,951				
		147,040			

Exhibit A-15

BOROUGH OF NORTHVALE

Schedule of Reserve for Encumbrances

Current Fund

Year ended December 31, 2022

Balance - December 31, 2021	\$ 11,089
Increased by:	
2022 Encumbrances	<u>28,554</u>
	39,643
Decreased by:	
Transferred to Appropriation Reserves	<u>11,089</u>
Balance - December 31, 2022	\$ <u>28,554</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$	(8,261)
----------------------------	----	---------

Increased by:

Senior Citizen Deductions per Tax Duplicate	\$	29,250
Veteran Deductions per Tax Duplicate	<u>500</u>	
		<u>29,750</u>
		21,489

Decreased by:

Deductions Disallowed by Tax Collector - Current Year	500
Cash Receipts	<u>28,500</u>
	<u>29,000</u>

Balance, December 31, 2022	\$	<u>(7,511)</u>
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Exhibit A-17

BOROUGH OF NORTHVALE

Schedule of Local District School Taxes

Current Fund

Year ended December 31, 2022

Increased by:	
2022 Levy	\$ <u>10,303,327</u>
Decreased by:	
Payments	<u>10,048,032</u>
Balance, December 31, 2022	\$ <u>255,295</u>

Exhibit A-18

Schedule of Regional High School Taxes

Current Fund

Year ended December 31, 2022

Increased by:	
2022 Levy	\$ <u>5,822,954</u>
Decreased by:	
Payments	\$ <u>5,822,954</u>

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2022

Increased by:

2022 Levy	\$ 2,419,681
2022 Open Space Preservation	99,940
2022 Added Taxes	<u>8,099</u>

2,527,720

Decreased by:

Payments	\$ <u>2,527,720</u>
----------	---------------------

Exhibit A-20

BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 116,587
Increased by:	
2023 Taxes Received in 2022	<u>58,336</u>
	174,923
Decreased by:	
Applied to 2022	<u>116,587</u>
Balance, December 31, 2022	\$ <u>58,336</u>

Exhibit A-21

Schedule of Tax Overpayments Payable

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ <u>63,306</u>
Decreased by:	
Overpayments Refunded	\$ <u>63,306</u>

Exhibit A-22

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 100
Increased by:	
Cash Receipts	<u>150</u>
	<u>250</u>
Decreased by:	
Cash Disbursements	<u>\$ 250</u>

Exhibit A-23

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 12,858
Increased by:	
Receipts	<u>\$ 12,233</u>
	<u>25,091</u>
Decreased by:	
Disbursements	<u>18,797</u>
Balance, December 31, 2022	<u>\$ 6,294</u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2022

	Balance, Dec. 31, 2021	Cash Receipts	Cash Disbursements	Balance, Dec. 31, 2022
Reserve for:				
Tax Sale Premiums	\$ 7,648		648	7,000
McGuire Senior Center	149,789	8,438	41,736	116,491
Senior Citizens Van Donations	2,681			2,681
Cultural Arts Committee	3,379			3,379
Beautification Committee	4,050			4,050
Public Events Celebration	12,714			12,714
Sale of Property	<u>505,596</u>	<u> </u>	<u>125,000</u>	<u>380,596</u>
	<u>\$ 685,857</u>	<u>8,438</u>	<u>167,384</u>	<u>526,911</u>
	Cash \$	8,438	42,384	
Anticipated Revenue	<u> </u>	<u> </u>	<u>125,000</u>	
	<u>\$ 8,438</u>	<u> </u>	<u>167,384</u>	

BOROUGH OF NORTHVALE

Schedule of Emergency Notes Payable

Current Fund

Year ended December 31, 2022

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2022</u>
				\$			
Accumulated Absence Payout Tax Maps	Dec. 23, 2019	9/23/2023	3.010%	\$ 72,000	48,000	72,000	48,000
	Sept. 23, 2021	9/23/2023	3.010%	35,000	28,000	35,000	28,000
Accumulated Absence Payout	Dec. 17, 2021	9/23/2023	3.010%	116,500	93,184	116,500	93,184
Accumulated Absence Payout	Sept. 23, 2022	9/23/2023	3.010%		120,000		120,000
				\$ 223,500	289,184	223,500	289,184

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Grants

Year ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	Balance, Dec. 31, <u>2022</u>
Purpose:		
Municipal Alliance	\$ 574	574
Municipal Alliance FY - 2017	3,223	3,223
Municipal Alliance FY - 2019	171	171
Municipal Alliance FY - 2020	9,520	9,520
Municipal Alliance FY - 2021	566	566
Bergen County CARES Act	<u>38,594</u>	<u>38,594</u>
	<u>\$ 52,648</u>	<u>52,648</u>

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Federal and State Grant Fund

Year ended December 31, 2022

	Balance, Dec. 31, 2021	Increased	Decreased	Balance, Dec. 31, 2022
Due from/(to):				
General Capital Fund	(22,875)			(22,875)
Current Fund	<u>558,984</u>	<u>328,862</u>	<u>207,585</u>	<u>680,261</u>
	\$ <u>536,109</u>	<u>328,862</u>	<u>207,585</u>	<u>657,386</u>
Due to Federal and State Grant Fund	558,984	328,862	207,585	680,261
Due from Federal and State Grant Fund	<u>(22,875)</u>			<u>(22,875)</u>
	\$ <u>536,109</u>	<u>328,862</u>	<u>207,585</u>	<u>657,386</u>
Unappropriated Reserves	\$ <u>328,862</u>			197,000
Appropriated Reserves				<u>10,585</u>
	\$ <u>328,862</u>		<u>207,585</u>	

BOROUGH OF NORTHVALE

Schedule of Appropriated Reserves for

State and Federal Grants

Year ended December 31, 2022

	Balance, Dec. 31, 2021	Expended	Balance, Dec. 31, 2022
Alcohol Education Rehabilitation Fund - 2021	\$ 454		454
Alcohol Education Rehabilitation Fund - 2018	146		146
Alcohol Education Rehabilitation Fund - 2016	181		181
Alcohol Education Rehabilitation Fund - 2015	295		295
Alcohol Education Rehabilitation Fund - 2014	236		236
Alcohol Education Rehabilitation Fund - 2012	108		108
Alcohol Education Rehabilitation Fund - 2011	647		647
Alcohol Education Rehabilitation Fund - 2010	1,508		1,508
Alcohol Education Rehabilitation Fund - 2009	259		259
Bergen County CARES Act	35,594		35,594
Body Armor Replacement Fund - 2021	1,359		1,359
Body Armor Replacement Fund - 2020	1,675		1,675
Body Armor Replacement Fund - 2019	1,865		1,865
Body Armor Replacement Fund	474		474
Clean Communities - 2021	10,040		10,040
Clean Communities - 2020	9,435		9,435
Clean Communities - 2019	10,464		10,464
Clean Communities - 2018	9,375		9,375
Clean Communities - 2017	9,800		9,800
Clean Communities - 2016	11,536		11,536
Clean Communities - 2015	10,088		10,088
Clean Communities - 2014	1,513		1,513
Donations - Mary McDougal	1,685		1,685
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
FEMA Fire Department COVID-19 Grant	2,260		2,260
Municipal Alliance - FY2021	6,252		6,252
Municipal Alliance - FY2020	4,756	2,439	2,317
Northvale Drug Alliance-Golf Outing	1,142		1,142
Northvale Junior Police - 2021	375		375
Northvale Junior Police - 2018	6,176	2,046	4,130
Recycling Tonnage - 2021	14,093	6,100	7,993
Recycling Tonnage - 2020	14,571		14,571
Recycling Tonnage - 2019	1,645		1,645
Recycling Tonnage - 2017	29,072		29,072
Recycling Tonnage - 2016	27,528		27,528
Senior Citizens Caregiver	575		575
Senior Citizens Computer Grant	2,074		2,074
USDA Food Program - 2016	792		792
USDA Food Program - 2015	2,068		2,068
USDA Food Program - 2014	1,901		1,901
	<hr/>	<hr/>	<hr/>
	\$ 258,522	10,585	\$ 247,937

BOROUGH OF NORTHVALE
Schedule of Unappropriated Reserves for
State and Federal Grants
Year ended December 31, 2022

<u>Grant</u>	Balance, Dec. 31, <u>2021</u>	Transferred to 2022 <u>Budget</u>	Cash Received	Balance, Dec. 31, <u>2022</u>
Municipal Alliance	\$		3,383	3,383
Recycling Tonnage Grant			12,700	12,700
American Recovery Plan Grant	257,851	197,000	257,851	318,702
FEMA COVID-19 Assistance Grant	39,029		7,950	46,979
FEMA Hurricane ISAIAS Grant	29,860			29,860
Highway Traffic Safety Grant	3,495			3,495
FEMA Hurricane Grant			5,972	5,972
Clean Communities Grant			10,308	10,308
Body Armor Grant			2,260	2,260
Driver Sober Get Pulled Over			6,020	6,020
Body Worn Cameras			22,418	22,418
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 330,235</u>	<u>197,000</u>	<u>328,862</u>	<u>462,097</u>

BOROUGH OF NORTHVALLEY

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2022

	Animal Trust Fund	Other Funds	Unemployment Trust	Community Development Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2021	\$ 13,840	1,035,278	95,726		466	1,479,352
Increase by Receipts:						
License Fees	3,431	412				
Due to State of New Jersey			167,331			
Escrow Deposits			694,975			
Various Reserves				56,158		
Grants Receivable					5,129	
Borough Contributions						44,204
Employee Deductions						
Interfunds	254	14,594	1,480			7
Interest on Investments	4,097	896,573	6,609			7
	17,937	1,931,851	102,335			473
				56,158		1,523,556
Decrease by Payments:						
Due to State of New Jersey						
Escrow Expenditures						6,421
Various Reserves						204,082
Benefit Payments						2,250
Loss on Investments						
Account Charges/Tax Withholdings						212,753
	412	352,018				
Balance, December 31, 2022	\$ 17,525	1,579,833	102,335	56,158	473	1,310,803

BOROUGH OF NORTHVALE

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

Animal Trust Fund

Year ended December 31, 2022

Increased by:

State Fees Collected \$ 412

Decreased by:

Paid to State of New Jersey \$ 412

Exhibit B-3

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$	9,324
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Increased by:

Dog License Fees Collected	\$	3,056
Cat License Fees Collected		5
Late Fees		370
Interest on Investments	<u> </u>	254
	<u> </u>	<u>3,685</u>
		13,009

Decreased by:

Statutory Excess	<u> </u>	5,070
Balance, December 31, 2022	\$	<u> </u> 7,939

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	3,621
2020	<u> </u> 4,318
	\$ <u> </u> 7,939

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2022

Balance, December 31, 2021	\$ 326,641
Increased by:	
Escrow Deposits	<u>167,331</u>
	493,972
Decreased by:	
Escrow Disbursements/Refunds	<u>122,044</u>
Balance, December 31, 2022	\$ <u>371,928</u>

BOROUGH OF NORTHALE**Schedule of Miscellaneous Reserves****Other Trust Funds****Year ended December 31, 2022**

	<u>Balance</u>			<u>Balance</u>
	<u>Dec. 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2022</u>
Reserve for:				
Parking Offenses Adjudication Act \$	2,496	100		2,596
Archives Commission	413			413
McGuire Food Program	6,671	99		6,770
Recreation	92,684	111,213	92,007	111,890
Recreation - Summer Recreation	11,485	39,622	37,510	13,597
Recreation - Umpire Fees	2,790	4,000	5,839	951
Police DEA-Justice	32,284	432,616	137,226	327,674
Police DEA - Treasury	58,536	1,463		59,999
Public Defender	7,439	313		7,752
Affordable Housing	507,357	120,143	3,000	624,500
	<u>\$ 722,155</u>	<u>709,569</u>	<u>275,582</u>	<u>1,156,142</u>
Cash Receipts \$	694,975			
Interest on Investments	14,594			
Cash Disbursements			229,974	
Interfunds			45,608	
	<u>\$ 709,569</u>	<u>275,582</u>		

Exhibit B-6

BOROUGH OF NORTHVALE

**Schedule of Reserve for
Unemployment Compensation**

Unemployment Trust Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$	95,726
Increased by:		
Employee Deductions	\$	5,129
Interest on Investments		<u>1,480</u>
		<u>6,609</u>
Balance, December 31, 2022	\$	<u>102,335</u>

BOROUGH OF NORTHLVALE

Schedule of Interfunds

Trust Funds

Year ended December 31, 2022

	Balance due from/(to) Dec. 31, 2021	Increased	Decreased	Balance due from/(to) Dec. 31, 2022
Current Fund:				
Animal Trust Fund	\$ (4,516)		5,070	(9,586)
Other Trust Fund:				
Affordable Housing Trust				
Escrow Trust Fund	(50,089)		18,000	(68,089)
Food Trust				
Police DEA Trust			45,608	(45,608)
POAA Trust Fund				
Recreation Trust			1,654	(1,654)
Recreation - Umpire Fees			19	(19)
General Capital Fund:				
Community Development Block Grant			56,158	(56,158)
Other Trust Fund:				
Escrow Trust Fund	(36,393)			(36,393)
Affordable Housing Trust Fund	100,000			100,000
	\$ 9,002		126,509	(117,507)
Due to Trust Funds	\$ 100,000			100,000
Due from Trust Funds	(\$90,998)		126,509	(217,507)
	\$ 9,002		126,509	(117,507)
Cash Disbursements				
Cash Receipts			19,673	
Statutory Excess			5,070	
CDBG Grants			56,158	
Deposit Error			45,608	
	\$ 126,509			

Exhibit B-8

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Open Space Trust Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 466
Increased by:	
Interest Earned on Deposits	<u>7</u>
Balance, December 31, 2022	\$ <u>473</u>

Exhibit B-9

Statement of Service Award Contributions Receivable

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2022

Balance, December 31, 2021	\$ 43,000
Increased by:	
Prior Year Additional Contributions	\$ 1,204
2022 Service Award Contributions	<u>46,616</u>
	<u>47,820</u>
	90,820
Decreased by:	
Contributions Received	<u>44,204</u>
Balance, December 31, 2022	\$ <u>46,616</u>

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2022

Balance, December 31, 2021	\$ 1,522,352
Increased by:	
Prior Year Additional Contributions	\$ 1,204
Borough Contributions	<u>46,616</u>
	<u>47,820</u>
	1,570,172
Decreased by:	
Benefit Payments	6,421
Account Charges/Tax Withholdings	2,250
Loss on Investments	<u>204,082</u>
	<u>212,753</u>
Balance, December 31, 2022	\$ <u>1,357,419</u>

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 133,501
Increased by Receipts:	
Interest Earned	\$ 2,002
Interfunds	1,227,000
Capital Improvement Fund	107,000
Bond Anticipation Notes	<u>1,586,450</u>
	<u>2,922,452</u>
	3,055,953
Decreased by Disbursements:	
Interfunds	1,227,629
Improvement Authorizations	<u>1,719,886</u>
	<u>2,947,515</u>
Balance, December 31, 2022	\$ <u>108,438</u>

BOROUGH OF NORTHVALE**Analysis of General Capital Cash****General Capital Fund****December 31, 2022**

Fund Balance	\$ 869
Capital Improvement Fund	60,902
Interfunds Receivable	(115,426)
Interfunds Payable	101,457
Grants/Contributions Receivable	(1,635,263)

Improvement Authorizations:**Ordinance****Number****Improvement Description**

901-2011	Site Investigation/Remedial Inv. on Borough Owned Property	(55,000)
903-2011	Refurbishing of Hogan's Park	(88,980)
942-2014	Acq. of Property/Equipment/Machinery/Vehicles	(4,469)
964-2016	Various Capital Improvements	(43,346)
973-2017	Road Improvement Program	76,123
978-2017	Various Capital Improvements	80,292
989-2018	Road Improvement Program	48,018
992-2018	Various Capital Improvements	23,991
996-2019	Various Capital Improvements	123
1009-2019	Acquisition of Mason Dump Truck for DPW	3,910
1012-2019	New Radio Equipment for Fire Dept.	4,141
1018-2020	Tax Appeal Refunding	25,560
1022-2020	Various Capital Improvements	117,570
1036-2021	Various Capital Improvements	270,621
1040-2021	Road Improvement Program	377,275
1041-2021	Various Capital Improvements	17,078
1052-2022	Various Capital Improvements	368,544
1053-2022	Road Improvements - Clinton & Arrow	157,640
1055-2022	Various Capital Improvements	123,852
1056-2022	Various Capital Improvements	192,956
		<hr/>
		\$ 108,438

Exhibit C-4

BOROUGH OF NORTHVALE

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

General Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 4,945,000
Decreased by:	
Paid via Budget Appropriation	<u>450,000</u>
Balance, December 31, 2022	\$ <u>4,495,000</u>

BOROUGH OF NORTHVALE

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31 2022

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

General Capital Fund

Year ended December 31, 2022

	Balance, Dec. 31, <u>2021</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2022</u>
Current Fund	\$ (84)	1,227,629	1,229,002	(1,457)
Escrow Trust Fund	36,393			36,393
Federal and State Grant Fund	22,875			22,875
Affordable Housing Trust Fund	(100,000)			(100,000)
Community Development Block Grant Trust	56,158			56,158
	<u>\$ (40,816)</u>	<u>1,283,787</u>	<u>1,229,002</u>	<u>13,969</u>
Due to General Capital Fund	\$ 59,268	56,158		115,426
Due from General Capital Fund	<u>(100,084)</u>	<u>1,227,629</u>	<u>1,229,002</u>	<u>(101,457)</u>
	<u>\$ (40,816)</u>	<u>1,283,787</u>	<u>1,229,002</u>	<u>13,969</u>
Cash Disbursements	\$ 1,227,629			
CDBG Grants	56,158			
Interest Earned		2,002		
Cash Receipts			1,227,000	
	<u>\$ 1,283,787</u>		<u>1,229,002</u>	

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 1,195,771
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Increased by:

Grant and Contribution Awards	<u>495,650</u>
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1,691,421

Decreased by:

Due from CDBG Trust	<u>56,158</u>
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Balance, December 31, 2022	\$ <u>1,635,263</u>
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Analysis of BalanceDepartment of Transportation

School Safety Program	\$ 1,984
Improvements to Veteran's Drive	259
Improvements to Veteran's Drive, Phase II	11,412
Improvements to White Avenue	39,300
Livingston Street Sidewalks Phase I & II	4,812
Livingston Street Streetscape	132,990
Various Capital Improvements	383,627
Livingston Street & Paris Avenue Improvements	397,000
Resurfacing Clinton Ave & Arrow Street	229,000
Resurfacing Veterans Drive (Phase I)	<u>216,000</u>

1,416,384

Bergen County Open Space Trust Fund:

Imps. to Veteran's Park	3,544
Improvement to Recreation Fields-Schools	1,752
Construction of Gazebo at Hogan's Park	20,180
Walkways for Gazebo at Hogan's Park	20,000
Construction of Butterfly Garden at Veteran's Park	20,125
Various Imps. To Veterans Park	<u>22,650</u>

88,251

Bergen County Direct Contributions:

Improvements to Tappan Road	83,136
Reconstruction of Livingston Street	40,000
Construction of Pavilion at Senior Center	5,492
Installation of ADA Compliant Front Door at Boro F	<u>2,000</u>

<u>130,628</u>

\$ <u>1,635,263</u>

BOROUGH OF NORTHVALE

Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2022

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding Dec. 31, 2022</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2021</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	November 1, 2019	5,685,000	Nov. 1, 2023	475,000	2.000%	4,945,000	450,000	4,495,000
			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%			
						\$ 4,945,000	450,000	4,495,000

BOROUGH OF NORTHVALE

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2022

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2021		Decreased	Balance, Dec. 31, 2022
						Increased	Decreased		
1012-19	New Radio Equipment for Fire Dept.	12/18/2020	12/16/2022	9/15/2023	3.89%	80,000	80,000	80,000	80,000
1018-20	Tax Appeal Refunding	12/18/2020	12/16/2022	9/15/2023	3.89%	225,000	120,000	235,000	120,000
1022-18	Various Capital Improvements	12/18/2020	12/16/2022	9/15/2023	3.89%	550,000	550,000	550,000	550,000
1036-21	Various Capital Improvements	12/17/2021	12/16/2022	9/15/2023	3.89%	618,000	618,000	618,000	618,000
1040-21	Road Improvement Program	12/17/2021	12/16/2022	9/15/2023	3.89%	213,000	213,000	213,000	213,000
1041-21	Various Capital Improvements	12/17/2021	12/16/2022	9/15/2023	3.89%	66,000	66,000	66,000	66,000
1052-22	Various Capital Improvements	12/16/2022	12/16/2022	9/15/2023	3.89%	1,037,450	1,037,450	1,037,450	1,037,450
1053-22	Road Improvement Program	12/16/2022	12/16/2022	9/15/2023	3.89%	271,000	271,000	271,000	271,000
1055-22	Various Capital Improvements	12/16/2022	12/16/2022	9/15/2023	3.89%	84,000	84,000	84,000	84,000
1056-22	Various Capital Improvements	12/16/2022	12/16/2022	9/15/2023	3.89%	194,000	194,000	194,000	194,000
						\$ 1,762,000	3,233,450	1,762,000	3,233,450
						Cash \$ 1,586,450			
						Renewed 1,647,000		1,647,000	
						Budget Appropriation		115,000	
						\$ 3,233,450		1,762,000	

BOROUGH OF NORTHVALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2022

Exhibit C-11

BOROUGH OF NORTHVALE

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2022

Balance, December 31, 2021	\$ 16,802
Increased by:	
Budget Appropriation	<u>107,000</u>
Decreased by:	
Appropriated to Finance	
Improvement Authorizations	<u>62,900</u>
Balance, December 31, 2022	\$ <u>60,902</u>

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2022

Ordinance <u>number</u>	Description	Balance, Dec. 31, <u>2021</u>	Balance, Dec. 31, <u>2022</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/Vehicles	4,469	4,469
964-2016	Various Capital Improvements	66,000	66,000
1022-2020	Various Capital Improvements	1,000	1,000
		<u>\$ 215,449</u>	<u>215,449</u>

Exhibit E-1

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2022

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2021	\$ <u>416</u>	<u>114</u>	<u>302</u>
Increased by:			
Interest Earned	<u>6</u>	<u>2</u>	<u>4</u>
Balance - December 31, 2022	\$ <u>422</u>	<u>116</u>	<u>306</u>

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2022

Balance - December 31, 2021	\$	416
-----------------------------	----	-----

Increased by:

Interest Earned	6
-----------------	---

Balance - December 31, 2022	\$	422
-----------------------------	----	-----

<u>Reconciliation - December 31, 2022</u>	<u>PATF I Account</u>	<u>PATF II Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ 116	306	422

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2022

	<u>Total</u>	<u>P.A.T.F.</u> <u>Account #1</u>	<u>P.A.T.F.</u> <u>Account #2</u>
Balance - December 31, 2021	\$ <u>416</u>	<u>114</u>	<u>302</u>
Increased by:			
Interest Earned	<u>6</u>	<u>2</u>	<u>4</u>
Balance - December 31, 2022	\$ <u>422</u>	<u>116</u>	<u>306</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, 2022



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
ROBERT C. McNINCH, CPA, CFE, PSA
KEVIN REEVES, CPA, PSA

401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
PHONE: (973)-835-7900
FAX: (973)-835-7900
EMAIL: OFFICE@W-CPA.COM
WWW.W-CPA.COM

**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, 2022 and the related notes to the financial statements, and have issued our report thereon dated September 13, 2023, 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. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

September 13, 2023



BOROUGH OF NORTHALE

GENERAL COMMENTS

Contracts and Agreements

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

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

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

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

BOROUGH OF NORTHVALE

GENERAL COMMENTS (continued)

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

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

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

Veterans Drive Roadway Project

Clinton Avenue Roadway Project

2022 Riverside Cooperative Emergency Water/ Storm and Sanitary Sewer Repairs

Municipal Solid Waste/ Recycling Collection and Disposal

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 4, 2022 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

BOROUGH OF NORTHVALE

GENERAL COMMENTS (continued)

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

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

Delinquent Taxes and Tax Title Liens

There was a tax sale held on December 16, 2022.

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>
2022	8
2021	8
2020	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, 2022, 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 & RECOMMENDATIONS
DECEMBER 31, 2022

COMMENTS

FINANCE

1. *There are various outstanding grant contributions/receivables in the General Capital Fund.
2. *There were instances of over-expenditures at year resulting in deferred charges.
3. *Informal quotes were not obtained for purchases which exceed 15% of the bid threshold as required by N.J.S.A. 40A:11-6.1.
4. *Not all prior year end interfunds were liquidated prior to the close of the current fiscal year. (*Capital & Escrow Trust, Capital & Federal/State Grant Fund, Capital & Affordable Housing, Current & Animal, Current & Capital, Current & Federal/State Grant Fund, Current & Escrow Trust*)
5. *General Ledgers were not provided by the client for the following funds:
 - a. Recreation Trust
 - b. Summer Recreation Trust
6. *There were multiple instances in which expenditures did not include approval of purchase order and appropriate authorization signature.
7. Multiple wire payments were not recorded in the Edmunds Accounting Software throughout the year.
8. Multiple bank reconciliations were not complete or insufficient.
9. Awarding resolutions for professional service contracts did not contain a certification of availability of funds and did not indicate the exact line item appropriation(s) according to N.J.A.C. 5:30-5.4(a)(2).
10. Approved transfers were not made to the Appropriated Reserves Budget.
11. Backup for several expenditures was not provided or insufficient.
12. 1099's were not issued for 2022.
13. There are General Capital Fund Improvement Authorizations greater than five years old that have unfunded balances creating cash deficits.

PAYROLL

14. Several employee's health benefits are not being properly calculated.

COURT

15. Interest accrued in the General and Bail Accounts are not being remitted to the Borough in a timely manner.

BOROUGH OF NORTHVALE
COMMENTS & RECOMMENDATIONS
DECEMBER 31, 2022

RECOMMENDATIONS

FINANCE

1. *Old and outstanding grant contributions/receivables should be investigated and cancelled if deemed uncollectible.
2. *That more care be taken to ensure expenditures are not made in excess of appropriations.
3. *All purchases in excess of 15% of the bid threshold should have informal quotes obtained as required by Local Public Contracts Law.
4. *All prior year interfunds should be liquidated in a timely manner.
5. *The client should provide all general ledgers at the time of the audit.
6. *All purchase orders should include approval or purchase order and appropriate authorization signatures.
7. All wire payments must be recorded in the Accounting System Software.
8. Bank reconciliations should be complete and provide sufficient backup at the time of review.
9. The awarding resolutions for professional service contracts should contain all necessary language as required by N.J.S.A. 5:30-5.4(a)(2).
10. All transfers approved by the Council should be reflected in the budget.
11. Sufficient backup should be provided at the time of audit for all expenditures.
12. 1099's should be filed for all eligible vendors as soon as possible to minimize failure to file penalties.
13. General Capital Improvement Authorizations greater than five years old should be funded through a budget appropriation on the issuance of debt in order to fund cash deficits created by ordinance expenditures.

PAYROLL

14. More care should be taken to ensure employees' health benefit deductions are properly calculated.

COURT

15. All interest earnings should be remitted to the Borough in a timely manner.

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
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Pompton Lakes, New Jersey

September 13, 2023