

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information
December 31, 2020**

(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, 2020



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Northvale in the County of Bergen, as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Northvale as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 11 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,300,412 and \$1,133,254 for 2020 and 2019, 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, 2020 and 2019, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

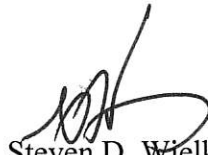
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2021 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

August 5, 2021



BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2020 and 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Current Fund			
Cash	A-4	\$ 966,776	1,046,872
Cash - Change Funds	A-5	200	200
Cash - Petty Cash	A-6	400	400
		<u>967,376</u>	<u>1,047,472</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Tax Receivable	A-7	243,800	252,418
Tax Title Liens Receivable	A-8	72,719	68,758
Foreclosed Property - Property Acquired for Taxes - Assessed Valuation	A-9	2,156,700	2,156,700
Revenue Accounts Receivable	A-10	3,843	2,312
Interfunds Receivable:			
Animal License Trust Fund	A-11	3,739	4,029
General Capital Fund	A-11		
Other Trust Fund - Escrow	A-11	89	89
		<u>2,480,890</u>	<u>2,484,306</u>
Deferred Charges:			
Deficit in Operations	A-12		48,483
Overexpenditure of Appropriation Reserves	A-12	740	563
Overexpenditure of Appropriations	A-12	2,381	
Special Emergency Authorizations (40A:4-55)	A-13	184,000	120,000
		<u>187,121</u>	<u>169,046</u>
		<u>3,635,387</u>	<u>3,700,824</u>
Federal and State Grant Fund:			
Grants Receivable	A-27	54,472	13,488
Due from Current Fund	A-28	215,485	198,455
		<u>269,957</u>	<u>211,943</u>
		<u>\$ 3,905,344</u>	<u>3,912,767</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2020 and 2019

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Current Fund			
Liabilities:			
Appropriation Reserves	A-3/A-14	168,053	82,525
Reserve for Encumbrances	A-15	68,928	49,646
Accounts Payable	A-16	14,000	
Due to State of New Jersey - Senior Citizen and Veteran's Deductions	A-17	8,261	7,675
Prepaid Taxes	A-21	112,061	115,853
Tax Overpayments Payable	A-22	7,790	
Marriage License Fees Payable	A-23	300	150
DCA Fees Payable	A-24	3,561	
Reserve for Various Reserves	A-25	261,825	369,965
Special Emergency Note Payable	A-26	96,000	120,000
Interfund Payable:			
Other Trust Fund - Police DEA	A-11		
Other Trust Fund - POAA	A-11	24	50
Federal and State Grant Fund	A-11	215,485	198,455
		<u>956,288</u>	<u>944,319</u>
Reserve for Receivables		2,480,890	2,484,306
Fund Balance	A-1	198,209	272,199
		<u>3,635,387</u>	<u>3,700,824</u>
Federal and State Grant Fund			
Appropriated Reserves	A-29	230,251	186,368
Due to General Capital Fund	A-28	22,875	22,875
Unappropriated Reserves	A-30	16,831	2,700
		<u>269,957</u>	<u>211,943</u>
		<u>\$ 3,905,344</u>	<u>3,912,767</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

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

Current Fund

Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue and other income realized:		
Fund Balance Utilized	\$ 223,000	273,000
Miscellaneous Revenue Anticipated	1,540,668	1,768,880
Receipts from Delinquent Taxes	254,324	202,368
Receipts from Current Taxes	25,927,297	25,108,126
Non-Budget Revenues	48,379	101,076
Other Credits to Income:		
Special Emergency COVID-19	88,000	
Unexpended Balance of Appropriation Reserves	29,693	16,653
Interfunds Returned	4,029	12,257
	<u>28,115,390</u>	<u>27,482,360</u>
Total Income		
Expenditures - Budget Appropriations:		
Appropriations		
Salaries and Wages	3,246,128	3,334,354
Other Expenses	3,978,595	3,884,624
Deferred Charges and Statutory Expenditures	1,035,763	1,194,476
Capital Improvements	40,000	25,000
Municipal Debt Service	906,110	706,182
County Taxes	2,491,452	2,454,376
Amount Due County for Added and Omitted Taxes	13,691	2,775
Local District School Tax	10,119,525	9,784,157
Regional High School Tax	6,091,621	6,079,925
Refunds	100	
Interfunds Advanced	3,739	
Prior Year Senior Citizen Deductions Disallowed	500	
Overexpenditure of Appropriation Reserves	177	563
Prior Year Tax Court Judgements	41,537	184,974
	<u>27,968,938</u>	<u>27,651,406</u>
Total Expenditures		
Excess/(Deficit) in Revenues	<u>146,452</u>	<u>(169,046)</u>
Adjustments to Income before Surplus:		
Expenditures Included Above Which are by Statute Deferred		
Charges to Budget of Succeeding Year	2,558	120,563
	<u>2,558</u>	<u>120,563</u>
Statutory Excess to Surplus		
Deficit in Operations to be Raised in Budget of Succeeding Year		<u>(48,483)</u>
Fund Balance, January 1	<u>272,199</u>	<u>545,199</u>
	421,209	545,199
Decreased by Utilization as Anticipated Revenue	<u>223,000</u>	<u>273,000</u>
Fund Balance, December 31	<u>\$ 198,209</u>	<u>272,199</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	Excess or <u>(deficit)</u>
Fund Balance Anticipated	\$ 223,000	223,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverage	\$ 15,300	15,116	(184)
Other	11,200	11,565	365
Fees and Permits:			
Construction Code Official	171,700	165,778	(5,922)
Other	62,200	79,081	16,881
Fines - Municipal Court - Northvale	27,100	25,462	(1,638)
Interest and Costs on Taxes	64,700	72,373	7,673
Interest on Investments and Deposits	29,800	7,385	(22,415)
Energy Receipts Tax	561,305	561,305	
Borough of Rockleigh - Police/Court Services	312,000	312,000	
Borough of Rockleigh - Public Works Services	20,000	20,000	
Public and Private Programs Offset by Appropriations:			
Municipal Alliance Grant	6,252	6,252	
Northvale Junior Police	3,725	3,725	
Clean Communities	9,435	9,435	
Body Armor Grant	1,675	1,675	
Bergen County CARES	110,057	110,057	
Uniform Fire Safety Act	35,900	39,743	3,843
Donation - Senior Center	5,900	1,123	(4,777)
Cable TV Franchise Fees	65,000	64,543	(457)
Compost Program - Hillsdale	32,100	32,050	(50)
General Capital Fund Balance	2,000	2,000	
	<u>1,547,349</u>	<u>1,540,668</u>	<u>(6,681)</u>
Receipts from Delinquent Taxes	243,000	254,324	11,324
Subtotal - General Revenues	<u>2,013,349</u>	<u>2,017,992</u>	<u>4,643</u>
Municipal Budget - Local Tax for Municipal Purposes	7,130,399		
Minimum Library Tax	<u>335,396</u>	<u>7,471,008</u>	<u>5,213</u>
Budget Totals	<u>\$ 9,479,144</u>	9,489,000	<u>9,856</u>
Non-Budget Revenues		<u>48,379</u>	
		<u>\$ 9,537,379</u>	

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	Excess or (deficit)
Analysis of Realized Revenues:			
Current Tax Collections		<u>25,927,297</u>	
Allocated to:			
Local District School		10,119,525	
Regional High School		6,091,621	
County (Including Added County Taxes)		<u>2,505,143</u>	
		<u>18,716,289</u>	
Balance for Support of Municipal Budget Appropriation		7,211,008	
Add Appropriation Reserve for Uncollected Taxes		<u>260,000</u>	
Amount for Support of Municipal Budget Appropriation		<u>\$ 7,471,008</u>	
Receipts from Delinquent Taxes - Delinquent Tax			
Delinquent Tax Collections		<u>\$ 254,324</u>	
Analysis of Non-Budget Revenues:			
Miscellaneous Revenue not Anticipated:			
Admin Fees - SC/VT Deductions & Homestead Rebates	\$	430	
Payment in Lieu of Taxes		8,093	
Insurance Dividends from JIF		7,037	
Insurance Reimbursements		7,240	
Recycling		3,896	
Senior Van Rides		518	
Sewer Connection Fees		10,029	
Duplicate Tax Bills		2,145	
Property Owners List		300	
Voided Outstanding Checks		5,737	
Refunds & Miscellaneous		<u>2,954</u>	
	\$	<u>48,379</u>	

See accompanying notes to financial statements.

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
General Government:						
Administrative and Executive:						
Salaries and Wages	\$ 75,190	64,190	63,545	645		
Other Expenses	100,000	110,000	87,414	22,586		
Mayor and Council						
Salaries and Wages	30,370	30,370	30,366	4		
Other Expenses	500	895	894	1		
Financial administration:						
Salaries and Wages	76,215	76,215	76,211	4		
Other Expenses	25,000	17,760	16,608	1,152		
Annual Audit	40,000	43,450	43,450			
Collection of Taxes:						
Salaries and Wages	66,450	66,450	66,449	1		
Other Expenses	10,000	12,711	12,711			
Assessment of taxes:						
Salaries and Wages	22,270	22,270	22,267	3		
Other Expenses	5,000	5,000	4,503	497		
Legal services and costs:						
Other Expenses	95,000	95,000	89,766	5,234		
Engineering services and costs:						
Other Expenses	95,000	95,000	94,416	584		
Municipal Land Use Law NJSA (40:55D-1):						
Planning Board:						
Salaries and Wages	4,770	4,770	4,770			
Other Expenses	12,000	17,500	14,903	2,597		
Municipal Court						
Salaries and Wages	57,448	65,483	65,482	1		
Other Expenses	10,000	6,000	5,269	731		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Public Defender						
Salaries and Wages	5,210	5,210	5,210			
Public Safety:						
Police:						
Salaries and Wages	2,010,000	2,010,000	2,007,837	2,163		
Other Expenses:	95,000	95,000	54,453	40,547		
Interboro Radio	64,958	64,958	64,958			
First Aid Organization						
Ambulance Other Expenses	25,000	25,000	24,026	974		
Emergency Management Services:						
Salaries and Wages	500	500		500		
Other Expenses	500	500		500		
Insurance:						
Workers Compensation	130,594	130,594	130,594			
Other Insurance	8,500	7,850	7,611	239		
Liability Insurance	129,165	129,165	129,165			
Group Insurance for Employees	500,000	483,000	482,403	597		
Fire:						
Other Expenses	46,000	46,000	48,381			2,381
Rental of Fire House	28,090	28,090	28,090			
Fire Hydrant Service	80,000	80,164	80,162	2		
Fire Prevention Bureau:						
Salaries and Wages	38,920	38,920	38,918	2		
Other Expenses	2,500	2,500	1,452	1,048		
Prosecutor:						
Salaries and Wages	13,310	13,310	13,308	2		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Public Works Function:						
Road Repairs and Maintenance:						
Salaries and Wages	670,000	670,000	661,967	8,033		
Other Expenses	123,000	160,000	159,773	227		
Sanitation:						
Garbage and Trash Removal						
Collection	240,000	238,250	238,181	69		
Disposal	240,000	238,250	238,181	69		
Recycling:						
Salaries and Wages	7,485	4,385	4,331	54		
Other Expenses	10,000	6,600	6,510	90		
Public Buildings and Grounds						
Other Expenses	50,000	56,500	54,184	2,316		
Sewer Repairs and Maintenance:						
Other Expenses	25,000	38,500	38,255	245		
Borough of Norwood	14,000	14,000		14,000		
Health and Welfare:						
Board of Health:						
Salaries and Wages	19,405	10,405	10,240	165		
Other Expenses	32,000	32,000	31,150	850		
Animal Control						
Other Expenses	7,500	7,500	6,961	539		
Recreation and Education:						
Senior Center						
Salaries and Wages	28,000	26,550	26,529	21		
Other Expenses	9,000	8,650	8,619	31		
Senior Bus Trips:						
Other Expenses	2,000	2,000	1,519	481		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance <u>Cancelled</u>	<u>Overexpenditure</u>
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Celebration of Public Events						
Other Expenses	1,000	5,100	5,088	12		
Parks and Playgrounds:						
Other Expenses	25,000	25,000	17,350	7,650		
Uniform Construction Code Official:						
Salaries and Wages	117,705	117,705	117,703	2		
Other Expenses	8,000	12,600	1,824	10,776		
Code Compliance:						
Salaries and Wages	19,005	19,395	19,392	3		
Other Expenses	1,500	1,500	438	1,062		
UNCLASSIFIED:						
Utilities:						
Electricity	70,000	55,000	54,371	629		
Street Lighting	60,000	63,000	62,661	339		
Telephone	40,000	39,000	38,811	189		
Water	20,000	18,000	14,301	3,699		
Natural Gas	30,000	20,000	16,819	3,181		
Vehicle Fuel	44,000	26,000	25,874	126		
Total Operations within "CAPS"	5,819,060	5,809,715	5,676,624	135,472		2,381
Contingent	155	155		155		
Total Operations Including Contingent-within "CAPS"	5,819,215	5,809,870	5,676,624	135,627		2,381

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Detail:						
Salaries and Wages	3,262,253	3,246,128	3,234,525	11,603		
Other Expenses	2,556,962	2,563,742	2,442,099	124,024		2,381
	5,819,215	5,809,870	5,676,624	135,627		2,381
Deferred Charges and Statutory Expenditures:						
DEFERRED CHARGES						
Deficit in Operations	49,097	49,097	49,097			
Prior Year Bills - Legal Services	15,000	23,000	9,704		13,296	
Contribution to:						
Social Security System (O.A.S.I.)	260,000	245,000	244,763	237		
Police and Firemen's Retirement System of NJ	533,148	533,148	533,148			
Public Employees' Retirement System	157,969	174,312	174,311	1		
Defined Contribution Retirement Program	500	502	502			
Total Deferred and Statutory Expenditures - Municipal within "CAPS"	1,015,714	1,025,059	1,011,525	238	13,296	
Total General Appropriations for Municipal Purposes within "CAPS"	6,834,929	6,834,929	6,688,149	135,865	13,296	2,381

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
General Appropriations						
Operations Excluded from "CAPS": Aid to Library (NJSA 40:54-35) Public Library	335,396	335,396	304,468	30,928		
Sewer: Bergen County Utilities Authority	565,440	565,440	565,438	2		
Contribution to: LOSAP	50,000	50,000	48,742	1,258		
Total Other Operations - Excluded from "CAPS"	950,836	950,836	918,648	32,188		
Shared Service Agreements						
Borough of Rockleigh Police and Court Salaries and Wages	312,000	312,000	312,000			
Borough of Rockleigh Public Work Salaries and Wages	20,000	20,000	20,000			
Total Shared Services Agreements	332,000	332,000	332,000			
Public and Private Programs Offset by Revenues						
Bergen County CARES Act	110,057	110,057	110,057			
Northvale Junior Police Grant	3,725	3,725	3,725			
Municipal Alliance Grant	6,252	6,252	6,252			
Body Armor Grant	1,675	1,675	1,675			
Clean Communities Grant	9,435	9,435	9,435			
Total Public and Private Offset by Revenues	131,144	131,144	131,144			
Total Operations Excluded from "CAPS"	1,413,980	1,413,980	1,381,792	32,188		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
<u>General Appropriations</u>						
Detail:						
Other Expenses	1,413,980	1,413,980	1,381,792	32,188		
	1,413,980	1,413,980	1,381,792	32,188		
Capital Improvements - Excluded From "CAPS"	40,000	40,000	40,000			
Capital Improvement Fund	40,000	40,000	40,000			
Total Capital Improvements - Excluded from "CAPS"						
Municipal Debt Service-Excluded from "CAPS"	780,000	780,000	780,000			
Payment of Bond Principal	124,175	124,175	124,175			
Payment of Bond Anticipation Notes and Capital Notes	2,060	2,060	1,935		125	
Interest on Bonds						
Interest on Notes						
Total Municipal Debt Service-Excluded from "CAPS"	906,235	906,235	906,110		125	
Deferred Charges:						
Special Emergency Authorizations- 5 years (N.J.S. 40A:4-55)	24,000	24,000	24,000			
Total Deferred Charges - Municipal - Excluded from "CAPS"	24,000	24,000	24,000			

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2020

General Appropriations	Appropriation		Expended 2020		Unexpended Balance Cancelled	Overexpenditure
	Budget	Total for 2020 as Modified by All Transfers	Paid or Charged	Reserved		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,384,215</u>	<u>2,384,215</u>	<u>2,351,902</u>	<u>32,188</u>	<u>13,421</u>	
Total General Appropriations - Excluded from "CAPS"	<u>2,384,215</u>	<u>2,384,215</u>	<u>2,351,902</u>	<u>32,188</u>	<u>13,421</u>	
Subtotal General Appropriations	9,219,144	9,219,144	9,040,051	168,053	13,421	2,381
Reserve for Uncollected Taxes	260,000	260,000	260,000			
Total General Appropriations	<u>\$ 9,479,144</u>	<u>9,479,144</u>	<u>9,300,051</u>	<u>168,053</u>	<u>13,421</u>	<u>2,381</u>

Adopted Budget \$ 9,348,000
 Added by N.J.S. 40A:4-87 131,144

\$ 9,479,144

Reserve for Uncollected Taxes \$ 260,000
 Transferred to Federal and State Grant Fund 131,144
 Deferred Charges 72,483
 Reserve for Encumbrances 68,928
 Cash Disbursed 8,767,496

\$ 9,300,051

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ 13,958	13,668
Due from State	B-2		
		<u>13,958</u>	<u>13,668</u>
Other Trust Funds:			
Cash	B-1	679,040	703,639
Due to Current	B-7	24	50
Due to Capital	B-7	300,000	325,000
		<u>979,064</u>	<u>1,028,689</u>
Unemployment Trust Fund:			
Cash	B-1	91,528	12,344
Schedule of Interfunds	B-7		75,000
		<u>91,528</u>	<u>87,344</u>
Open Space Trust Fund:			
Cash	B-1	466	464
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	1,263,989	1,086,317
Service Award Contributions Receivable	B-9	36,423	46,937
		<u>1,300,412</u>	<u>1,133,254</u>
		<u>\$ 2,385,428</u>	<u>2,263,419</u>

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Trust Fund:			
Reserve for Expenditures	B-3	10,219	9,639
Schedule of Interfunds	B-7	3,739	4,029
		<u>13,958</u>	<u>13,668</u>
Other Trust Funds:			
Schedule of Interfunds	B-7	36,482	36,482
Escrow Deposits	B-4	278,884	301,175
Miscellaneous Reserves	B-5	663,698	691,032
		<u>979,064</u>	<u>1,028,689</u>
Unemployment Trust Fund:			
Reserve for Unemployment Insurance Compensation	B-6	91,528	87,344
Open Space Trust Fund:			
Reserve for Expenditures	B-8	466	464
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets Available for Benefits	B-10	1,300,412	1,133,254
		<u>\$ 2,385,428</u>	<u>2,263,419</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis
General Capital Fund

For the Years Ended December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 81,952	11,473
Deferred Charges to Future Taxation:			
Funded	C-4	5,370,000	6,150,000
Unfunded	C-5	1,195,449	294,449
Interfunds Receivable	C-6	59,268	59,268
Grants/Contributions Receivable	C-7	742,996	722,996
		<u>\$ 7,449,665</u>	<u>7,238,186</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-8	5,370,000	6,150,000
Bond Anticipation Notes Payable	C-9	980,000	
Improvement Authorizations:			
Funded	C-10	354,360	581,636
Unfunded	C-10	432,409	102,654
Interfunds Payable	C-6	300,000	400,000
Capital Improvement Fund	C-11	12,027	1,027
Fund Balance	C-1	869	2,869
		<u>\$ 7,449,665</u>	<u>7,238,186</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2020 and 2019 of \$215,449 and \$294,449 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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Fund Balance, January 1	\$ 2,869	123,195
Increased by:		
Transfer from Reserve for Payment of Debt	<u> </u>	<u>2,674</u>
		<u>2,674</u>
Decreased by:		
Budget Revenue	<u>2,000</u>	<u>123,000</u>
	<u>2,000</u>	<u>123,000</u>
Fund Balance, December 31	<u>\$ 869</u>	<u>2,869</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Public Assistance Trust Fund

December 31, 2020 and 2019

	<u>Ref</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 114	114
Cash - PATF II	E-1	302	301
		<u>416</u>	<u>415</u>
		\$	
<u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-3	\$ 114	114
Reserve for Expenditure - PATF II	E-3	302	301
		<u>416</u>	<u>415</u>
		\$	

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Balance Sheet-Regulatory Basis

Payroll and Agency Fund

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ <u>223</u>	<u>223</u>
	\$ <u><u>223</u></u>	<u><u>223</u></u>
<u>Liabilities</u>		
Reserve for Payroll Withholdings	\$ <u>223</u>	<u>223</u>
	\$ <u><u>223</u></u>	<u><u>223</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 7,931,100	7,931,100
Buildings and Building Improvements	2,119,500	2,119,500
Vehicles and Equipment	<u>6,921,810</u>	<u>6,516,294</u>
	<u>\$ 16,972,410</u>	<u>16,566,894</u>
Investment in Fixed Assets	<u>\$ 16,972,410</u>	<u>16,566,894</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

A. Reporting Entity

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

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

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

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

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

The Borough has the following funds and account group:

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

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

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

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

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

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective April 7, 2009, the Borough transferred administration of the General Assistance Program to the Bergen County Board of Social Services.

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

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

Basis of Accounting

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

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

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

as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the current year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

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

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 2020, the Mayor and Council amended the budget by \$131,144. \$131,144 of this amount was for additional grants received by the Borough in addition to several budget transfers which were approved.

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

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

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 AND 2019
(continued)

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

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

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

C. Basic Financial Statements

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020, \$-0- of the Borough's bank balance of \$2,047,602 was exposed to custodial credit risk and as of December 31, 2019, \$-0- of the Borough's bank balance of \$2,112,389 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Unaudited Investments

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 and 2019 amounted to \$1,263,989 and \$1,086,317, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
LVIP SsgA S&P 500 Index	\$678,125	\$555,799
Fixed Income	289,703	278,366
All Others	<u>296,161</u>	<u>252,152</u>
Total	<u>\$1,263,989</u>	<u>\$1,086,317</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,150,000	\$	\$780,000	\$5,370,000	\$425,000
Other Liabilities - Compensated Absences Payable	<u>862,687</u>	<u>31,010</u>	<u>48,020</u>	<u>845,677</u>	<u> </u>
	<u>\$7,012,687</u>	<u>\$31,010</u>	<u>\$828,020</u>	<u>\$6,215,677</u>	<u>\$425,000</u>
	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$915,000	\$5,685,000	\$450,000	\$6,150,000	\$780,000
Other Liabilities - Compensated Absences Payable	<u>796,922</u>	<u>65,765</u>	<u> </u>	<u>862,687</u>	<u> </u>
	<u>\$1,711,922</u>	<u>\$5,750,765</u>	<u>\$450,000</u>	<u>\$7,012,687</u>	<u>\$780,000</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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>2020</u>	<u>2019</u>	<u>2018</u>
Issued - general bonds, notes and loans	\$6,350,000	\$6,150,000	\$7,515,000
Net debt issued	6,350,000	6,150,000	7,515,000
Authorized but not issued - general bonds and notes	<u>215,449</u>	<u>294,449</u>	<u>333,153</u>
	6,565,449	6,444,449	7,848,153
Less Deductions	<u> </u>	<u> </u>	<u>920,239</u>
Net bonds and notes issued and authorized but not issued	<u>\$6,565,449</u>	<u>\$6,444,449</u>	<u>\$6,927,914</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 0.663% for 2020.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$2,185,474	\$2,185,474	\$0
General debt	<u>6,565,449</u>	<u> </u>	<u>6,565,449</u>
	<u>\$8,750,923</u>	<u>\$2,185,474</u>	<u>\$6,565,449</u>

Net debt of \$6,565,449 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$990,224,827 equals 0.663%.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 0.652% for 2019.

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

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

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

	<u>2020</u>	<u>2019</u>
3 1/2% of equalized valuation basis (municipal)	\$34,658,569	\$34,585,270
Net debt	<u>6,565,449</u>	<u>6,444,449</u>
Remaining Borrowing Power	<u>\$28,093,120</u>	<u>\$28,140,821</u>

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

	<u>2020</u>	<u>2019</u>
General serial bonds:		
\$3,310,000 general serial bonds issued February 15, 2009, due through February 15, 2020 with variable interest rates of 2.00% to 3.50%	\$	\$465,000
\$5,685,000 general serial bonds issued November 1, 2019, due through November 1, 2030 with interest rates of 2.00% to 2.125%	<u>5,370,000</u>	<u>5,685,000</u>
	<u>\$5,370,000</u>	<u>\$6,150,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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>
2021	\$425,000	\$109,738	\$534,738
2022	450,000	101,238	551,238
2023	475,000	92,238	567,238
2024	500,000	82,738	582,738
2025	525,000	72,738	597,738
2026-2030	<u>2,995,000</u>	<u>193,375</u>	<u>3,188,375</u>
Total	<u>\$5,370,000</u>	<u>\$652,065</u>	<u>\$6,022,065</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, 2020, the Borough had authorized but not issued debt of \$215,449.

NOTE 4. BOND ANTICIPATION NOTES

On December 31, 2020 and 2019, the Borough had \$980,000 and \$-0-, respectively, outstanding General Capital Fund bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2020 and 2019:

<u>2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies LLC	\$ _____	<u>\$980,000</u>	\$ _____	<u>\$980,000</u>
	<u>\$0</u>	<u>\$980,000</u>	<u>\$0</u>	<u>\$980,000</u>
<u>2019</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies LLC	<u>\$6,600,000</u>	\$ _____	<u>\$6,600,000</u>	<u>\$0</u>
	<u>\$6,600,000</u>	<u>\$0</u>	<u>\$6,600,000</u>	<u>\$0</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)**

NOTE 5. PENSION PLANS

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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, 2020 AND 2019
(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>
2020	\$174,311	\$533,148
2019	154,908	478,413
2018	152,825	428,734

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, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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

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

Changes in Proportion

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

Additional Information

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Borough's Proportion	0.015932362%	0.016162036%

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)**

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)**

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

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

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

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

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

Year ended June 30:

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

Changes in Proportion

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

Additional Information

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Actuarial Assumptions

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

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

Mortality Rates

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Discount Rate

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

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

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Special Funding Situation - PFRS

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

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

Pension Plan Fiduciary Net Position

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

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

NOTE 7. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2020 and 2019 which has been appropriated as revenue in the 2021 budget is \$109,000 and \$223,000 in 2020.

NOTE 8. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2020 and 2019:

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 8. FIXED ASSETS, (continued)

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

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 \$845,677 as of December 31, 2020. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not allow this amount to be reported either as an expenditure or liability.

NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2020 consist of the following:

\$215,485	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid.
36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses paid.
22,875	Due to the General Capital Fund from the Federal and State Grant Fund to reimburse grant expenditures paid.
3,739	Due to the Current Fund from the Animal License Trust Fund for the current year statutory excess calculation.
300,000	Due to the Affordable Housing Trust Fund from the General Capital Fund for cash advance.
24	Due to the POAA Trust Fund from the Current Fund for deposit in error.
<u>89</u>	Due to the Current Fund from the Escrow Trust Fund for the Borough's share of interest earnings.
<u>\$578,605</u>	

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

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

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

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

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

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

NOTE 12. RISK MANAGEMENT

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

The Borough of Northvale is a member of the Bergen County Joint Insurance Fund (BCJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

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

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2020</u>	<u>Balance</u> <u>Dec 31, 2019</u>
Prepaid Taxes	<u>\$112,061</u>	<u>\$115,853</u>
Cash Liability for Taxes Collected in Advance	<u>\$112,061</u>	<u>\$115,853</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 <u>Dec.31, 2020</u>	2021 Budget <u>Appropriation</u>	Balance Succeeding Year Budget
Current Fund:			
Overexpenditure of Appropriations	\$2,381	\$	\$2,381
Special Emergency Appropriations	184,000		184,000
Overexpenditure of Appropriation Reserves	<u>740</u>	<u>563</u>	<u>177</u>
Total Current Fund	<u>\$187,121</u>	<u>\$563</u>	<u>\$186,558</u>

NOTE 15. LITIGATION

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

NOTE 16. OTHER MATTERS

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

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

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(continued)

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through August 5, 2021, the date which the financial statements were available to be issued and the following item was noted for disclosure:

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

SUPPLEMENTARY DATA

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2020

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax rate	<u>3.032</u>	<u>2.925</u>	<u>2.840</u>
Apportionment of Tax Rate:			
Municipal	0.826	0.773	0.727
Municipal - Library	0.039	0.038	0.038
County	0.288	0.283	0.280
District School	1.173	1.129	1.108
Regional School	<u>0.706</u>	<u>0.702</u>	<u>0.687</u>
Assessed Valuation:			
2020		\$ 863,321,303	
2019		866,655,003	
2018		858,179,103	

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2020	\$ 26,318,610	25,927,297	98.51%
2019	25,378,349	25,108,126	98.94%
2018	24,413,760	24,186,048	99.07%

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2020	\$ 72,719	243,800	316,519	1.20%
2019	68,758	252,418	321,176	1.27%
2018	64,938	202,368	267,306	1.09%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2020

Property Acquired by Tax Title Lien Liquidation

No properties were acquired in 2020 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>
2020	\$	2,156,700
2019		2,156,700
2018		2,156,700

Comparative Schedule of Fund Balances

	<u>Year</u>		<u>Balance, Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund	2020	\$	198,209	109,000
	2019		272,199	223,000
	2018		545,199	273,000
	2017		832,165	665,000
	2016		712,875	400,000

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2020

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>	<u>Type of Bond</u>
Patrick Marana	Mayor		
Peter Sotiropoulos	Council President		
Frances Devlin	Councilman		
Thomas Agiro	Councilman		
Louis DeLisio	Councilman		
Joseph McGuire	Councilman		
Kenneth Shepard	Councilman		
Shuaib Firozvi	Chief Financial Officer/Treasurer		
Wanda Worner	Borough Clerk (01/01/2020-02/02/2020)		
Fran Weston	Acting Borough Clerk (03/11/2020-12/31/2020)		
Suzanne Burroughs	Tax Collector	\$ 1,000,000	(A)
Joseph Zavarino	Construction Code/Fire Subcode Official		
Frank Giordano	Plumbing Subcode Official		
Roger A. Hauser	Municipal Court Judge	\$ 1,000,000	(A)
Clare Cabbibo	Court Administrator	\$ 1,000,000	(A)
John Guercio	Tax Assessor		
Howard Ostrow	Chief of Police		
Carl O'Brien	Borough Engineer - Maser Engineering		
Deena Rosendahl	Borough Attorney		

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

BOROUGH OF NORTHVALE

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Program	Federal Program	C.F.D.A. Number	FAIN Number	Grant or State Project Number	Grant Award Amount	Grant Period	Grant Receipts	Grant Expenditures	MEMO cumulative Expenditures	
U.S. Department of Agriculture	USDA - Dining with Dignity	10.565			792	1/1/16-12/31/16			*	
	USDA - Dining with Dignity	10.565			2,068	1/1/15-12/31/15			*	
	USDA - Dining with Dignity	10.565			2,640	1/1/14-12/31/14			* 519	
									* 519	
<i>Total Federal and State Grant Fund</i>										
General Capital Fund:	U.S. Department of Transportation Federal Highway Administration (passed through State of NJ)								*	
									*	
					20.205	Ord. 996	383,627	2019		* 383,627
					20.205	Ord. 972	304,500	2017		* 304,500
			20.205	Ord. 923	150,000	2013		* 150,000		
			20.205	Ord. 879	200,000	2010		* 160,700		
								* 998,827		
Trust Funds:	U.S. Department of Justice Department of Justice								*	
					16.922	19-DEA-639379	379,418		* 385,912	
Department of Treasury	Equitable Sharing Program	21.016		2016-100-100-024-701-001	85,326			*		
<i>Total Trust Funds</i>										
									* 385,912	
									* 1,385,258	

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

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2020

State Funding Department	State Program	State Grant No.	Grant Period	Grant Award Amount	Cash Received	Grant Expenditures	MEMO Cumulative Expenditures		
Federal and State Grant Fund: Administration of the Courts	Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2018	146			*		
			2016	181			*		
			2015	295			*		
			2014	236			*		
			2012	108			*		
			2011	647			*		
			2010	1,508			*		
			2009	928			*		
			2008	1,017			*		
			2007	1,579			*		
							636		*
							1,579		*
							1,579		*
						2,215	*		
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-10-078-6400	2015	4,333			*		
			2013	1,140			*		
			2012	2,335			*		
			2011	3,391			*		
			2010	3,853			*		
			2009	2,856			*		
			2008	4,708			*		
			2007	5,049			*		
							1,977		*
							3,161		*
Department of Environmental Protection	Clean Communities	4900-765-042-4900-004	2020	9,435	9,435		*		
			2019	10,464			*		
			2018	9,375			*		
			2017	9,800			*		
			2016	11,536			*		
			2015	10,088			*		
			2014	8,367			*		
							2,840		*
				9,435		*			
						2,840	*		
						6,854	*		
						6,854	*		

BOROUGH OF NORTHALE

Schedule of Expenditures of State Awards

Year ended December 31, 2020

State Funding Department	State Program	State Grant No.	Grant Period	Grant Award Amount	Cash Received	Grant Expenditures	MEMO Cumulative Expenditures
State Funding Department	Recycling Tonnage Grant	4900-752-042-4900-001	2019	11,462			*
	Recycling Tonnage Grant	4900-752-042-4900-001	2017	33,209		8,993	*
	Recycling Tonnage Grant	4900-752-042-4900-001	2016	33,209		824	*
	Recycling Tonnage Grant	4900-752-042-4900-001	2014	18,930		9,817	18,930
						27,923	
Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2020	1,675	1,675		*
	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2019	1,865			*
	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2017	1,705	1,675	1,231	1,231
Bergen County Pass Through Grant	Municipal Drug Alliance		FY21	6,252	3,862	1,164	1,164
	Municipal Drug Alliance		FY20	9,520			
	Municipal Drug Alliance		FY19	9,520		636	9,985
	Municipal Drug Alliance		FY17	9,520			
	Municipal Drug Alliance		FY16	9,520			
	Bergen County CARES Act		FY20	110,057	71,463	71,463	71,463
				75,325	73,263	101,652	
	<i>Total Federal and State Grant Fund</i>			86,435	87,151		143,036
General Capital Fund:							*
	Department of Transportation						*
	Transportation Trust Fund						*
							*
	Veteran's Drive, Phase II - Ord. 781	8100-133-5837	1999	70,000			70,000
	Veteran's Drive, Phase I - Ord. 775	8100-133-5837	1999	150,000			150,000
	Hill Terrace School Warning Lights, Curbs, Sidewalks - Ord. 729	8100-133-5837	1998	40,000			40,000
	<i>Total General Capital Fund</i>						260,000
	<i>Total State Financial Assistance</i>			\$	86,435	87,151	403,036

BOROUGH OF NORTHVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2020

	State Program	State Grant No.	Grant Period	Grant Award Amount	Cash Received	Grant Expenditures	MEMO Cumulative Expenditures
<u>State Funding Department</u>							
<u>Other Financial Assistance:</u>							
<u>Federal and State Grant Fund:</u>							
Local	Northvale Drug Alliance (Golf Outing) - Local		2015	4,132			
	Northvale Junior Police - Local		2021	3,725	3,725		2,490
	Northvale Junior Police - Local		2020	2,500			
	Northvale Junior Police - Local		2019	200			
	Northvale Junior Police - Local		2018	3,528		110	522
	Northvale Junior Police - Local		2017	1,750			1,750
	Northvale Junior Police - Local		2016	1,600			1,600
	Senior Citizen Computers		Various				
	Senior Citizen Caregivers		Various				
	Mary McDougal		Various				
				<u>3,725</u>		<u>110</u>	<u>6,362</u>
				<u>3,725</u>		<u>110</u>	<u>6,362</u>
	<i>Total Federal and State Grant Fund</i>						
<u>General Capital Fund:</u>							
County of Bergen	Livingston Street Improvements	Ord. 861	2008	750,000			537,384
	Improvements to Tappan Road	Ord. 761	2001	514,550			479,471
							<u>1,016,855</u>
County of Bergen	Walkways to Gazebo at Hogan's Park	Ord. 1022-20	2020	20,000			
Open Space Trust Fund	Construction of a Gazebo at Hogan's Park - Ord. 943-14	03-200-56-130-910	2014	40,000			40,000
	Improvement to Recreation Fields - Schools	Ord. 911-12	2012	85,002			85,002
	Improvements to Veteran's Park	Ord. 871-09	2009	63,352			63,352
							<u>188,354</u>
	<i>Total General Capital Fund</i>						
							<u>1,205,209</u>
	<i>Total Other Financial Assistance</i>						
				\$ <u>3,725</u>		<u>110</u>	<u>1,211,571</u>
	<i>Total State and Other Financial Assistance</i>						
				\$ <u>90,160</u>		<u>87,261</u>	<u>1,614,607</u>

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

(2) Passed through the State of New Jersey

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2020

		<u>Current Fund</u>
Balance, December 31, 2019	\$	1,046,872
Increased by Receipts:		
Prepaid Taxes	\$ 112,061	
Taxes Receivable	26,027,360	
Revenue Accounts Receivable	1,409,112	
Miscellaneous Revenue Not Anticipated	48,379	
Tax Overpayments	370,470	
Marriage License/Domestic Partnership Fees	375	
DCA fees	9,081	
State of New Jersey - Veterans and Senior Citizens	29,836	
Various Reserves	271,609	
Special Emergency Notes	96,000	
Grants Receivable	87,460	
Unappropriated Grant Reserves	16,831	
Interfunds	<u>1,093,415</u>	
		<u>29,571,989</u>
		30,618,861
Decreased by Disbursements:		
Budget Appropriations	8,767,496	
Appropriation Reserves	88,656	
County Taxes	2,505,143	
Local District School Taxes	10,119,525	
Regional High School Taxes	6,091,621	
Tax Overpayments	395,559	
Interfunds	1,091,230	
Marriage License/Domestic Partnership Fees	225	
DCA Fees	5,520	
Various Reserves	379,749	
Special Emergency Notes	120,000	
Refunds	100	
Appropriated Grant Reserves	<u>87,261</u>	
		<u>29,652,085</u>
Balance, December 31, 2020	\$	<u>966,776</u>

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>200</u>
Balance, December 31, 2020	\$ <u><u>200</u></u>
Analysis of balance:	
Tax Collector	50
Municipal Court	<u>150</u>
	\$ <u><u>200</u></u>

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ <u>400</u>
Balance, December 31, 2020	\$ <u><u>400</u></u>
Analysis of balance:	
Borough Clerk	100
Senior Center	100
Unknown	<u>200</u>
	\$ <u><u>400</u></u>

BOROUGH OF NORTHVALE

**Schedule of Taxes Receivable and
Analysis of 2020 Property Tax Levy**

Current Fund

Year ended December 31, 2020

Year	Balance, Dec. 31, 2019	Total 2020 Levy	Added	Collections		Veterans and Senior and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2020
				2019	2020				
2019	\$ 252,418		1,906		254,324				
2020		26,175,902	142,708	115,853	25,781,694	29,750	3,961	143,552	243,800
	\$ 252,418	26,175,902	144,614	115,853	26,036,018	29,750	3,961	143,552	243,800

Overpayments Applied 8,658
Cash 26,027,360
\$ 26,036,018

Analysis of Property Tax Levy

Tax Yield:
General Purpose Tax \$ 26,175,902
Added Taxes (54:4-63.12 et seq.) 142,708

\$ 26,318,610

Tax Levy:
Regional High School Tax 6,091,621
Local District School Tax 10,119,525
County Tax 2,491,452
Amount Due County/Added Taxes 13,691
Local Tax/Municipal Purposes 7,465,795
Additional Tax Levied 136,526

\$ 26,318,610

Exhibit A-8

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	68,758
Increased by:		
Transfers from 2020 Taxes Receivable		<u>3,961</u>
Balance, December 31, 2020	\$	<u><u>72,719</u></u>

Exhibit A-9

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

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	<u>2,156,700</u>
Balance, December 31, 2020	\$	<u><u>2,156,700</u></u>

BOROUGH OF NORTHVALE

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Accrued</u>	<u>Received</u>	Balance, Dec. 31, <u>2020</u>
Licenses:				
Alcoholic Beverages	\$	15,116	15,116	
Other		11,565	11,565	
Fees and Permits:				
Construction Code Official		165,778	165,778	
Other		79,081	79,081	
Fines and Costs - Municipal Court - Northvale	2,312	26,993	25,462	3,843
Interest and Costs on Taxes		72,373	72,373	
Interest on Investments and Deposits		7,386	7,386	
Energy Receipts Tax		561,305	561,305	
Borough of Rockleigh-Police/Court Services		312,000	312,000	
Borough of Rockleigh-Public Works Services		20,000	20,000	
Uniform Fire Safety Act		39,743	39,743	
Donation - Senior Center		1,123	1,123	
Cable TV Franchise Fees		64,543	64,543	
Compost Program - Hillsdale		32,050	32,050	
General Capital Fund Balance		2,000	2,000	
	<u>\$ 2,312</u>	<u>1,411,056</u>	<u>1,409,525</u>	<u>3,843</u>

Interest on Investments	\$ 413
Cash Receipts	<u>1,409,112</u>
	<u>\$ 1,409,525</u>

BOROUGH OF NORTHVALE
Schedule of Interfunds Receivable/(Payable)

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2020</u>
Due from/(to):				
General Capital Fund	\$	719,413	719,413	
Animal License Trust Fund	4,029	22,969	23,259	3,739
Other Trust Fund				
Affordable Housing		248,000	248,000	
Escrow Trust Fund	89			89
Food Trust		6,000	6,000	
POAA Trust Fund	(50)	50	24	(24)
Recreation Trust		66,000	66,000	
Summer Recreation Trust		18,000	18,000	
Unemployment Trust		15,000	15,000	
Federal and State Grant Fund	(198,455)	87,261	104,291	(215,485)
	<u>\$ (194,387)</u>	<u>1,182,693</u>	<u>1,199,987</u>	<u>\$ (211,681)</u>
Due to Current Fund	\$ 4,118	1,095,382	1,095,672	3,828
Due from Current Fund	(198,505)	87,311	104,315	(215,509)
	<u>\$ (194,387)</u>	<u>1,182,693</u>	<u>1,199,987</u>	<u>\$ (211,681)</u>
Cash Disbursements	\$ 1,091,230			
Cash Receipts			1,093,415	
Grants Receivable			87,460	
Appropriated Grant Reserves		87,261		
Unappropriated Grant Reserves			16,831	
Capital Fund Interest		413		
Reimbursements			2,257	
Deposit Error		50	24	
Statutory Excess		3,739		
		<u>\$ 1,182,693</u>	<u>1,199,987</u>	

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Added in <u>2020</u>	Decreased by: Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2020</u>
Current Fund:				
Deficit in Operations	\$ 48,483		48,483 \$	
Overexpenditure of Appropriations		2,381		2,381
Appropriation Reserves	<u>563</u>	<u>177</u>		<u>740</u>
Total Deferred Charges	<u>\$ 49,046</u>	<u>2,558</u>	<u>48,483 \$</u>	<u>3,121</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2020

<u>Purpose</u>	<u>Date Authorized</u>	<u>Net Amount Authorized</u>	<u>1/5th of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2020</u>
Accumulated Absence Payout	Dec. 3, 2019	120,000	24,000	120,000		24,000	96,000
COVID-19	Dec. 9, 2020	88,000	17,600		88,000		88,000
				<u>\$ 120,000</u>	<u>88,000</u>	<u>24,000</u>	<u>\$ 184,000</u>

BOROUGH OF NORTHVALE
Schedule of Appropriation Reserves
Current Fund
Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Balance After Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over- <u>expended</u>
Salaries and Wages Within "CAPS"					
General Government:					
Administrative and Executive	\$ 15,001	2,001	1,972	29	
Mayor and Council		512	512		
Financial Administration	65	658	657	1	
Collection of Taxes		1,123	1,123		
Assessment of Taxes		292	292		
Planning Board		82	82		
Municipal Court	647.00	878	877	1	
Public Defender		88	88		
Police	59	59		59	
Fire Prevention Bureau	292	594	593	1	
Prosecutor		225	225		
Road Repairs and Maintenance	40	1,152	1,132	20	
Recycling		127	107	20	
Uniform Construction Code Official	92	1,469	1,469		
Code Compliance	40	302	302		
Total Salaries and Wages Within "CAPS"	<u>16,236</u>	<u>9,562</u>	<u>9,431</u>	<u>131</u>	<u>-</u>
Other Expenses Within "CAPS"					
General Government:					
Administrative and Executive	861	2,860	2,848	12	
Annual Audit	250	250		250	
Financial Administration	82	1,563	1,563		
Collection of Taxes	10	10		10	
Assessment of Taxes	53	53		53	
Legal Services and Costs	6	18,192	7,695	10,497	
Engineering	4,463	8,145	8,145		
Municipal Land Use:					
Planning Board	56	652	652		
Municipal Court	416	1		1	
Police	16,158	12,606	10,713	1,893	
First Aid Organization	17	17		17	
Insurance:					
Other Insurance	78	78		78	
Liability Insurance	1	1		1	
Group Insurance for Employees	4,908	545		545	
Fire:					
Other Expenses	1,675	5,962	5,937	25	
Fire Hydrant Service	50	50		50	
Fire Prevention Bureau	44	44		44	
Road Repairs and Maintenance	1,135	17,581	17,332	249	
Garbage and Trash Removal:					

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, 2019	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed	Over- expended
Salaries and Wages Within "CAPS"					
Collection	23	23		23	
Disposal	4	4		4	
Recycling	171	21		21	
Public Buildings and Grounds	1,375	403	328	75	
Sewer Repairs and Maintenance:					
Other Expenses	15	33	33		
Borough of Norwood	14,000	14,000	14,000		
Board of Health	123	96	74	22	
Animal Control	160	610	550	60	
Senior Center		566	548	18	
Parks and Playgrounds	420	20		20	
Recreation Senior Bus	23	(177)			177
Uniform Construction Code	27	27		27	
Code Compliance	92	92		92	
Street Lighting	1,628	4,662	4,662		
Electricity	589	5,863	5,863		
Telephone	151	298	298		
Natural Gas	29	4,050	4,050		
Water		1,173	1,172	1	
Vehicle Fuel		4,509	4,508	1	
Contingent	275	275		275	
Public Employees' Retirement System			(15,161)	15,161	
Defined Contribution Retirement Program	12	12	8	4	
Social Security System (O.A.S.I.)	78	912	912		
Total Other Expenses Within "CAPS"	49,458	106,082	76,730	29,529	177
Other Expenses Excluded from "CAPS"					
Aid to Library (NJSA 40:54-35)					
Public Library	16,798	16,495	16,495		
LOSAP	3	3		3	
Sewer:					
Bergen County Utilities Authority	30	30		30	
Total Other Expenses Excluded from "CAPS"	16,831	16,528	16,495	33	
Total	\$ 82,525	132,172	102,656	29,693	177
		Encumbrances \$ 82,524			
		Appropriation Reserves 49,646			
					132,170
			Transferred to Accounts Payable 14,000		
			Cash Disbursements 88,656		
				102,656	

Exhibit A-15

BOROUGH OF NORTHVALE

Schedule of Reserve for Encumbrances

Current Fund

Year ended December 31, 2020

Balance - December 31, 2019	\$	49,646
Increased by:		
2019 Encumbrances		<u>68,928</u>
		118,574
Decreased by:		
Transferred to Appropriation Reserves		<u>49,646</u>
Balance - December 31, 2020	\$	<u><u>68,928</u></u>

Exhibit A-16

BOROUGH OF NORTHVALE

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2020

Increased by:		
Transferred from Appropriation Reserves	\$	<u>14,000</u>
Balance - December 31,	\$	<u><u>14,000</u></u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	(7,675)
Increased by:			
Senior Citizen Deductions per Tax Duplicate	\$	5,000	
Veteran Deductions per Tax Duplicate		24,750	
Deductions Allowed by Tax Collector		<u>250</u>	
			<u>30,000</u>
			22,325
Decreased by:			
Deductions Disallowed by Tax Collector - Current Year		250	
Deductions Disallowed by Tax Collector-Prior Year		500	
Cash Receipts		<u>29,836</u>	
			<u>30,586</u>
Balance, December 31, 2020		\$	<u><u>(8,261)</u></u>

BOROUGH OF NORTHVALE

Schedule of Local District School Taxes

Current Fund

Year ended December 31, 2020

Increased by:	
2020 Levy	\$ <u>10,119,525</u>
Decreased by:	
Payments	\$ <u><u>10,119,525</u></u>

Schedule of Regional High School Taxes

Current Fund

Year ended December 31, 2020

Increased by:	
2020 Levy	\$ <u>6,091,621</u>
Decreased by:	
Payments	\$ <u><u>6,091,621</u></u>

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2020

Increased by:	
2020 Levy	\$ 2,390,411
2020 Open Space Preservation	101,041
2020 Added Taxes	<u>13,691</u>
	<u>2,505,143</u>
Decreased by:	
Payments	\$ <u><u>2,505,143</u></u>

Exhibit A-21

BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	115,853
Increased by:		
2021 Taxes Received in 2020		<u>112,061</u>
		227,914
Decreased by:		
Applied to 2020		<u>115,853</u>
Balance, December 31, 2020	\$	<u><u>112,061</u></u>

Exhibit A-22

Schedule of Tax Overpayments Payable

Current Fund

Year ended December 31, 2020

Increased by:			
Overpayments Received	\$	370,470	
Operations-Tax Court Judgements		<u>41,537</u>	
			<u>412,007</u>
			412,007
Decreased by:			
Applied to Current Year Taxes		8,658	
Overpayments Refunded		<u>395,559</u>	
			<u>404,217</u>
Balance, December 31, 2020	\$		<u><u>7,790</u></u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$	150
Increased by:		
Cash Receipts		<u>375</u>
		525
Decreased by:		
Cash Disbursements		<u>225</u>
Balance, December 31, 2020	\$	<u><u>300</u></u>

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2020

Increased by:		
Receipts	\$	<u>9,081</u>
Decreased by:		
Disbursements		<u>5,520</u>
Balance, December 31, 2020	\$	<u><u>3,561</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, Dec. 31, <u>2020</u>
Reserve for:				
Tax Sale Premiums	\$ 196,700	271,109	379,749	88,060
McGuire Senior Center	150,441	500		150,941
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
	<u>\$ 369,965</u>	<u>271,609</u>	<u>379,749</u>	<u>261,825</u>

BOROUGH OF NORTHVALE

Schedule of Emergency Notes Payable

Current Fund

Year ended December 31, 2020

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2019</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2020</u>
Accumulated Absence Payout	Dec. 23, 2019	Dec. 23, 2019	Sept. 23, 2020	2.150%	120,000	24,000	96,000
					<u>\$ 120,000</u>	<u>24,000</u>	<u>96,000</u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Grants

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	2020 Budget <u>Revenue</u>	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2020</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		6,252	3,862	2,390
Bergen County CARES Act		110,057	71,463	38,594
Clean Communities Grant		9,435	9,435	
Body Armor Grant		1,675	1,675	
Northvale Junior Police		3,725	3,725	
	<u>\$ 13,488</u>	<u>131,144</u>	<u>90,160</u>	<u>54,472</u>
		Cash Receipts	87,460	
		Unappropriated Grant Reserves	<u>2,700</u>	
			<u>\$ 90,160</u>	

BOROUGH OF NORTHVALE

Schedule of Interfunds Receivable/(Payable)

Federal and State Grant Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2020</u>
Due from/(to):				
General Capital Fund	(22,875)			(22,875)
Current Fund	<u>198,455</u>	<u>104,291</u>	<u>87,261</u>	<u>215,485</u>
	<u>\$ 175,580</u>	<u>104,291</u>	<u>87,261</u>	<u>192,610</u>
Due to Federal and State Grant Fund	198,455	104,291	87,261	215,485
Due from Federal and State Grant Fund	<u>(22,875)</u>			<u>(22,875)</u>
	<u>\$ 175,580</u>	<u>104,291</u>	<u>87,261</u>	<u>192,610</u>
Grants Receivable		\$ 87,460		
Unappropriated Reserves		16,831		
Appropriated Reserves			<u>87,261</u>	
		<u>\$ 104,291</u>	<u>87,261</u>	

BOROUGH OF NORTHVALE

Schedule of Appropriated Reserves for

State and Federal Grants

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	Transferred from 2020 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2020</u>
Alcohol Education Rehabilitation Fund - 2018	\$ 146			146
Alcohol Education Rehabilitation Fund - 2016	181			181
Alcohol Education Rehabilitation Fund - 2015	295			295
Alcohol Education Rehabilitation Fund - 2014	236			236
Alcohol Education Rehabilitation Fund - 2012	108			108
Alcohol Education Rehabilitation Fund - 2011	647			647
Alcohol Education Rehabilitation Fund - 2010	1,508			1,508
Alcohol Education Rehabilitation Fund - 2009	928			928
Alcohol Education Rehabilitation Fund - 2008	381			381
Drunk Driving Enforcement Fund - 2015	4,333			4,333
Drunk Driving Enforcement Fund - 2013	377			377
Drunk Driving Enforcement Fund - 2012	2,335			2,335
Drunk Driving Enforcement Fund - 2011	3,391			3,391
Drunk Driving Enforcement Fund - 2010	3,433			3,433
Drunk Driving Enforcement Fund - 2009	2,856			2,856
Drunk Driving Enforcement Fund - 2008	4,708			4,708
Drunk Driving Enforcement Fund - 2007	3,072			3,072
Clean Communities - 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	4,353		2,840	1,513
Recycling Tonnage - 2019	11,462		9,817	1,645
Recycling Tonnage - 2017	29,072			29,072
Recycling Tonnage - 2016	33,209			33,209
Recycling Tonnage - 2014	824			824
Body Armor Replacement Fund - 2020		1,675		1,675
Body Armor Replacement Fund - 2019	1,865			1,865
Body Armor Replacement Fund	1,705		1,231	474
Municipal Alliance - FY2021		6,252		6,252
Municipal Alliance - FY2020	9,520		993	8,527
Municipal Alliance - FY2019	807		807	
Northvale Junior Police - 2018	3,116	3,725	110	6,731
USDA Food Program - 2016	792			792
USDA Food Program - 2015	2,068			2,068
USDA Food Program - 2014	1,901			1,901
Donations - Mary McDougal	1,685			1,685
Northvale Drug Alliance-Golf Outing	1,142			1,142
Senior Citizens Caregiver	575			575
Senior Citizens Computer Grant	2,074			2,074
Bergen County CARES Act		110,057	71,463	38,594
	<u>\$ 186,368</u>	<u>131,144</u>	<u>87,261</u>	<u>\$ 230,251</u>

Appropriation By 40A:4-87 \$ 131,144

BOROUGH OF NORTHVALE
Schedule of Unappropriated Reserves for
State and Federal Grants
Year ended December 31, 2020

<u>Grant</u>	Balance, Dec. 31, <u>2019</u>	Transferred to 2020 <u>Budget</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2020</u>
Northvale Junior Police	\$ 2,700	2,700		
FEMA Grant - Fire Department			2,260	2,260
Recycling Tonnage Grant			14,571	14,571
	<u>\$ 2,700</u>	<u>2,700</u>	<u>16,831</u>	<u>16,831</u>

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2020

	Animal Trust Fund	Other Funds	Unemployment Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2019	\$ 13,668	703,639	12,344	464	1,086,317
Increase by Receipts:					
License Fees	4,262				
Due to State of New Jersey	511	147,801			
Escrow Deposits		330,607			
Various Reserves					49,182
Borough Contributions			4,027		
Employee Deductions	17,000	663,000	90,000		
Interfunds	57	1,902	157	2	143,845
Interest on Investments	21,830	1,143,310	94,184	2	193,027
	35,498	1,846,949	106,528	466	1,279,344
Decrease by Payments:					
Due to State of New Jersey	511				
Escrow Expenditures		170,092			
Interfunds	21,029	638,000	15,000		
Various Reserves		359,817			
Benefit Payments					12,955
Account Charges/Tax Withholdings					2,400
	21,540	1,167,909	15,000		15,355
Balance, December 31, 2020	\$ 13,958	679,040	91,528	466	1,263,989

BOROUGH OF NORTHVALE

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

Animal Trust Fund

Year ended December 31, 2020

Increased by:

State Fees Collected

\$ 511

Decreased by:

Paid to State of New Jersey

\$ 511

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	9,639
Increased by:			
Dog License Fees Collected	\$	3,759	
Cat License Fees Collected		363	
Late Fees		140	
Interest on Investments		<u>57</u>	
			<u>4,319</u>
			13,958
Decreased by:			
Statutory Excess			<u>3,739</u>
Balance, December 31, 2020		\$	<u><u>10,219</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2019	5,006
2018	<u>5,213</u>
	\$ <u><u>10,219</u></u>

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2020

Balance, December 31, 2019	\$	301,175
Increased by:		
Escrow Deposits		<u>147,801</u>
		448,976
Decreased by:		
Escrow Disbursements/Refunds		<u>170,092</u>
Balance, December 31, 2020	\$	<u><u>278,884</u></u>

BOROUGH OF NORTHVALE

Schedule of Miscellaneous Reserves

Other Trust Funds

Year ended December 31, 2020

	Balance			Balance
	<u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2020</u>
Reserve for:				
Parking Offenses Adjudication Act \$	2,411	106	50	2,467
Archives Commission	413			413
McGuire Food Program	7,886	2,232	3,450	6,668
Recreation	101,786	35,079	82,659	54,206
Recreation - Summer Recreation	18,886	67	4,088	14,865
Recreation - Umpire Fees	397	5,002	4,530	869
Police DEA	134,430	128,448	260,145	2,733
Police DEA - Treasury	85,326			85,326
Public Defender	7,109	126		7,235
Affordable Housing	332,388	161,473	4,945	488,916
	<u>\$ 691,032</u>	<u>332,533</u>	<u>359,867</u>	<u>663,698</u>
		Cash Receipts \$ 330,607		
		Interest on Investments 1,902		
		Cash Disbursements	359,817	
		Interfunds 24	50	
		<u>\$ 332,533</u>	<u>359,867</u>	

BOROUGH OF NORTHVALE

**Schedule of Reserve for
Unemployment Compensation**

Unemployment Trust Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	87,344
Increased by:			
Employee Deductions	\$	4,027	
Interest on Investments		<u>157</u>	
			<u>4,184</u>
Balance, December 31, 2020		\$	<u><u>91,528</u></u>

BOROUGH OF NORTHVALE

Schedule of Interfunds

Trust Funds

Year ended December 31, 2020

	Balance due from/(to) <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance due from/(to) <u>Dec. 31, 2020</u>
Current Fund:				
Animal Trust Fund	\$ (4,029)	21,029	20,739	(3,739)
Other Trust Fund:				
Affordable Housing Trust		248,000	248,000	
Escrow Trust Fund	(89)			(89)
Food Trust		6,000	6,000	
POAA Trust Fund	50	24	50	24
Recreation Trust		66,000	66,000	
Summer Recreation		18,000	18,000	
Unemployment Trust		15,000	15,000	
General Capital Fund:				
Other Trust Fund:				
Escrow Trust Fund	(36,393)			(36,393)
Affordable Housing Trust Fund	325,000	300,000	325,000	300,000
Unemployment Trust Fund	75,000		75,000	
	<u>\$ 359,539</u>	<u>674,053</u>	<u>773,789</u>	<u>259,803</u>
Due to Trust Funds	\$ 400,050	653,024	753,050	300,024
Due from Trust Funds	<u>(40,511)</u>	<u>21,029</u>	<u>20,739</u>	<u>(40,221)</u>
	<u>\$ 359,539</u>	<u>674,053</u>	<u>773,789</u>	<u>259,803</u>
Cash Disbursements		\$ 674,029		
Cash Receipts			770,000	
Statutory Excess			3,739	
Deposits in Error		24	50	
		<u>\$ 674,053</u>	<u>773,789</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Open Space Trust Fund
Year ended December 31, 2020

Balance, December 31, 2019	\$	464
Increased by:		
Interest Earned on Deposits		2
Balance, December 31, 2020	\$	466

Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2020

Balance, December 31, 2019	\$	46,937
Increased by:		
2020 Service Award Contributions	36,423	
Added Prior Year Contribution	2,245	
		38,668
		85,605
Decreased by:		
Contributions paid		49,182
Balance, December 31, 2020	\$	36,423

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2020

Balance, December 31, 2019		\$ 1,133,254
Increased by:		
Investment Appreciation	\$ 143,845	
Borough Contributions - Prior Year Added	2,245	
Borough Contributions	<u>36,423</u>	
		<u>182,513</u>
		1,315,767
Decreased by:		
Benefit Payments	\$ 12,955	
Account Charges/Tax Withholdings	<u>2,400</u>	
		<u>15,355</u>
Balance, December 31, 2020		<u><u>\$ 1,300,412</u></u>

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019		\$	11,473
Increased by Receipts:			
Interfunds	\$	1,019,413	
Capital Improvement Fund		40,000	
Authorized Not Issued		<u>980,000</u>	
			<u>2,039,413</u>
			2,050,886
Decreased by Disbursements:			
Budget Revenue - Fund Balance		2,000	
Interfunds		1,119,413	
Improvement Authorizations		<u>847,521</u>	
			<u>1,968,934</u>
Balance, December 31, 2020		\$	<u><u>81,952</u></u>

BOROUGH OF NORTHVALE

Analysis of General Capital Cash

General Capital Fund

December 31, 2020

Fund Balance	\$	869
Capital Improvement Fund		12,027
Interfunds Receivable		(59,268)
Interfunds Payable		300,000
Grants/Contributions Receivable		(742,996)

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	90,221
989-2018	Road Improvement Program	48,018
992-2018	Various Capital Improvements	33,647
996-2019	Various Capital Improvements	98,300
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	383,195

\$ 81,952

BOROUGH OF NORTHVALE

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

General Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ 6,150,000
Decreased by:	
Paid via Budget Appropriation	<u>780,000</u>
Balance, December 31, 2020	<u>\$ 5,370,000</u>

BOROUGH OF NORTHVALE

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2020

Ordinance Number	Improvement Description	Analysis of Balance				Unexpended Improvement Authorization
		Balance, Dec. 31, 2019	2020 Authorization	Balance, Dec. 31, 2020	Bond Anticipation Notes	
901-2011	Site Investigation/Remedial Inv. on Borough Owned Property	55,000		55,000		55,000
903-2011	Refurbishing of Hogan's Park	88,980		88,980		88,980
942-2014	Acq of Property/Equip/Machinery/Vehicles	4,469		4,469		4,469
964-2016	Various Capital Improvements	66,000		66,000		43,346
1012-2019	New Radio Equipment for Fire Dept.	80,000		80,000	80,000	22,654
1018-2020	Tax Appeals		350,000	350,000	350,000	
1022-2020	Various Capital Improvements		551,000	551,000	550,000	1,000
		\$ 294,449	901,000	1,195,449	980,000	191,795 \$
						\$ 23,654

Improvement Authorizations - Unfunded		432,409
Less: Unexpended Proceeds of Bond Anticipation Notes		
Ord. 1018-2020	25,560	
Ord. 1022-2020	383,195	
		408,755
		\$ 23,654

BOROUGH OF NORTHVALE
Schedule of Interfunds Receivable/(Payable)

General Capital Fund

Year ended December 31, 2020

	Balance, Dec. 31, <u>2019</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2020</u>
Current Fund	\$	719,413	719,413	
Escrow Trust Fund	36,393			36,393
Federal and State Grant Fund	22,875			22,875
Affordable Housing Trust Fund	(325,000)	325,000	300,000	(300,000)
Unemployment Trust Fund	(75,000)	75,000		
	<u>\$ (340,732)</u>	<u>1,119,413</u>	<u>1,019,413</u>	<u>\$ (240,732)</u>
Due to General Capital Fund	\$ 59,268			\$ 59,268
Due from General Capital Fund	(400,000)	1,119,413	1,019,413	(300,000)
	<u>\$ (340,732)</u>	<u>1,119,413</u>	<u>1,019,413</u>	<u>\$ (240,732)</u>
Cash Disbursements	\$	1,119,413		
Cash Receipts			1,019,413	
		<u>\$ 1,119,413</u>	<u>1,019,413</u>	

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2020

Balance, December 31, 2019	\$ 722,996
Increased by:	
Grant and Contribution Awards	<u>20,000</u>
Balance, December 31, 2020	<u>\$ 742,996</u>

Analysis of Balance

<u>Department of Transportation</u>		
School Safety Program	\$ 1,984	
Improvements to Veteran's Drive	259	
Improvements to Veteran's Drive, Phase II	11,412	
Improvements to White Avenue	39,300	
Livingston Street Sidewalks Phase I & II	4,812	
Livingston Street Streetscape	132,990	
Various Capital Improvements	<u>383,627</u>	
		574,384
<u>Bergen County Open Space Trust Fund:</u>		
Imps. to Veteran's Park	3,544	
Improvement to Recreation Fields-Schools	1,752	
Construction of Gazebo at Hogan's Park	20,180	
Walkways for Gazebo at Hogan's Park	<u>20,000</u>	
		45,476
<u>Bergen County Direct Contributions:</u>		
Improvements to Tappan Road	83,136	
Reconstruction of Livingston Street	<u>40,000</u>	
		<u>123,136</u>
		<u>\$ 742,996</u>

BOROUGH OF NORTHVALE
Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2020

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding Dec. 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2019</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2020</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	February 15, 2009	3,310,000				465,000	465,000	
General Improvements	November 1, 2019	5,685,000	Nov. 1 2021	425,000	2.000%	5,685,000	315,000	5,370,000
			Nov. 1, 2022	450,000	2.000%			
			Nov. 1 2023	475,000	2.000%			
			Nov. 1, 2024	500,000	2.000%			
			Nov. 1 2025	525,000	2.000%			
			Nov. 1, 2026	550,000	2.000%			
			Nov. 1 2027	575,000	2.000%			
			Nov. 1, 2028	610,000	2.125%			
			Nov. 1, 2029	630,000	2.125%			
			Nov. 1, 2030	630,000	2.125%			
						\$ 6,150,000	780,000	\$ 5,370,000

BOROUGH OF NORTHVALE

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2020

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Increased	Balance, Dec. 31, 2020
1012-19	New Radio Equipment for Fire Dept.	12/18/2020	12/18/2020	12/17/2021	0.56%	80,000	80,000
1018-20	Tax Appeal Refunding	12/18/2020	12/18/2020	12/17/2021	0.56%	350,000	350,000
1022-18	Various Capital Improvements	12/18/2020	12/18/2020	12/17/2021	0.56%	550,000	550,000
						980,000	980,000
					Cash \$	980,000	980,000

BOROUGH OF NORTHVALE
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2020

Balance, December 31, 2019	\$	1,027
Increased by:		
Budget Appropriation		40,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		29,000
Balance, December 31, 2020	\$	12,027

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2020

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2019</u>	<u>Increases</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2020</u>
901-2011	Site Investigation/Remedial Inv. On Borough Owned Property	\$ 55,000			55,000
903-2011	Refurbishing of Hogan's Park	88,980			88,980
942-2014	Acquisition of Property/Equipment/Machinery/Vehicle:	4,469			4,469
964-2016	Various Capital Improvements	66,000			66,000
1012-2019	New Radio Equipment for Fire Dept.	80,000		80,000	
1018-2020	Tax Appeals		350,000	350,000	
1022-2020	Various Capital Improvements		551,000	550,000	1,000
		<u>\$ 294,449</u>	<u>901,000</u>	<u>980,000</u>	<u>\$ 215,449</u>
			Bond Sale \$	<u>980,000</u>	
				<u>\$ 980,000</u>	

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2020

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2019	\$ 415	114	301
Increased by:			
Interest Earned	<u>1</u>	<u> </u>	<u>1</u>
Balance - December 31, 2020	<u>\$ 416</u>	<u>114</u>	<u>302</u>

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2020

Balance - December 31, 2019	\$	415
Increased by:		
Interest Earned		<u>1</u>
Balance - December 31, 2020	\$	<u><u>416</u></u>

<u>Reconciliation - December 31, 2020</u>	<u>PATF I</u> <u>Account</u>	<u>PATF II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u>114</u>	<u>302</u>	<u><u>416</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2020

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2019	\$ 415	114	301
Increased by:			
Interest Earned	<u>1</u>	<u> </u>	<u>1</u>
Balance - December 31, 2020	<u>\$ 416</u>	<u>114</u>	<u>302</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, 2020



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Northvale in the County of Bergen as of and for the year ended December 31, 2020 and the related notes to the financial statements, and have issued our report thereon dated August 5, 2021, 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.



Honorable Mayor and
Members of the Borough Council
Page 2.

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



August 5, 2021

BOROUGH OF NORTHVALE

GENERAL COMMENTS

Contracts and Agreements

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

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

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

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

BOROUGH OF NORTHVALE

GENERAL COMMENTS

(continued)

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

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

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

2020 Road Resurfacing Program

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 7, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

BOROUGH OF NORTHVALE

GENERAL COMMENTS (continued)

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

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

Delinquent Taxes and Tax Title Liens

There was a tax sale held on November 20, 2020.

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>
2020	8
2019	8
2018	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, 2020, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

**BOROUGH OF NORTHVALE
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

COMMENTS

FINANCE

1. *There were multiple instances of over-expenditures of legal line items at year end that resulted in deferred charges.
2. *There are General Capital Fund Improvement Authorizations greater than five years old that have unfunded portions outstanding creating cash deficits.
3. *The following trust funds are not included in the General Ledger:
 - a. Recreation Trust
 - b. Recreation Umpire
 - c. Escrow
 - d. Community Development
4. *There are various outstanding grant contributions/receivables in the General Capital Fund.
5. *Informal quotes were not obtained for purchases which exceeded 15% of the bid threshold as required by N.J.S.A. 40A: 11-6.1.
6. *There were instances in which wire payments were made without being entered into the Edmunds Accounting System to create a valid purchase order.
7. *A review of various professional service contracts and award procedures revealed that the Borough did not properly utilize the "fair and open" process as set forth in the State's "Pay to Play" statute (P.L. 2005, c.51).
8. * There were various instances in which information required for audit was not provided in a timely manner
9. Recreation fees are not being recorded on a ledger as of the audit date.

PAYROLL

1. There were several instances in which overtime timesheets did not contain approving signatures from department heads.

BOARD OF HEALTH

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

**BOROUGH OF NORTHVALE
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2020**

RECOMMENDATIONS

FINANCE

1. * More care should be taken to ensure expenditures are not made in excess of appropriations.
2. *General Capital Improvement Authorizations greater than five years old should be funded through a budget appropriation or the issuance of debt in order to fund cash deficits created by ordinance expenditure.
3. * All accounts should be included in the General Ledger.
4. *Old outstanding grant/contribution receivables in the General Capital Fund should be investigated and cancelled if determined to be uncollectible.
5. * All purchases in excess of 15% of the bid threshold should have informal quotes obtained as required by Local Public Contracts Law.
6. *A purchase order should be generated for all payments disbursed from the Borough.
7. *The Borough should comply with "Pay to Play" Compliance Regulations when awarding professional service contracts.
8. *All information required for the audit should be available upon request.
9. That a cash book/ledger be maintained summarizing collections by category for the Recreation Department.

PAYROLL

1. That all overtime timesheets contain an approving signature by appropriate department heads.

BOARD OF HEALTH

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

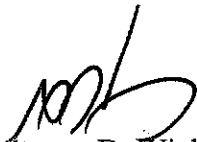
Status of Prior Years Audit Findings/Recommendation

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

Acknowledgment

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

Respectfully submitted,



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



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

August 5, 2021